



Impact Fee Proposal and Municipal Code Updates

Study Session – July 23, 2024

City Staff Representatives:

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Departments:

Finance & Utilities

Purpose and Agenda

To propose updates to Impact Fees for 2025 and 2026, and to propose updates to the Municipal Code related to impact fees and other charges.

- Impact Fee Proposal
 - Impact Fee Revenues
 - Residential and Non-residential
- Municipal Code Cleanup



Impact Fee Proposal

Background

Impact Fee Definition and Regulations

- Fees charged on new development at the time of permitting
- Governed by the Colorado Revised Statutes (C.R.S.)
- Must be used on capital projects to support service expansion/growth
- Are assessed through a professional study

Brighton's Fee Study

- Completed in late 2022 based on information and costs at that time
- Presented to City Council in early 2023 and again in April 2024

Impact Fee Revenue History

Description	2019	2020	2021	2022	2023
General Governmental Operating Revenues					
Taxes	\$ 41,673,659	\$ 42,950,903	\$ 47,024,585	\$ 53,215,278	\$ 53,455,714
Charges for Services	8,058,081	7,839,500	8,317,456	8,637,866	8,227,446
Impact Fees	1,703,647	2,202,082	891,236	4,322,104	1,933,900
Intergovernmental & Grants	7,177,236	12,647,988	6,854,708	7,116,043	13,466,848
Investment Earnings (Loss)	1,885,408	2,045,323	(447,200)	(2,337,682)	6,312,220
Oil & Gas Royalties	2,117,208	2,701,099	6,585,402	5,101,175	8,391,929
Miscellaneous	2,658,961	1,500,747	4,325,864	1,747,353	1,523,525
Total Revenues	65,274,200	71,887,641	73,552,052	77,802,137	93,311,582
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Impact Fees as a percentage of overall governmental revenues	2.61%	3.06%	1.21%	5.56%	2.07%

Note that General Government Operating Revenues excludes capital outlay, transfers, and utility fund revenues.

PERMIT ACTIVITY
January – June 2024
 (paid permits)

Single Family Residential
 Permits Issued
 249 (\$1.6M)

Multi-family Residential
 Permits Issued
 10 (\$70K)

Commercial/Industrial
 Permits Issued
 5 (\$17K)

Fee Proposal – General Provisions & Proposals

Fee Update Provisions

- Fee studies should be performed every 5 years.
- Effective date of future fee changes will be January 1st

Impact Fee Related Proposals

- All fees will include an inflationary index (Denver Area CPI as of August of each year)
- All fees will be reflected in the annual fee resolution approved by City Council
 - References to specific fee amounts will be removed from Municipal Code

Fee Proposal - Residential

Residential Impact Fees	2024 (current)	2025*	2026*
Single Family Residential	6,342	8,573	11,041
Multi Family Residential	6,342	7,845	9,542
Revenue Generated (annualized**)			
Single Family Residential	3,120,264	4,217,916	5,432,172
Multi Family Residential	126,840	156,900	190,840
Total	3,247,104	4,374,816	5,623,012
Revenue Increase \$		1,127,712	1,248,196
Revenue Increase %		35%	29%

* Fees for 2025 and 2026 are based on estimated inflation rates. Fees will be proposed in the annual fee resolution based on actual inflation reported as of August 2024.

** Revenue Generated is based on permit activity realized in January – June 2024 and assumes activity remains consistent for all years.

RECOMMENDATION

Residential Development pays its own way through impact fees.

Adoption of the full amount recommended by the Impact Fee Study

Phase in the increase over two years

Apply inflation annually

2025 – 50% plus inflation
2026 – 100% plus inflation

Fee Proposal – Nonresidential

Nonresidential Impact Fees (all applied per square foot)	2024 (current)	2025*	2026*
Retail/Commercial	0.65	0.66	0.68
Office Space	0.98	0.99	1.02
Industrial	0.41	0.42	0.43
Warehouse	0.41	0.42	0.43

* Fees for 2025 and 2026 are based on estimated inflation rates. Fees will be proposed in the annual fee resolution based on actual inflation reported as of August 2024.

This approach acknowledges that the City is growing and wants to encourage business development, and that not adopting the increased fees determined in the study provides an incentive for business development.

RECOMMENDATION

Nonresidential
Development pays its way
through future growth,
including jobs and taxes
for the community.

Leave nonresidential fees as
they currently are

Apply inflation annually

Fee Proposal – Summary

Brighton Total Impact Fee by Type, 2024-2026 Brighton Impact Fee Nexus Study

Total Impact Fee	2024 Current Fees	2025	2026
Cost Index	---	1.3%	3.0%
Residential (per unit)			
Single Family Dwelling Unit	\$6,342	\$8,573	\$11,041
Multiple Dwelling Unit	\$6,342	\$7,845	\$9,542
Nonresidential (per sq. ft.)			
Retail/Commercial	\$0.65	\$0.66	\$0.68
Office	\$0.98	\$0.99	\$1.02
Industrial	\$0.41	\$0.42	\$0.43
Warehouse	\$0.41	\$0.42	\$0.43

Source: BLS; Economic & Planning Systems

Z:\Shared\Projects\DEN\223071-Brighton Impact Fees\Models\223071-Impact Fee Model 04-02-2024.xlsx]T-Fee Phases

Municipal Code Update Proposal

Proposed Municipal Code Updates (effective upon approval)

Key changes and updates

- Definition and language updates and cleanup related to fees
 - Defining *Single Family* as one meter serving one or two residential units (duplexes) and *Multifamily* as any building with more than two residential units.
 - Change from *Plant Investment Fee* to *Impact Fee*.
 - Defining Fee categories, including Transportation and General Services.
- City-developed facilities will pay impact fees owed to utility funds *unless* it is the utility developing the facility
 - The Water Utility will not pay impact fees for the Water Treatment Plant because the fund would be paying itself.
 - If the City constructed a new building for Police and/or Courts, impact fees would be due to the utility funds.

Proposed Municipal Code Updates (effective upon approval)

Key changes and updates (continued)

- Addition of definitions for *curb stop*, *fee-in-lieu of water dedication*, *water dedication* and *water tap*
- A requirement for the property owner to be responsible for all costs associated with utility service abandonment has been added
- Updated Section 13-4-60 related to the curb stop valve to remove outdated language and match current utility practices
- Remove several portions of City Code which are addressed in the City's Standards and Specifications

Proposed Municipal Code Updates (effective upon approval)

Key changes and updates (continued)

- Added clarifying language to Section 13-4-220 related to ownership of service lines. The language does not substantially change ownership responsibilities as previously outlined in Code.
- Added Section 13-12-55 to require that existing sewer services outside City limits pay double the rate for service within the City and that no new wastewater service outside of City limits will be provided.

Proposed *Municipal Code Updates* (effective upon approval)

Key changes and updates (continued)

- Removed exemption for private streets from the storm drainage impact fee and monthly maintenance fees.
- Added language to Section 14-9-82 related to storm drainage monthly charge credit. The additional language allows City Staff to administratively continue the credit a property is receiving at the discretion of the Director.

Proposed Municipal Code Updates (effective January 1, 2025)

Key changes and updates

- Removal of impact fee amounts from Municipal Code and including them in the annual fee resolution adopted by City Council.
 - This approach presents all fees in one central location so they are easier for developers and users to locate and identify.
 - This also brings consistency to how and when the fees are approved each year.
- Removal of monthly utility rates and charges from Municipal Code and including them in the annual fee resolution adopted by City Council.
 - Similar to impact fees, this puts all fees and charges into one location and brings about consistency in how and when they are adopted (as part of the annual budget process).

Timeline/Next Steps

- August 20, 2024
 - Ordinance (1st Reading) - Municipal Code updates related to impact fees.
 - Ordinance (1st Reading) - Municipal Code updates related to utility rates and charges.
- September 3, 2024
 - Both Ordinances Final Readings
- October 2024
 - Adoption of new fees as part of the annual budget process (2025 Fee Resolution)