



AGENDA BRIEF

MEETING: Town Council - 02 Apr 2019

FROM: Andrea Phillips, Town Manager

PROJECT: Impact Fee Study Update and Options

ACTION: Council Information and Direction to Staff

PURPOSE/BACKGROUND:

Town Council decided to update their Impact Fee Study in early 2018. The Town advertised for consultants and through a competitive RFP process, selected Economic & Planning Systems (EPS) to conduct the updated Impact Fee Study. The analysis completed by EPS for this study is intended to re-evaluate the Town's current impact fee structure. The current fee structure is based on two studies, one completed in 2005 and one in 2006 by EPS. This study re-calibrates legally supportable impact fees, and proposes a different methodology to allow for more flexibility in the types of costs the fees can be spent on. It also proposes eliminating some fee categories in exchange for others as discussed in prior meetings. This analysis also recommends a square-footage based fee structure, rather than the current flat fee rate per dwelling unit on residential development.

EPS shared draft impact fee calculations and considerations for Town Council at its mid-December 2018 meeting and discussed implementation options with Council at the March 5, 2019 meeting. Council discussed three different options for moving forward. The attached memo by EPS provides a summary of these options and the revenue implications. Another aspect of the analysis beyond fee categories and amounts is the option for a residential linkage fee to assist with building affordable housing. The attached memo shows a maximum per SF fee amount; Council may elect to adopt this at the maximum level, any lower amount or at \$0 (to not adopt it).

Council is not being asked to adopt new impact fees at this meeting. Council is asked to provide direction to staff and to EPS on which option it would like to pursue. Staff will work with legal counsel to bring back an ordinance to an upcoming meeting reflecting this direction.

Included in the attachments are the EPS memos from prior meetings.

ATTACHMENTS:

[183030-Fee Implementation Options 3-18-2019](#)

[183030 Residential Linkage Fee 3-26-2019](#)

[183030-Fee Implementation Options 2-27-2019](#)

[183030 Draft Impact Fee Memo 12-12-2018](#)

FISCAL IMPACT:

Council approved spending \$39,860 out of the 2018 budget for the study. Council direction is needed to finalize the project.

RECOMMENDATIONS:

Direct staff to work with the Town Attorney to bring back an ordinance adopting fees and categories per Option # _____.

Provide direction on whether to include within the ordinance the residential linkage fee for affordable housing.

MEMORANDUM

To: Andrea Phillips, Town Manager, Town of Pagosa Springs
James Dickhoff, Planning Department Director, Town of Pagosa Springs

From: Andrew Knudtsen, Brian Duffany, Andrea Uhl, Economic & Planning Systems

Subject: Impact Fee Implementation Options; EPS #183030

Date: March 18, 2019

The Economics of Land Use



EPS has prepared this memorandum to summarize the three impact fee implementation options that Town Council identified for further discussion at the March 5th meeting.

Residential Impact Fees

As shown in previous memorandums to Town Staff and Town Council, the updated maximum allowable residential impact fees calculated in the new Nexus Study are higher than current fees. Town Council may therefore consider adopting residential impact fees at 30 percent of the maximum or at \$0.00 (repealing residential or all impact fees).

A point of clarification regarding residential impact fees: the proposed new fees are calculated on a square foot basis; differences in the impacts of small and large homes will therefore be captured by the fees. For the purpose of comparing new fees to current fees, EPS has been using the fee for a 1,700 square foot home (the average size in Pagosa Springs) as an example. A comparison of impact fees for different home sizes is provided in **Table 1**.

Commercial Impact Fees

The Nexus Study calculated new commercial impact fees that are lower than the existing fees. EPS therefore recommends adopting the maximum commercial fees if Council wishes to continue collecting commercial impact fees. The new commercial impact fees would range from \$0.16 to \$1.33 per square foot as shown in **Table 2**.

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Options

The three options identified by Council for consideration are described below.

- 1. No Impact Fees.** Council has the option of repealing impact fees or adopting the new Nexus Study but setting fees at \$0.00. We would caution, however, that during periods of growth, impact fees are another revenue source for capital projects. In addition, it is typically difficult for a municipality to reinstate a fee or tax after it has been eliminated. Keeping fees close to the current level also eases the uncertainty around fees, or risk of securing a building permit too soon to later find that fees were repealed.
- 2. Maximum Commercial Fees; No Residential Fees.** This option keeps commercial impact fees at the maximum. Due to changes in fee categories and new weighting methodologies used in the calculation of proposed new fees, adopting the maximum proposed commercial fees would result in a significant reduction compared to current fees. Eliminating residential fees would reduce total fees by \$3,342 per single family unit.
- 3. Maximum Commercial Fees; Residential Fees at 30 Percent of the Maximum.** This option sets residential fees at \$3,756 per unit (for an average 1,700 square foot home), a 12 percent (\$414) increase above the current fees of \$3,342 per unit. Since the new residential fees are calculated on a per square foot basis, the new fees would vary by home size as shown below in **Table 1**. A 1,000 square foot home would pay a \$2,210 residential fee, and a 2,500 square foot home would pay \$5,524.

Table 1. Residential Fees by Home Size

Residential Fee	Fee per Sq. Ft.	Home Size (Sq. Ft.)				
		1,000	1,500	1,700	2,000	2,500
Maximum Fee	\$7.37	\$7,365	\$11,048	\$12,521	\$14,730	\$18,413
30% of Maximum Fee	\$2.21	\$2,210	\$3,314	\$3,756	\$4,419	\$5,524

Source: Economic & Planning Systems

Revenue Projections

Table 3 provides an estimate of the amount of revenue that would be collected based on an average of 12 residential permits issued annually and fees set at 30 percent of the maximum. Residential impact fees would generate approximately \$45,075 annually, or \$225,000 over five years.

Table 4 calculates how much revenue would be collected from different types of 25,000 square foot commercial projects if commercial fees are adopted at the maximum. A new hotel project would generate \$33,336, while a new office space would generate only \$4,025.

Table 2. Current Fees Compared to Proposed Options

Description	Residential [1]		Non-Residential per. Sq. Ft.				
	Single Family per Unit	Multi-Family per Unit	Lodging	Retail	Office/Industrial	Office	Industrial/Light Industrial
Current Fees							
Roads	\$975	\$702	\$1.89	\$4.34	\$1.69	---	---
Regular Public Buildings	\$127	\$127	\$0.16	\$0.16	\$0.16	---	---
Regular Recreation Facilities	\$363	\$363	---	---	---	---	---
Parks	\$368	\$368	---	---	---	---	---
Trails	\$652	\$652	---	---	---	---	---
Emergency Service Providers	\$574	\$574	\$0.74	\$0.74	\$0.74	---	---
Schools	\$283	\$283	---	---	---	---	---
Total	\$3,342	\$3,069	\$2.79	\$5.24	\$2.59	---	---
Proposed Fees: Residential at 30% Commercial Max							
	Per Residential Sq. Ft.						
Municipal Facilities	\$0.76	\$1,288	\$0.46	\$0.83	---	\$0.14	\$0.22
Police	\$0.10	\$173	\$0.06	\$0.11	---	\$0.02	\$0.03
Parks	\$0.51	\$866	\$0.31	---	---	---	---
Trails	\$0.84	\$1,429	\$0.51	---	---	---	---
Total	\$2.21	\$3,756	\$1.33	\$0.94	---	\$0.16	\$0.25

[1] On a 1,700 square foot home and a 1,200 square foot multi-family unit.
Source: Economic & Planning Systems

Table 3. Residential Fee Revenue Projection

Description	Factor	Municipal Facilities	Police	Parks	Trails	Total
Annual Residential Permits	12					
Residential Fee at 30% of Maximum [1]		\$1,288	\$173	\$866	\$1,429	\$3,756
Annual Revenue Projection		\$15,460	\$2,074	\$10,396	\$17,145	\$45,075
5-Year Revenue Projection		\$77,302	\$10,369	\$51,978	\$85,725	\$225,374
10-Year Revenue Projection		\$154,603	\$20,738	\$103,956	\$171,450	\$450,748

[1] On a 1,700 square foot home.

Source: Economic & Planning Systems

Table 4. Commercial Fee Revenue Examples

Commercial Project Examples	Factor	Municipal Facilities	Police	Parks	Trails	Total
Hotel Fee per SF		\$0.46	\$0.06	\$0.31	\$0.51	\$1.33
Total Hotel Fee	25,000 SF	\$11,434	\$1,534	\$7,688	\$12,680	\$33,336
General Retail Fee per SF		\$0.83	\$0.11	---	---	\$0.94
Total Retail Fee	25,000 SF	\$20,652	\$2,770	---	---	\$23,422
General Office Fee per SF		\$0.14	\$0.02	---	---	\$0.16
Total General Office Fee	25,000 SF	\$3,549	\$476	---	---	\$4,025
Light Industrial Fee per SF		\$0.22	\$0.03	---	---	\$0.25
Total Light Industrial Fee	25,000 SF	\$5,500	\$750	---	---	\$6,250

Source: Economic & Planning Systems

DRAFT MEMORANDUM

To: Andrea Phillips, Town Manager
James Dickhoff, Planning Department Director

From: Andrew Knudtsen, Managing Principal
Brian Duffany, Executive V.P.
Andrea Uhl, Associate

Subject: Residential Linkage Fee Options

Date: March 26, 2019

The Economics of Land Use



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183030 Residential Linkage Fee 3-26-2019

Residential Linkage Fee

A residential affordable housing impact fee or “Residential Linkage Fee” was also calculated for Council consideration. This fee mitigates the impacts of jobs created by new residents in market rate housing. The analysis can also be used to support an inclusionary housing requirement and supports a maximum inclusionary housing set-aside of 24.9 percent of total units in a project for households earning up to 80 percent of AMI. The cash-in-lieu linkage fee tied to 100 percent mitigation (24.9 percent of units) is calculated at \$13.95 per square foot. Adopting a lower mitigation target is recommended, however.

For the purposes of this process, a range is provided from 10 to 25 percent mitigation. At a 10 percent mitigation requirement, the resulting fee would be \$1.39 per square foot or \$2,371 on a 1,700 square foot home. At 15 percent mitigation, the fee would be \$2.09 per square foot or \$3,557 as shown in **Table 1**.

Based on historical development levels, the fee may not generate enough revenue to fully fund an affordable housing development. However, it would be useful for incremental solutions such as providing local matching funds for State grants or assisting with infrastructure costs or tap fee reimbursements.

Table 1. Affordable Housing Impact Fee Ranges

Description	10% Mitigation	15% Mitigation	20% Mitigation	25% Mitigation	100% Mitigation
Fee at 100% mitigation or 24.9% residential set-aside	\$13.95/SF	\$13.95/SF	\$13.95/SF	\$13.95/SF	\$13.95/SF
Potential Mitigation Requirement	10%	15%	20%	25%	100%
Residential Linkage Fee	\$1.39/SF	\$2.09/SF	\$2.79/SF	\$3.49/SF	\$13.95/SF
On a 1,700 Sq. Ft. Home	\$2,371	\$3,557	\$4,742	\$5,928	\$23,711

Source: Economic & Planning Systems
H:\83030-Pagosa Springs Impact Fees\Data\Housing Fee\188030_Housing Fee 02-05-2019 v2.xlsx-Fee Reduction

DRAFT MEMORANDUM

To: Andrea Phillips, Town Manager
James Dickoff, Planning Department Director

From: Andrew Knudtsen, Managing Principal
Brian Duffany, Executive V.P.
Andrea Uhl, Associate

Subject: Impact Fee Implementation Options

Date: February 27, 2019

The Economics of Land Use



We have prepared this memorandum to summarize possible impact fee implementation options for Town Council to consider. We have made revisions to some of the cost estimates used in the previous draft, so some of the fee figures have changed since the December Council presentation.

The Nexus Study calculates the maximum fee that can be adopted. Town Council has the option of adopting fees at any level from \$0 to the maximum and to choose the categories for which impact fees are collected.

Residential Impact Fees

Four options for Residential Fees are presented below and in **Table 1**. If Council would like to continue the Town's Impact Fee program, we suggest adopting residential fees in the range of Option 2 at approximately 30 percent of the maximum. This would be similar to the current total impact fee levels.

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- 1. No impact fees.** Council has the option of repealing impact fees or adopting the new Nexus Study but setting fees at \$0.00. We would only caution that during periods of growth, impact fees are another revenue source for capital projects. In addition, it is typically difficult for a municipality to reinstate a fee or tax after it has been eliminated. Keeping fees close to the current level also eases the uncertainty around fees, or risk of securing a building permit too soon to later find that fees were repealed.
- 2. 30 Percent of the Maximum.** This option sets fees at \$3,756 per unit, a 12 percent (\$414) increase above the current fees of \$3,342 per unit. This is judged to be a modest increase above current fees.
- 3. 50 Percent of the Maximum.** Adopting new impact fees at 50 percent of the maximum would result in fees of \$6,260 for a 1,700 square foot home. This is an 87 percent increase (\$2,918) above current fees.
- 4. Maximum Residential Fees.** The Nexus Study has calculated maximum fees of \$12,521 for an average 1,700 square foot home. This would represent an increase of nearly \$9,200 per unit above the current fees and is not a recommended option.

Commercial Impact Fees

The Nexus Study has calculated new commercial impact fees that are lower than the existing fees. We therefore recommend adopting the maximum commercial fees if Council wishes to continue collecting commercial impact fees. The new commercial impact fees would range from \$0.16 to \$1.33 per square foot as shown in **Table 2**.

Residential Linkage Fee

A residential affordable housing impact fee or “Residential Linkage Fee” was also calculated for Council consideration. This fee mitigates that impacts of jobs created by new residents in market rate housing. The analysis can also be used to support an inclusionary housing requirement and supports a maximum inclusionary housing set-aside of 24.9 percent of total units in a project for households earning up to 80 percent of AMI. The cash-in-lieu linkage fee tied to 100 percent mitigation (24.9 percent of units) is calculated at \$13.95 per square foot. Adopting a lower mitigation target is recommended, however.

For the purposes of this process, a range is provided from 10 to 25 percent mitigation. At a 10 percent mitigation requirement, the resulting fee would be \$1.39 per square foot or \$2,371 on a 1,700 square foot home. At 15 percent mitigation, the fee would be \$2.09 per square foot or \$3,557 as shown in **Table 3**.

Based on historical development levels, the fee may not generate enough revenue to fully fund an affordable housing development. However, it would be useful for incremental solutions such as providing local matching funds for State grants or assisting with infrastructure costs or tap fee reimbursements.

Comparisons to other Communities

In **Table 4**, the impact fees for many surrounding Southwest Colorado and Western Slope communities are summarized. The impact fee levels – before water and sewer connection and tap fees - range widely. Bayfield is on the low end with only a Park impact fee at \$408 per unit. Buena Vista charges \$1,000 total for Parks and School Land. Durango charges \$3,414 per unit for Parks, Streets, and School Land (in-lieu of dedication). Glenwood Springs is on the higher end at \$9,536 for Emergency Services, Parks, Trails, Streets, and Schools.

Impact fees are not charged by any of the counties immediately surrounding Archuleta. Montrose County, however, charges impact fees for Road and Bridge, Police, Administration, Health and Human Services, and Fairgrounds totaling \$4,633. Gunnison County has a workforce housing linkage fee charged on both residential and commercial development. The commercial fee is \$1.90 per square foot, and a 1,700 square foot home would pay \$531. Several other mountain resort counties have housing linkage programs that require a combination of units built by the developer and a payment in lieu.

Table 1. Residential Impact Fee Options

Single Family Residential Fee per Unit [1]	Current Fees	Fees at \$0	30% of Max	50% of Max	Maximum
Fee Category					
Roads	\$975	\$0	\$0	\$0	\$0
Regular Public Buildings	127	0	0	0	0
Regular Recreation Facilities	363	0	0	0	0
Emergency Service Providers	574	0	0	0	0
Schools	283	0	0	0	0
Parks	368	0	173	288	576
Trails	652	0	866	1,444	2,888
Municipal Facilities	0	0	1,288	2,147	4,295
Police	0	0	<u>1,429</u>	<u>2,381</u>	<u>4,762</u>
Total	\$3,342	\$0	\$3,756	\$6,260	\$12,521
Increase/Decrease		-\$3,342	\$414	\$2,918	\$9,179
Total Incl. Sewer & Water Tap	\$12,509	\$9,167	\$12,923	\$15,427	\$21,688

[1] On a 1,700 square foot home.

Source: Economic & Planning Systems

Y:\Project\4\DEN\183030-PreparesSpringImpact Fees\Data\183030-Sewer\ax.xlsx|Sewer fees

Table 2. Existing and Proposed Commercial Impact Fees

Fee Category	Existing Fees [1]				Proposed Fees [1]			
	General Light Industrial	Hotel/Lodging	General Office Building	Shopping Center / General Retail	General Light Industrial	Hotel	General Office Building	Shopping Center / General Retail
Roads	\$1.69	\$1.89	\$1.69	\$4.34	---	---	---	---
Municipal Facilities/Public Buildings	\$0.16	\$0.16	\$0.16	\$0.16	\$0.22	\$0.46	\$0.14	\$0.83
Regular Recreation Facilities	---	---	---	---	---	---	---	---
Emergency Service Providers (Fire)	\$0.74	\$0.74	\$0.74	---	---	---	---	---
Schools	---	---	---	---	---	---	---	---
Parks	---	---	---	---	---	\$0.31	---	---
Trails	---	---	---	---	---	\$0.51	---	---
Police	---	---	---	---	\$0.03	\$0.06	\$0.02	\$0.11
Total	\$2.59	\$2.79	\$2.59	\$4.50	\$0.25	\$1.33	\$0.16	\$0.94

[1] Per square foot.

Source: Economic & Planning Systems

Y:\Project\IDM_83300_Pagosa Springs Impact Fees Data\183300_Senior\ex.kia\Commercial

Table 3. Affordable Housing Impact Fee Ranges

Description	10% Mitigation	15% Mitigation	20% Mitigation	25% Mitigation	100% Mitigation
Fee at 100% mitigation or 24.9% residential set-aside					\$13,95/SF
Potential Mitigation Requirement	\$13.95/SF	\$13.95/SF	\$13.95/SF	\$13.95/SF	
	10%	15%	20%	25%	100%
Residential Linkage Fee	\$1.39/SF	\$2.09/SF	\$2.79/SF	\$3.49/SF	\$13.95/SF
On a 1,700 Sq. Ft. Home	\$2,371	\$3,557	\$4,742	\$5,928	\$23,711

Source: Economic & Planning Systems
H:\83030-Pagosa Springs Impact Fees\Dat\Housing Fee\188030_Housing Fee 02-05-2019 v2.xlsx-Fee Reduction

Page 15 of 35

Table 4. Residential Impact Fee Comparisons

Community	Emergency Services	Fire	Municipal Facilities	Police	Parks	Trails	Streets	Stormwater	School Land (In Lieu)	Total Impact Fees	Sewer Tap/ Sewer Plant	Water Tap/ Water Plant	Total Impact and Tap Fees
Existing Fees (per DU)⁽¹⁾													
Bayfield	---	---	---	---	\$408	---	---	---	---	\$408	\$6,050	\$6,600	\$13,058
Buena Vista	---	---	---	---	\$646	---	---	---	\$354	\$1,000	Varies	\$7,000	\$8,000+
Cortez	---	---	---	---	---	---	---	---	---	\$0	\$4,770	\$5,301	\$10,071
Dolores	---	---	---	---	---	---	---	---	---	\$0	\$4,000	\$4,000	\$8,000
Durango	---	---	---	---	\$300	---	---	---	\$945	\$3,414	\$2,465	\$6,373	\$12,252
Eagle	---	---	---	---	Varies	---	---	---	Varies	\$2,781+	\$10,000	\$9,258	\$22,039+
Glenwood Springs	\$1,290	---	---	---	\$5,775	---	\$1,016	---	\$2,471	\$9,536	\$4,179	\$6,965	\$20,680
Gypsum	\$243	\$969	---	---	---	---	---	---	Varies	\$1,212+	Varies	Varies	\$1,212+
Mancos	---	---	---	---	---	---	---	---	---	\$0	\$5,390	\$5,390	\$10,780
Pagosa Springs	\$574	---	\$127	---	\$368	\$363	\$652	\$975	\$283	\$3,342	\$4,550	\$4,617	\$12,509
Rifle	---	---	---	---	\$2,981	---	\$7,094	---	---	\$10,075	\$6,491	\$5,848	\$22,414
Woodland Park	---	---	---	---	---	---	\$493	\$775	---	\$1,268	\$5,503	\$9,605	\$16,376
Proposed Fees													
Fees at \$0	---	---	\$0	\$0	\$0	\$0	---	---	---	\$0	\$4,550	\$4,617	\$9,167
30% of Max	---	---	\$1,288	\$1,429	\$173	\$866	---	---	---	\$3,756	\$4,550	\$4,617	\$12,923
50% of Max	---	---	\$2,147	\$2,381	\$288	\$1,444	---	---	---	\$6,260	\$4,550	\$4,617	\$15,427
Maximum	---	---	\$4,295	\$4,792	\$576	\$2,888	---	---	---	\$12,521	\$4,550	\$4,617	\$21,688

[1] For an average sized 1700 SF home
Source: Economic & Planning Systems
H:\183030-Pagosa Springs\Impact Fees Data\183030-Comparison Fees.xlsx | Fee Comparison

MEMORANDUM

To: Pagosa Springs Town Council
From: Brian Duffany
Subject: 2018 Impact Fee Study
Draft Impact Fee Calculations and Considerations
Date: December 12, 2018

The Economics of Land Use



This Memorandum presents Economic & Planning Systems' (EPS) draft impact fee calculations and considerations for Town Council. This material will be presented to Town Council on December 20, 2018 for review and discussion. Council will not be asked to adopt new impact fees at this meeting. Council will be asked to consider the findings and recommendations from this work, and to provide direction to Staff and EPS on next steps.

The analysis completed by EPS for this study is intended to re-evaluate the Town's current impact fee structure. The current fee structure is based on two studies, one completed in 2005 and one in 2006 by EPS. This study recalibrates legally supportable impact fees and proposes a different methodology to allow for more flexibility in the types of costs the fees can be spent on. It also proposes eliminating some fee categories in exchange for others. This analysis also recommends a square-footage based fee structure, rather than the current flat fee rate per dwelling unit on residential development.

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183030 Draft Impact Fee Memo 12-12-2018.docx

Impact Fee Law

State law allows local governments to charge capital fees (impact fees) on new development to help pay in whole or in part for capital facilities and capital equipment needed to serve growth. Impact fees differ from development exactions. Exactions are applied on a case-by-case basis, while an "impact fee is calculated based on the impact of all new development and the same fee is shared to all new development in a particular class." State law requires local governments to "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." The standard that must be met within the State of Colorado requires mitigation to be "directly related" to impacts. The draft fee calculations contained in this memorandum, when finalized, would be intended to satisfy the legal requirements by documenting the impact fee calculations used to determine the maximum impact fee that the Town may charge.

Impact fees may only be used for capital facilities; they may not be used for operations or maintenance. Capital facilities have been defined as items directly related to a government service, with an estimated useful life of at least five years and which are required based on the charter or a general policy of what a local government provides in its level of service.

Maximum versus Adopted Fees

Impact fee studies calculate the maximum legally allowable fee based on the costs and nexus to growth. It is common for communities to adopt lower fees for a variety of policy reasons. Local governments have the discretion to lower impact fees to levels they judge to be most appropriate for their community, balancing factors such as impacts on economic development or construction costs.

Impact Fee Pros and Cons

Impact fees usually cannot meet all of a community's capital funding needs. First, a community needs to have enough growth to generate sufficient fee revenue. Since fees are only paid by new development, fee revenue declines during periods of slow growth. Likewise, if a community is slow growing, it would have to have high fee levels to generate meaningful revenue. The latter is a concern for impact fees in Pagosa Springs.

On the other hand, impact fees are a way of diversifying the revenue sources used for funding capital projects. Since the fees are only paid by new development, they support a policy that "growth pays" a share of its impacts. In Pagosa Springs, periodic large commercial development projects (Tractor Supply, Wal-Mart) have generated significant fee revenue. Projects with tourism impacts such as hotels would also contribute to offsetting their impacts.

If the Town decides not to move forward with impact fees, it may need to identify a supplemental capital funding source. Construction use taxes and excise taxes are good alternatives if approved by voters in a TABOR election.

Impact Fees in Pagosa Springs

Currently, the Town collects impact fees for roads (regional transportation), Town Buildings, Town Recreation, Parks, Trails, Fire, and Schools, as shown below in **Table 1**. The residential fees range from \$127 per housing unit to \$652 per unit for trails and \$975 per unit for roads. The total fees, not including water and sewer tap fees, are \$3,342 per home. The fees are levied on a flat per unit basis; large homes pay the same fee as smaller homes. The current fees are based on the Archuleta County/Pagosa Springs Joint Impact Fee Analysis which was updated in 2006. Commercial fees are collected for Town Buildings, \$0.16 per square foot, and for the Fire District at \$0.74 per square foot.

The Town also collects impact fees on behalf of the Fire District and School District. The Town serves as the collecting agent and passes these fees on to each district as required in its agreements with the districts. While these districts serve Town and County residents, the County does not collect fees on their behalf which creates an equity issue for Town residents.

Table 1. Current and Draft Proposed Impact Fee Schedule.

Description	Residential		Non-residential				
	Single Family per Unit	Multi-Family per Unit	Lodging	Retail	Office/Industrial	Office	Industrial/Lt. Industrial
Current Fees							
Roads	\$975	\$702	\$1.89 per SF	\$4.34 per SF	\$1.69 per SF	---	---
Regular Public Buildings	\$127	\$127	\$0.16 per SF	\$0.16 per SF	\$0.16 per SF	---	---
Regular Recreation Facilities	\$363	\$363	---	---	---	---	---
Parks	\$368	\$368	---	---	---	---	---
Trails	\$652	\$652	---	---	---	---	---
Emergency Service Providers	\$574	\$574	\$0.74 per SF	\$0.74 per SF	\$0.74 per SF	---	---
Schools	\$283	\$283	---	---	---	---	---
Total	\$3,342	\$3,069	\$2.79 per SF	\$5.24 per SF	\$2.59 per SF	---	---
	Per Residential Sq. Ft.						
Proposed Fees							
Municipal Facilities	\$1.90	\$3,235	\$0.34 per SF	\$0.62 per SF	---	\$0.11 per SF	\$0.16 per SF
Police	\$0.28	\$469	\$0.05 per SF	\$0.09 per SF	---	\$0.02 per SF	\$0.02 per SF
Parks	\$1.70	\$2,888	\$0.31 per SF	---	---	---	---
Trails	\$2.80	\$4,762	\$0.51 per SF	---	---	---	---
Total	\$6.68	\$11,354	\$1.21 per SF	\$0.71 per SF	---	\$0.12 per SF	\$0.19 per SF
Affordable Housing Fee In Lieu	\$4.10	\$6,968					
		\$4,919					

Source: Economic & Planning Systems
H:\183030-Pagoosa Springs Impact Fees Data\183030 Historic Revenue.xlsx | Existing Fees

The Town has collected a total of \$779,290 in fees over the past five years as shown in **Table 2**. Most of the revenue, \$630,000, was collected for roads; a large commercial project generated most of this fee revenue. The Town has had about 12 residential building permits per year which generated most of the other \$148,000 in revenue.

Table 2. 5-Year Revenue History

Description	5-Year Revenue	Annual Average
Roads	\$631,207	\$126,241
Regular Public Buildings	\$46,387	\$9,277
Regular Recreation Facilities	\$26,635	\$5,327
Parks	\$26,883	\$5,377
Trails	\$48,178	\$9,636
Emergency Service Providers	Pass-through	Pass-through
Schools	Pass-through	Pass-through
Total	\$779,290	\$155,858

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees Data\183030 Historic Revenue.xlsx | T-Revenue History

2018 Impact Fee Study

At the beginning of this 2018 Study, EPS and Town staff reviewed the current fee categories and methods of collection. After these discussions, EPS recommended limiting the fee categories to those with the most direct benefit to the Town and clearest nexus to growth impacts. This 2018 Impact Fee Study calculates draft impact fees for:

- Parks,
- Trails,
- Municipal facilities,
- Public works (town shops and equipment), and
- Police.

EPS recommends eliminating the fees for schools, fire, and roads. Since the School and Fire Districts serve County and Town residents, those fees should be collected countywide not just in the Town. The Fire District recently passed a mill levy increase from 4.067 to 7.850. This has enabled them to increase their operating and capital budgets, and hire a full time core crew of firefighters, still supplemented by volunteers.

Roads

For roads, it was determined that a broader transportation planning effort would be needed to justify new transportation impact fees. Additional technical expertise from a transportation consultant would be needed to conduct the necessary analysis. A Transportation Plan and Transportation Impact Fee Study is something the Town could consider pursuing as a follow up to this Study. The Transportation Plan would establish an

adopted level of service, and identify transportation capacity projects to maintain that level of service, and to build important transportation connections in the community.

Affordable Housing Fee in Lieu

EPS prepared a preliminary affordable housing fee in lieu for consideration. A fee in lieu is a fee that a developer would pay "in lieu" of building a mandated set-aside of affordable units. The analysis for the fee establishes the nexus between new market rate housing construction and the job and affordable housing impacts it creates. The analysis uses economic impact techniques to estimate the number of jobs at different wage and household income created by the new residents of market rate housing. The fee revenue would be used towards the construction of affordable/workforce housing, including land acquisition, and planning/design and engineering.

Fee Calculation Methods

There are several methods that can be used to calculate impact fees, each with their own advantages and disadvantages. The two most common are the Plan-Based Approach and the Incremental Expansion Approach.

CIP or Plan-Based Method

This method uses a community's long-range comprehensive plan or a 5 to 10 capital project planning period. Projects identified in these plans are costed out and included in the fee program. A growth projection is made over the time period for which the defined projects are needed or planned to be built. The fee calculation is essentially the cost of the project(s) divided by the forecasted amount of growth.

This method is best used when detailed project planning has been done, and in growing communities that have well established growth trends on which to base a growth forecast. This technique is therefore more often used in larger urban and suburban communities that have the resources to do more detailed and more frequent project budgeting and planning. There are challenges however when the full funding for a project is not available in the anticipated timeframe, or if growth projections are not met.

Incremental Expansion Method

This method answers the question: what should each new unit (increment) of development pay to maintain the Town's current level of service?

The current level of service is defined as the inventory of the Town's facilities and capital assets, and the cost to replicate that level of service (replacement cost or asset value) as the Town grows. The asset inventory or value is converted to a per-capita or per-unit value which is the basis for the fee. An example is the current acreage of parks per 1,000 residents, or the number of police offices and the value of their equipment per 1,000 residents. In this sense, the incremental expansion method is an "average cost" method. There are arguments that this method oversimplifies the cost to serve growth, however it is an easily understood and defensible technique.

The advantages of this method are mainly that it does not require a growth forecast and less information on capital project plans is needed. In the plan-based methods, fee calculations are highly sensitive to the amount of forecasted growth which is the

denominator in the calculation. Pagosa Springs is a comparatively slow growing community, which makes forecasting challenging. There is more growth in the County, which led to the earlier studies recommending a joint Town and County fee program.

Service Population and Incremental Expansion

The incremental expansion method was chosen by EPS for this study for the reasons given above. Rather than simply allocate facilities and assets on a per capita basis, EPS allocated them to a metric known as "service population". The Town provides services to residents, second home owners and part-time residents, guests to lodging establishments, and businesses (employees who live outside the Town boundary). The service population is calculated to be 3,674 equivalent people, as shown in **Table 3**. The service population of 3,674 is larger than the Town's population of 1,932. By allocating costs across a larger population, a more conservative (lower) fee calculation is made. The calculation also provides an analytical basis for assessing some fees on commercial development to account for the impact of short-term visitors and employees who live outside of the Town.

Table 3. Pagosa Springs Service Population.

Service Population	Factors	Amount	Source
Population	A	1,932	2018 ESRI
Commuters			
Jobs		2,455	
Employees (adjusted for multiple job holders)	1.10	2,232	
In-Commuting Employees [1]	91.9%	2,052	
Adjustment Factor	50.0%	<u>1,026</u>	
In-Commuting Employee Impact	B	1,026 equivalent population	
Second Homeowners			
Vacant for Seasonal Use		180	2016 ACS
Non RBO Second Homes		71	
Household Size	2.5	178	
Occupancy	17.5%	<u>31</u>	2006 NWCCOG Second Home Study
Second Homeowner Impact	C	31 equivalent population	
RBOs		109	Town of Pagosa Springs
Household Size	2.5	273	
Occupancy	32.0%	<u>87</u>	AirDNA
RBO Impact	D	87 equivalent population	
Hotel Guests			
Hotel Rooms		553	
Guests per Room	1.8	995	
Occupancy	60%	<u>597</u>	
Hotel Impact	E	597 equivalent population	
Service Population	= A + B + C + D + E	3,674	

[1] US Census & Bureau of Labor Statistics Longitudinal Employer Householder Dynamics "On The Map"
Source: Economic & Planning Systems
H:\183030-Pagosa Springs Impact Fees\Data\183030 Baseline Factors.xlsx\3-Service_Pop

Costs and Level of Service

A summary of the Town facilities and asset values used in the calculations is provided below in **Table 3**.

- Municipal Facilities Public Works** – The major public works assets include the Town Shops and \$1.2 million worth of heavy vehicles and maintenance equipment. The \$200 per square foot cost for expanding Town Shops is based on project planning and cost estimates prepared by the Town.
- Municipal Facilities Town Hall** – As the Town grows, it will need to hire more staff and over time expand the amount of space needed to house Town employees. EPS adjusted the staffing and square footage to include only growth-related positions (variable costs) rather than fixed cost positions such as the Town Manager and Police Chief. There are 2,048 square feet of space per 1,000 people for variable cost (growth-impacted) employees.

Table 4. Summary of Level of Service and Costs

Department or Function	Area/Quantity	Per 1,000 Service Pop	Value/Cost
Municipal Facilities - Public Works			
Town Shops	10,125 SF	2,756 SF	\$200/SF
Public Works Equipment			\$1,217,552
Municipal Facilities - Town Hall			
Town Hall (Variable Portion, Excluding Council Chambers and Police)	7,522 SF	2,048 SF	\$250/SF
Police			
Vehicles	7	1.91	\$45,000/vehicle
Patrol Personnel Gear	7	1.91	\$8,500/person
Town Hall (Variable Police Portion)	1,472 SF	401 SF	\$250/SF
Parks			
Regional Parks	15.5 acres	4.2 acres	\$100,000/acre
Community Parks	13.8 acres	3.7 acres	\$200,000/acre
Maintenance Equipment			\$265,537
Trails			
Trail Length	20,110 linear ft.	5,474 linear ft.	\$375/linear ft.

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees\Data\183030 Project List.xlsx Summary

- **Police** – The growth affected positions account for 7 vehicles at \$45,000 each to acquire. Each new office would also require \$8,500 in new protective patrol gear.
- **Parks** – The Town has 15.5 acres of regional parks (4.2 acres per 1,000 service population) and 13.8 acres of community parks (3.7 acres per 1,000 service population). Regional parks cost approximately \$100,000 per acre to build based on past costs for Yamaguchi Park, and \$200,000 per acre to build based on recent cost information from other Western Slope communities. Land costs are not included, as it is assumed that land would either be acquired with other funds through development negotiations. Reservoir Hill was not included in the fee calculations as it was judged to be a unique facility that would likely not be replicated.
- **Trails** – The Town has 20,110 linear feet of trails (5,474 per 1,000 service population), not including Reservoir Hill. The Town to Pagosa Lakes Trail Master Plan has detailed cost information by segment, which is the basis for the \$375 per linear foot cost.

Draft Impact Fees

Using the incremental expansion method with the levels of service summarized above, draft impact fees were calculated and are summarized in **Table 5**. Detailed calculation tables are provided in the **Appendix** for reference. Each fee category was first calculated on a per service population basis and then converted to a fee per unit and per square foot. For residential fees, the fee per service population is multiplied by the average household size in the Town to calculate the maximum fee for an average-sized home. Dividing this maximum fee for an average home by the average home size results in the fees per square foot shown below.

Table 5. Draft Residential Fees

Residential	Factors	Municipal Facilities	Police	Parks	Trails	Total
Fee per Service Population		\$1,394.54	\$202.11	\$1,244.69	\$2,052.80	\$4,894.13
Fee for an Average Residential Unit	<u>Household Size</u> 2.32	\$3,235.32	\$468.89	\$2,887.68	\$4,762.49	\$11,354.39
Fee per SF	<u>Avg. Home Size</u> 1,700 SF	\$1.90	\$0.28	\$1.70	\$2.80	\$6.68

Source: Economic & Planning Systems
H:\183030-Pagosa Springs Impact Fees Data\183030 Residential Fees.xlsx|Sheet 1

Commercial fees were also calculated first on a per service population basis. They were converted to a per square footage fee in three steps shown in the Appendix. First, the fee per service population is multiplied by the number of square feet per employee (the service population generated) and adjusted down to remove resident-employees who are accounted for in the residential fees. Next, the fees are calibrated using transportation trip generation rates to account for the differential impacts on services of

retail/commercial compared to office, industrial, and hotels. The resulting fees per square foot are summarized in **Table 6**. Only hotels/lodging establishments are recommended to be charged fees for parks and trails due to the impact of guests on these facilities.

Table 6. Draft Commercial Fees

Land Use Type	Adjusted Employees per 1,000 SF	Commercial Fee Index	Fee per SF				Total Fee
			Municipal Facilities	Police	Parks	Trails	
Fee per Service Population			\$1,394.54	\$202.11	\$1,244.69	\$2,052.80	
General Light Industrial	0.46	0.26	\$0.16	\$0.02	-	-	\$0.19 per SF
Hotel	0.57	0.43	\$0.34	\$0.05	\$0.31	\$0.51	\$1.21 per SF
General Office Building	0.15	0.50	\$0.11	\$0.02	-	-	\$0.12 per SF
Shopping Center / General Retail	0.23	1.94	\$0.62	\$0.09	-	-	\$0.71 per SF

Source: Economic & Planning Systems
H:\183030-Pagosa Springs Impact Fees\Data\183030 Commercial Fee.xlsx]T - Commercial Fee Calc

Revenue Projection

Using the draft impact fees, revenue projection scenarios for residential fees only were made for five and 10 years using the maximum fees and adoption at 50 and 75 percent of the maximum. As shown in **Table 7**, the five year fee revenue would range from approximately \$341,000 to \$681,000 per year. These projections assume the same average pace of construction, 12 units per year, that has occurred since 2010.

Table 7. Residential Revenue Projection

Description	Factor	Municipal Facilities	Police	Parks	Trails	Total
Annual Residential Permits	12					
Residential Fee (1,700 SF Avg. Home Size)		\$3,235.32	\$468.89	\$2,887.68	\$4,762.49	\$11,354
Annual Revenue Projection		\$38,824	\$5,627	\$34,652	\$57,150	\$136,253
5-Year Revenue Projection (Maximum Fee)		\$194,119	\$28,134	\$173,261	\$285,750	\$681,263
75% of Maximum		\$145,590	\$21,100	\$129,945	\$214,312	\$510,947
50% of Maximum		\$97,060	\$14,067	\$86,630	\$142,875	\$340,632
10-Year Revenue Projection (Maximum Fee)		\$388,239	\$56,267	\$346,521	\$571,499	\$1,362,526
75% of Maximum		\$291,179	\$42,200	\$259,891	\$428,625	\$1,021,895
50% of Maximum		\$194,119	\$28,134	\$173,261	\$285,750	\$681,263

Source: Economic & Planning Systems
H:\183030-Pagosa Springs Impact Fees\Data\183030 Revenue Projection.xlsx]T-Residential Revenue Proj

Since commercial development in the Town is difficult to predict, illustrative fee calculations for common building types are shown in **Table 8**, rather than a projection of commercial fee revenue. A 25,000 square foot (40 to 50 rooms) hotel would generate an estimated \$30,000 in fees. A 25,000 square foot office building would generate \$3,000 in fees, while a retail building of the same size would generate \$17,800 in fees.

Table 8. Commercial Revenue Examples

Commercial Project Examples	Factor	Municipal Facilities	Police	Parks	Trails	Total
Hotel Fee per SF		\$0.34	\$0.05	\$0.31	\$0.51	\$1.21
Total Hotel Fee	25,000 SF	\$8,614	\$1,248	\$7,688	\$12,680	\$30,230
General Office Fee per SF		\$0.11	\$0.02	---	---	\$0.12
Total General Office Fee	25,000 SF	\$2,673	\$387	---	---	\$3,061
General Retail Fee per SF		\$0.62	\$0.09	---	---	\$0.71
Total Retail Fee	25,000 SF	\$15,558	\$2,255	---	---	\$17,813

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees Data\183030 Revenue Projection.xlsx\T-Commercial Revenue Proj

Surrounding Community Impact Fees

The impact fees charged by surrounding communities are summarized in **Table 9**. Durango and Bayfield charge a fee for parks; Durango also charges for streets and school land dedication. All five communities below charge substantial sewer and water tap fees. Pagosa Springs has much lower water and sewer tap fees. With the maximum proposed fees, Pagosa Springs' total would be \$13,454 per home compared to just over \$13,000 in Bayfield and \$12,252 in Durango.

Table 9. Residential Impact Fees in Surrounding Communities

Description	Municipal Facilities	Police	Parks	Trails	Streets	School Land (In Lieu)	Sewer Tap/ Sewer Plant	Water Tap/ Water Plant	Total
Existing Fees									
Bayfield	---	---	\$408 per DU	---	---	---	\$6,050 per DU	\$6,600 per DU	\$13,058 per DU
Cortez	---	---	---	---	---	---	\$4,770 per DU	\$5,301 per DU	\$10,071 per DU
Dolores	---	---	---	---	---	---	\$4,000 per DU	\$4,000 per DU	\$8,000 per DU
Durango	---	---	\$300 per DU	---	\$2,169 per DU ^[1]	\$945 per DU	\$2,465 per DU	\$6,373 per DU	\$12,252 per DU
Mancos	---	---	---	---	---	---	\$5,390 per DU	\$5,390 per DU	\$10,780 per DU
Proposed Fees									
Pagosa Springs ^[2]	\$3,235 per DU	\$469 per DU	\$2,888 per DU	\$4,762 per DU	---	---	\$400 per DU	\$1,700 per DU	\$13,454 per DU

[1] For a 1500 - 2,499 SF home

[2] For an average sized 1700 SF home

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees Data\183030 Comparison Fees.xlsx\T- Fee Comparison

Affordable Housing Fee in Lieu

This section provides a summary of the preliminary affordable housing fee in-lieu for Town Council's consideration. A housing fee in lieu is a fee that developers/builders would pay "in lieu" of constructing affordable housing units as a set-aside requirement. This is an exploratory analysis; if the Town wishes to implement this fee or consider it further, EPS would make refinements to the calculations and review them again with Town staff prior to implementation or further consideration by Council.

The affordable housing fee in lieu is calculated from:

- The value of market rate housing prototypes;
- Jobs created from the spending of household income by new residents in market rate housing;
- The number of jobs and households at different income ranges ("workforce households"), estimated using the IMPLAN model and additional calculations using Bureau of Labor Statistics data;
- The cost to build affordable housing, estimated preliminarily at \$210 to \$220 per square foot (including land);
- The difference or "gap" between what the "workforce households" can afford and the cost to build affordable/workforce housing.

The fee calculation targets households earning up to 80 percent of AMI, as recommended as a priority income group in the 2016 Archuleta County Housing Needs Assessment.

The analysis begins with creating market rate housing prototypes representative of what is typically built in Pagosa Springs under. For use in IMPLAN, the economic impact model, 100 units in each prototype are used, and a total of 500 units are modeled in the five major residential zoning categories. As shown in **Table 10**, the housing prototypes range from a two bedroom apartment to a \$500,000 2,500 square foot home on a large lot. The housing types would house people earning between \$48,000 per year for the apartments and over \$100,000 per year for the large lot homes.

Table 10. Market Rate Housing Prototypes.

	Factors	2-bedroom Apartment	Townhome	Condominium	In-Town Single Family	R/A or R-T Single Family	Total
Units per Acre		22	12	22	12	Large Lot / NA	500
Units in Prototype		100	100	100	100	100	
Average Unit Sq. Ft.		1,200	1,500	1,200	1,500	2,500	
Market Value or Rent		\$125,000/unit \$1,200/mo.	\$300,000	\$275,000	\$350,000	\$500,000	
Target Purchase Price							
Mortgaged Amount (less: downpayment)	10.0% down pmt		\$270,000	\$247,500	\$315,000	\$450,000	
Mortgage Interest Rate			5.0% int.	5.0% int.	5.0% int.	5.0% int.	
Loan Term			30-year term	30-year term	30-year term	30-year term	
Monthly Costs							
Mortgage Payment (Monthly)			\$1,449	\$1,329	\$1,691	\$2,416	
Less: Insurance			\$125	\$125	\$125	\$125	
Less: Property Taxes			\$81	\$75	\$95	\$135	
Less: Miscellaneous (e.g. HOA Dues)			\$50	\$50	\$50	\$50	
Total Monthly Housing Costs		\$1,200	\$1,706	\$1,578	\$1,961	\$2,726	
Household Income by Prototype	30%	\$48,000	\$68,228	\$63,126	\$78,433	\$109,047	

Source: Economic & Planning Systems
H:\93030-Pagosas Springs Impact Fees\Datat\Housing Fee\93030 Housing Fees.xlsx\1 Prototypes

The spending of household income for the 500 units of prototypical housing generates jobs in a variety of industries. Most of the jobs are in the retail, food and beverage, health care, and miscellaneous services (household services, maintenance and repair) industry sectors. These new housing units and resulting residents would generate an estimated 58.62 new households from approximately 105 jobs, after adjusting for multiple job holders and multiple earners per household. Most of the households generated are at incomes between 50 and 80 percent of AMI, or 54.65 households as shown. The total of 58.62 "workforce households" equate to an affordable housing set-aside of 11.7 percent of market rate units (58.62 divided by 500).

The fee in lieu that corresponds to the 11.7 percent set-aside is shown in **Table 11**. Similar to the impact fees presented above, the housing fee in lieu is calculated at the maximum set-aside level supported by the analysis, or 11.7 percent. The fee is based on the gap between what the "workforce households" can afford and the cost to build workforce housing affordable to those income levels. The gap per unit for the targeted households up to 80 percent of AMI ranges from \$146,096 for 30 percent of AMI households to a gap of \$49,501 for 80 percent of AMI households. Multiplying the gap per unit by income range by the number of households in each income range generated by the market rate prototype yields the total housing gap created for each 100-unit prototype, and the gap per unit after it is divided by 100. The gap created by market rate development ranges from \$3,657 per unit for market rate apartments to \$9,291 for large lot homes, as shown.

Table 11. Draft Affordable Housing Fee in Lieu.

		2-bedroom Apartment	Townhome	Condominium	In-Town Single Family	R/A or R-T Single Family	Total / Average
Households by Income Range (per 100 units)							
	A						
Extremely Low (30% of Median)		0.29	0.58	0.43	0.59	0.76	2.66
Very Low (50% of Median)		0.17	0.29	0.21	0.29	0.35	1.31
Low (80% of Median)		<u>6.15</u>	<u>11.88</u>	<u>8.80</u>	<u>12.07</u>	<u>15.75</u>	<u>54.65</u>
Total per 100 Units		6.61	12.76	9.44	12.95	16.86	58.62
Per 1.0 Units		0.07	0.13	0.09	0.13	0.17	0.59
Gap per Household by AMI Range							
	B						
Extremely Low (30% of Median)		-\$146,096	-\$146,096	-\$146,096	-\$146,096	-\$146,096	
Very Low (50% of Median)		-\$110,167	-\$110,167	-\$110,167	-\$110,167	-\$110,167	
Low (80% of Median)		-\$49,501	-\$49,501	-\$49,501	-\$49,501	-\$49,501	
Total Gap							
	A X B						
Extremely Low (30% of Median)		-\$42,983	-\$84,890	-\$62,538	-\$86,730	-\$111,445	
Very Low (50% of Median)		-\$18,360	-\$32,365	-\$23,337	-\$32,365	-\$38,089	
Low (80% of Median)		<u>-\$304,350</u>	<u>-\$588,235</u>	<u>-\$435,673</u>	<u>-\$597,247</u>	<u>-\$779,595</u>	
Total per 100 Units		-\$365,693	-\$705,490	-\$521,548	-\$716,342	-\$929,129	-\$3,238,202
Gap (Fee) per Unit	C	-\$3,657	-\$7,055	-\$5,215	-\$7,163	-\$9,291	-\$6,476.40
Average Prototype Unit Size							
	D	1,200	1,500	1,200	1,500	2,500	1,580
Maximum Fee per Sq. Ft.	C / D	\$3.05	\$4.70	\$4.35	\$4.78	\$3.72	\$4.10
Fee per Prototype Unit		\$3,657	\$7,055	\$5,215	\$7,163	\$9,291	\$6,476

Source: Economic & Planning Systems
H:\93030-Pagosa Springs Impact Fees\Data\Housing Fee\98030 Housing Fee.xlsx\4_Fee_V2

Dividing the gap created by each market rate unit (C) by the square footage used in the prototype yields the fee in lieu per square foot. The final fee in lieu is the average for all 500 units of prototype development, or \$4.10 per residential square foot. Again, this is the maximum fee supported by the analysis. A lower set-aside and fee in lieu could be adopted.

Fee in Lieu Revenue Projection

If construction continues at the average pace of 12 units per year since 2010, the affordable housing fee in lieu would generate an estimated \$74,000 per year or roughly \$370,000 over five years as shown in **Table 12**. This money could be used for a wide variety of purposes related to creating affordable housing:

- Land acquisition
- Affordable unit construction, design, permitting
- Affordable, deed restricted unit acquisition
- Gap closure funding to supplement state and federal grants and tax credits.

Table 12. Affordable Housing Fee in Lieu Revenue Projection.

Description	Calculation
Annual Residential Permits	12
Average Sq. Ft.	1,500
Fee in Lieu per Sq. Ft.	\$4.10
Annual Revenue	\$73,782
5 Years	\$368,909

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees\Data\Housing Fee\188030 Housing Fee.xlsx\Projection

Appendix – Impact Fee Calculations

Table 13. Municipal Facilities - Draft Fee Calculation

Description	Factor	Calculation
Service Population		3,674
Existing Level of Service - Public Works Equipment & Vehicles		
Capital Asset Value		\$1,217,552
Cost per 1,000 Service Pop		331,429
Cost per Service Pop	A	\$331.43
Existing Level of Service - Town Shops		
Existing Space		10,125 Sq. Ft.
SF per 1,000 Service Pop		2,756
Replacement Cost per SF	\$200	
Cost per 1,000 Service Pop		\$551,224
Cost per Service Pop	B	\$551.22
Existing Level of Service - Town Hall		
Total Town Hall		13,938 Sq. Ft.
Less: Council Chambers and Police	77%	10,689 Sq. Ft.
Space Allocation by Employee Type		13.5
Fixed	30%	4.0
Variable	70%	9.5
Variable SF		7,522
Variable SF per 1,000 Service Pop		2,048
Cost per SF	\$250	
Cost per 1,000 Service Pop		\$511,882.31
Cost per Service Pop	C	\$511.88
Total Municipal Facilities Fee Per Service Pop	= A + B + C	\$1,394.54

Source: Economic & Planning Systems

H:\183030-Pagosa Springs\Impact Fees\Data\183030 Municipal Facilities & Police Fee.xlsx\T-Muni Fac Fee

Table 14. Police - Draft Fee Calculation

Description	Factor	Calculation
Service Population		3,674
Existing Level of Service - Police Vehicles		
Patrol Vehicles (Impacted by Growth)		7
Vehicles per 1,000 Service Pop		1.91
Replacement Cost per Vehicle	\$45,000	
Replacment Cost per 1,000 Service Pop		\$85,746
Cost per Service Pop	A	\$85.75
Existing Level of Service - Safety and Patrol Equipment		
Patrol Officers		7
Officers per 1,000 Service Pop		1.91
Replacement Cost per Officer	\$8,500	
Replacment Cost per 1,000 Service Pop		\$16,196
Cost per Service Pop	B	\$16.20
Existing Level of Service - Police Space		
Total Town Hall		13,938 Sq. Ft.
Police Portion	17%	2,313 Sq. Ft.
Space Allocation by Employee Type		
Fixed	36%	4.0
Variable	64%	7.0
Variable SF		1,472
Variable SF per 1,000 Service Pop		401
Cost per SF	\$250	
Cost per 1,000 Service Pop		\$100,167
Cost per Service Pop	C	\$100.17
Total Police Fee Per Service Pop	= A + B + C	\$202.11

Source: Economic & Planning Systems

H:\183030-Pagosa Springs\Impact Fees\Data\183030 Municipal Facilities&Police Fee.xlsx]T - Police Fee

Table 15. Parks - Draft Fee Calculation

Description	Factor	Calculation
Service Population	3,674	
Existing Level of Service - Acreage		
Regional Parks		15.5 acres
Community Parks		13.8 acres
Regional Acres per 1,000 Service Pop		4.2
Community Acres per 1,000 Service Pop		3.7
Regional Cost per Acre	\$100,000	
Community Cost per Acre	\$200,000	
Regional Cost per 1,000 Service Pop		\$422,741
Community Cost per 1,000 Service Pop		\$749,665
Regional Cost per Service Pop	A	\$422.74
Community Cost per Service Pop	B	\$749.66
Existing Level of Service - Equipment & Vehicles		
Current Value	\$265,537	
Value per 1,000 Service Pop		\$72,282
Cost per Service Pop	B	\$72.28
Total Parks Fee per Service Population	=A + B + C	\$1,244.69

Source: Economic & Planning Systems

H:\183030-Pagosa Springs\Impact Fees\Data\183030 Park Fee.xlsx\Fee Calc - Acres

Table 16. Trails – Draft Fee Calculation

Description	Factors	Calculation
Service Population		3,674
Existing Level of Service - Linear Feet		
Total Linear Feet		20,110
Linear Feet per 1,000 Service Pop		5,474
Cost per Linear Foot	\$375	
Cost per 1,000 Service Pop		2,052,800
Cost per Service Pop		\$2,052.80

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees\Data\183030 Trails Fee.xlsx\Fee Calc

Table 17. Commercial Fee Employment Density Factors

Land Use	SF per Employee	Employees per 1,000 SF	Adjusted Employees per 1,000 SF ^[1]
110 General Light Industrial	1,000	1.00	0.46
310 Hotel	1,250	1.25	0.57
710 General Office Building	333	0.33	0.15
820 Shopping Center / General Retail	500	0.50	0.23

[1] Commuting employees (919%) with an impact of 50% of a resident.

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees\Data\183030 Commercial Fee.xlsx\T - Commercial Occupancy Factors

Table 18. Commercial Fee Trip Generation Calibration Factors

ITE Code and Land Use	Sq. Ft.	Average Daily Trips	Commercial Fee Index
110 General Light Industrial	883,236	4.96	0.26
310 Hotel	383,704	8.36	0.43
710 General Office Building	435,290	9.74	0.50
820 Shopping Center / General Retail	<u>1,160,452</u>	<u>37.75</u>	<u>1.94</u>
Total / Weighted Average	2,862,682	19.43	1.00

Source: Economic & Planning Systems

H:\183030-Pagosa Springs Impact Fees\Data\183030 Commercial Fee.xlsx\T - Commercial Fee Index