



CITY OF TWIN FALLS  
DEVELOPMENT IMPACT FEE ADVISORY COMMITTEE  
Thursday, October 25, 2012 – 12:00 p.m. Special Meeting  
City Council Chambers  
305 3<sup>rd</sup> Avenue East – Twin Falls, Idaho

AGENDA

DEVELOPMENT IMPACT FEE ADVISORY COMMITTEE MEMBERS:

John Bonnett	Kent Collins	Jeff Gooding	Vacant	Tony Hughes	Brent Jussel	Dusty Tenney	Doug Vollmer	Brad Wills
Chairman					Vice- Chairman			

- I. Call Meeting to Order
- II. Consideration of the Minutes from the April 26, 2012 Meeting
- III. Review member terms
- IV. Review and discuss the Fiscal Year 2012 Impact Fee Financial Report
- V. Consider a recommendation to the City Council regarding the automatic fee increase scheduled for January 1, 2013
- VI. Next Committee meeting
- VII. Adjourn

*\*Any person(s) needing special accommodations to participate in the above noticed meeting should contact Lisa Strickland at (208) 735-7267 at least two working days before the meeting.*

**I. Call Meeting to Order**

Chairman Bonnett called the meeting to order at 12:05 pm and confirmed a quorum.

**II. Consideration of the Minutes from the April 26, 2012 Meeting**

The minutes from the last meeting are attached and ready for your approval.

**Motion:**

Committee Member Jussel made a motion to approve the minutes. Committee Member Gooding seconded the motion.

**UNANIMOUSLY APPROVED**

**III. Review Member Terms**

We were fully staffed on the Committee for one meeting. When Suzanne Hawkins was appointed to the City Council, she resigned her position on this Committee. So, we are back to being short one committee member.

**Discussion Followed:**

Committee Member Hughes stated there are 3 members that will have their terms expire in March of 2013 before the next meeting. He would like to know if these three members are interested in renewing their terms. As for the vacant membership, he recommends that the Commission attempt to recruit, and at this point the person could be involved in the business or not, a full Commission membership is the goal.

- All three members indicated they would be willing to continue to participate on this Commission.

**2012 Development Impact Fee Advisory Committee Membership**

City Code 2-10-3(A): There shall be (9) voting members of said Committee, to be appointed by the Mayor and confirmed by the City Council. Four (4) or more members shall be active in the business of development, building or real estate.

Name	Related Business	Term	Contact Information
John Bonnett Chairman 2012	No	First full term expires 3/2013	Office: 736-9919 <a href="mailto:johnhbonnett@gmail.com">johnhbonnett@gmail.com</a>
Brad Wills	Yes – Developer/Builder	First partial term expires 3/2013	<a href="mailto:bradw@willsinc.com">bradw@willsinc.com</a> <a href="mailto:bradwills@cox.net">bradwills@cox.net</a>
Tony Hughes	Yes - Builder	First full term expires 3/2013	<a href="mailto:tony.stonecreek@gmail.com">tony.stonecreek@gmail.com</a>
Kent Collins	Yes - Realtor	Second full term expires 3/2014	<a href="mailto:kent@prudentialidahohomes.com">kent@prudentialidahohomes.com</a>
Jeff Gooding	Yes - Builder	Second full term expires 3/2014	<a href="mailto:jgooding@pmt.org">jgooding@pmt.org</a>
Doug Vollmer	Yes – Developer/Appraiser	Second full term expires 3/2014	<a href="mailto:doug@areaidaho.com">doug@areaidaho.com</a>

Dusty Tenney	No	Second full term expires 3/2015	Office: 731-1934 <a href="mailto:dustytenney@yahoo.com">dustytenney@yahoo.com</a>
Brent Jussel Vice-Chairman 2012	No	First full term expires 3/2015	Office: 732-5730 x3006 <a href="mailto:bjussel@cablone.net">bjussel@cablone.net</a>
Vacant	-	Term expires 3/2015	-
Chris Talkington	Council Liaison	Appointed as Liaison 1/2012	<a href="mailto:CTalkington@tfid.org">CTalkington@tfid.org</a>

**IV. Review and discuss the Fiscal Year 2012 Impact Fee Financial Report**

The 2012 financial report is provided below for your review. Following your review, staff will prepare the annual impact fee report from the Committee to the City Council and include the financial report below in the annual report.

**City of Twin Falls  
 Summary of Impact Fee Activity**

9/30/2012	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	(Preliminary) <u>11-12</u>	<u>Total</u>
<b>REVENUES:</b>					
Residential Impact Fees-Police	\$ 2,820	\$ 20,924	\$ 16,726	\$ 25,748	\$ 66,218
Non-resid. Impact Fees-Police	\$ -	\$ 1,644	\$ 5,412	\$ 57,916	\$ 64,971
Subtotal-Police	<u>\$ 2,820</u>	<u>\$ 22,567</u>	<u>\$ 22,138</u>	<u>\$ 83,665</u>	<u>\$ 131,190</u>
Residential Impact Fees-Fire	\$ 8,055	\$ 60,063	\$ 47,776	\$ 73,520	\$ 189,414
Non-resid. Impact Fees-Fire	\$ -	\$ 4,602	\$ 15,150	\$ 155,071	\$ 174,823
Subtotal-Fire	<u>\$ 8,055</u>	<u>\$ 64,664</u>	<u>\$ 62,927</u>	<u>\$ 228,591</u>	<u>\$ 364,237</u>
Residential Impact Fees-Streets	\$ 4,065	\$ 30,545	\$ 23,734	\$ 42,530	\$ 100,874
Non-resid. Impact Fees-Streets	\$ -	\$ 21,773	\$ 46,497	\$ 173,666	\$ 241,937
Subtotal-Streets	<u>\$ 4,065</u>	<u>\$ 52,319</u>	<u>\$ 70,231</u>	<u>\$ 216,196</u>	<u>\$ 342,811</u>
Residential Impact Fees-Parks	\$ 9,150	\$ 67,402	\$ 54,270	\$ 82,022	\$ 212,845
Subtotal-Parks	<u>\$ 9,150</u>	<u>\$ 67,402</u>	<u>\$ 54,270</u>	<u>\$ 82,022</u>	<u>\$ 212,845</u>
Interest Income	\$ -	\$ 2,137	\$ 1,846	\$ 12,506	\$ 16,489
	<u>\$ 24,090</u>	<u>\$ 209,089</u>	<u>\$ 211,412</u>	<u>\$ 622,980</u>	<u>\$ 1,067,572</u>
<b>EXPENDITURES:</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DIFFERENCE:</b>					
	<u>\$ 24,090</u>	<u>\$ 209,089</u>	<u>\$ 211,412</u>	<u>\$ 622,980</u>	<u>\$ 1,067,572</u>

In addition to the Financial Report above, the Annual Impact Fee Report to the City Council should also include other recommendations from the Committee. City Code requires that the committee:

1. "File periodic reports, at least annually, with respect to the Capital Improvements Plan and report to the governmental entity any perceived inequities in implementing the plan or imposing the development impact fees; and"
2. "Advise the governmental entity of the need to update or revise land use Assumptions, Capital Improvements Plan and Development Impact Fees."

Therefore, the Committee should discuss what, if any, recommendations to make to the City Council in this year's Impact Fee Annual Report. Staff recommends that the Committee discuss this issue and make a recommendation to the Council regarding the Committee's desired updates, if any, to the Land Use Assumptions or Capital Improvement Plans. The Committee's recommendation will be included in the Annual Impact Fee Report to the City Council.

One item in particular that the Committee has asked to review is the growth projections used to calculate the impact fees. As you all know, the growth rate is a key factor in the impact fee program. Impact fees can only be used to provide infrastructure needed to accommodate growth. The CIPs include projects needed because of growth. The cost of improvements is spread out among future development. So, if a growth projection changes, it could mean dramatic changes to the impact fee program. As growth slows, improvements will not be needed as soon and there will be fewer units to bear the cost of the improvements.

There has been a concern about the growth rate used in our impact fee program, particularly that the rate used is too high. The growth rate in the impact fee program was taken from the City's comprehensive plan. That plan was completed at about the same time that the Impact Fee Report was completed, January 2009. The growth rate assumes about 550 new single family homes per year. In the three full years since the program was approved, we have experienced new single family construction starts of 159, 96, and 151 respectively – nowhere near the 550 per year anticipated in the program. This concern caused us to budget for an amendment to our Comprehensive Plan to review and potentially adjust our long term growth projections.

We have done some preliminary investigation into this issue. The City has hired Kushlan & Associates, a planning firm out of Boise, to assist the City with the creation of a Strategic Plan update. As part of the strategic plan work, Kushlan has provided us with some demographic and growth data that was prepared by Arthur C. Nelson, a professor at the University of Utah and the President and Director of the Metropolitan Research Center, also at the University of Utah. Arthur Nelson's work suggests that Idaho will see significant growth between now and 2030, particularly the Snake River Plane area of Idaho, with Twin Falls at the epicenter of that growth. His projections include a 2030 Twin Falls population of 67,000 people. The Comprehensive Plan estimates that the Twin Falls City population will be 66,471 in 2030. The two projections are nearly identical. This preliminary information suggests that if we were to go through a process to update our long term growth projections in the Comprehensive Plan, we'd end up with something very similar to what we already have. The preliminary information gives me a lot more confidence in what we've already established and suggests that we do not need to go through a revision or update.

#### **DISCUSSION FOLLOWED:**

- Community Development Director Humble reviewed the information and explained that the first installment of the Chobani funds have been paid. That fees were based on a 450,000 sq. ft. building that has now doubled in size so the City is in the midst of negotiating an Amendment to the Development Agreement to accommodate for changes that have occurred since the project began. The balance of the Impact Fee is one of the items being negotiated.
- Chairman Bonnet asked how building permits are this year compared to last year.
- Community Development Director Humble explained the numbers are up compared to last year. We are not quite where we were 2 years ago but we are up from last year.
- Community Development Director Humble explained that we have talked about the growth projections/rate. In April 2012 this committee decided the projections might needed to be revisited. The Comprehensive Plan guides the City in growth and development. Immediately after the Comprehensive

Plan was approved, there was a market decline. The City is currently undergoing a strategic planning process and Kushlan & Associates has provided some growth projections.

- Committee Member Bonnett asked if this independent group could have possibly use the Comprehensive Plan to make their evaluation.
- Community Development Manager Humble stated the data this group is independent of the Comprehensive Plan data. Once you average numbers out over a 30 year span the numbers are probably going to be similar to what has been projected.
- Committee Member Hughes asked if it is possible to look over the last 20 to where we are today and see if the projections that were made then came close to what actually happened. He would like to know what the last 20 years looked like and take into account home values. He is having a hard time imagining that the number is realistic based on what has happened. To be at the bottom and unexpectedly hit the projected growth rate is difficult to believe.
- Community Development Manager Humble stated there is historic data, he is not sure however how drastically different it will be. The Comprehensive Plan was based on projected growth and then apply it to types of construction you will see from the growth. Some years will have more growth other years will be lower. The one positive is the money is not coming in any faster than the money is needed. He suggests that it will be fine to ride out the storm, and there is money in the budget to have it looked at again if the Committee would like. There will be ways to spend the money so the concern of having to give money back is probably not legitimate.
- Committee Member Jussel asked if there was any dialog between the City and the Twin Falls School District and Twin Falls County regarding growth projections. In the past these groups have had different results. The numbers were used to project long term planning and capital asset type items. He would be interested in how the numbers compare.
- Community Development Manager Humble stated he was not aware of any comparison but that staff could take a look at the data and compare.
- City Manager Rothweiler displayed a graph of historic data on the overhead compared to the Comprehensive Plan and the numbers are comparable with a steady growth. He stated if you look at the information and review the census data the population is climbing faster than a 20% increase, and if we assume we will grow at a 20% increase, this may be a little more optimistic than projected but it isn't going to be too far off.
- Committee Member Hughes asked if there were any growth projections form 1980 -2000 that showed where Twin Falls would be and how accurate the number end up.
- Community Development Manager Humble explained the Comprehensive Plan was amended around 1994 and he is sure there is data included in it that can staff can compare to what the actual numbers were following that amendment.
- Committee Member Hughes stated that if the growth doesn't occur as projected some of the projects will have to be scaled back along with the fees if necessary.
- Committee Member Bonnett asked if there are plans in the near future for changes to the CIP list.
- Community Development Manager Humble stated as he reviews the list there will most likely not be any changes in the near future. When these projects need to be started is all based on timing and as the need increases the money will increase. In April projects that need to be budgeted for because they are warranted are discussed with this Committee. In October this committee reviews the numbers , the end of the year reports and how the program is working. If the Committee believes changes need to be made a report can be submitted to the City Council recommending changes.

**MOTION:**

Committee Member Tenney made a motion to accept the financial report and recommend approval to City Council. Committee Member Jussel seconded the motion.

**UNANIMOUSLY APPROVED**

**V. Consider a recommendation to the City Council regarding the automatic fee increase scheduled for January 1, 2012**

As recommended by the Committee, the Council has elected for two years in a row to forego the automatic fee increase (1.1% on 1/1/11 and 5.1% on 1/1/12). Fee amounts have not changed since January 2010. The current fee schedule is below.

Total Fees	Original	
	Fees	1-Jan-10
Single Family (per dwelling unit)	\$ 1,606	\$ 1,623.67
Multifamily (per dwelling unit)	\$ 1,513	\$ 1,529.64
Retail (per square foot)	\$ 1.68	\$ 1.6985
Office (per square foot)	\$ 0.78	\$ 0.7886
Industrial (per square foot)	\$ 0.67	\$ 0.6774
Institutional (per square foot)	\$ 0.46	\$ 0.4651

The reason for last year's recommendation to forego the automatic fee increase was directly related to the state of the economy and the level of building activity in the community. Building activity is still low, but rising. Fiscal Year 2012 increased over Fiscal Year 2011 in nearly every category. However, the Committee may still want to discuss whether or not to make a similar recommendation to the City Council regarding the automatic fee increase scheduled for January 1, 2013.

The current Municipal Cost Index percentage change from August 2011 to August 2012 is 1.3%. We won't know exactly what the percent change in January will be until then. As a reminder, the inflation factor built into our impact fee ordinance is there to accommodate for project cost increases. So, if the City chooses not to increase the fees again this year, our fee collections will again fall behind the project costs.

**DISCUSSION FOLLOWED:**

- Community Development Manager Humble stated the way the ordinance was written an automatic increase occurs each year unless there is action taken to forego the increase. There have been no increases in the last 2 years. The Committee needs to decide what they want to recommend. The reason for the increase is because the cost of the jobs are growing and if the cost grows but the money doesn't grow there won't be enough funds collected to move forward with the project. One could argue we are already 6% behind, while others would argue that we were a little high in the first place.
- Committee Member Hughes stated if the percentage goes over 2% he would recommend not allowing the increase.
- Committee Member Vollmer stated 1% or 2% increase the cost no matter what and he hasn't seen anything to indicate that we are doing well enough to justify an increase.
- Community Development Manager Humber explained that this year we finished with an increase of 57% in permits. In that same span there was a 48% increase in value. The value of each permit was less than 57%, because the homes that are being built are smaller.

**MOTION:**

Committee Member Gooding recommend that the City Council increase the impact fee based on the MCI if the increase is doesn't exceed 2%. Committee Member Hughes seconded. Committee Members Bonnett,

Gooding, Jussel , Hughes and Wills voted in favor of the motion. Committee Members Collins, Tenney and Vollmer voted against the motion.

[MOTION PASSED 5-3](#)

**VI. Next Committee meeting**

The next tentative meeting date is Thursday, April 25, 2013.

**VII. Adjourn**

Chairman Bonnett adjourned the meeting at 12:46 pm