

1. Impact Fees

The County staff came forth with their impact fee change recommendations. The impact fee recommendations were based upon studies performed by Tindale Oliver for the Traffic and Correctional Facilities impact fees and Public Resources Management Group for the water and wastewater fees. The purpose of these studies is to provide County staff and the BCC the “highest legally defensible” impact fees that can be charged. The methodologies are complex. My review of the three studies indicates that the methodology and data are sound. The primary issue for review by the elected officials is whether to charge the legally defensible maximum, or discount that amount when adopting impact fees. Various counties around Florida take a variety of approaches. I have attached the comparison sheet provided by the County to this report. That reflects the different treatment from around the state.

For example, on transportation impact fees, Collier county charges 100% of the legally defensible maximum. Lee County charges 20%, Charlotte 100%, Sarasota 34%, Manatee 100% and Marion 58%. These are policy decisions made by the elected officials and may reflect a number of factors including business development policies, taxing policies as to impact fees vs property taxes and a variety of other policy considerations.

Another factor which has an influence on the impact fee calculation is the cost of providing/constructing the facilities. This has the largest impact in traffic impact fees where right of way acquisition is a major factor in the cost of new roads. In Collier county right of way acquisition comprises \$863,000 of a \$4,567,000 lane mile cost. The largest single cost is still construction, \$2,700,000.

In general terms, the transportation impact fees have risen and the water, sewer and jail fees have declined. There are some anomalies to the general trend.

Overall increases for transportation impact fees result in a 30-35% increase across the board. However, the transportation impact fees have some anomalies created by different data on the VMT or Vehicle Miles of Travel for various uses. The VMT has a major impact on the overall impact fee as it is a component of the formula used to calculate the actual fee to be charged. The adjustments from 2010 to 2014 in the VMT ranged from a reduction of 60% for self service car washes to an increase of 18% for Self Serve carwashes. The VMT figures used were drawn from a Florida DOT trip generation study and an Institute of Transportation Engineers Trip Generation Manual. Even with the overall reduction in trip generation, the overall picture was that impact fees for transportation will increase due primarily to increased costs of construction.

There are a few areas where transportation impact fees will decrease on an overall basis. The primary one is retail and offices under 6,000 square feet. This will see a decrease of as much as 51% in transportation impact fees.

DSAC recommended approval of the new transportation impact fee to the BCC.

There is better news when it comes to water, sewer and jail rates. The impact fees for these two areas will all decrease.

Water and sewer impact fees will now be calculated solely on the basis of meter size as required by the Florida Plumbing Code. The decrease is substantial. For example for a 2,000 square foot single family home, the water and sewer impact fee will be reduced by 20%, for a 10,000 square foot office building it will be reduced by 69% and for 10,000 square foot retail it will be reduced by 54%.

DSAC recommended approval of the new water and sewer impact fees to the BCC.

The jail impact fee will also decrease overall due to reduced demand and reduced cost for new construction. The new construction will be less costly as any new jail would be built in Immokalee. The study by Tindale Oliver did provide that in certain areas and for certain uses the jail fee could increase. However, the staff did provide for an option where the DSAC could recommend a policy to the BCC that would allow for approval only of the areas where the fee would decrease and where the study showed a possible increase, the fee would be frozen at its current level.

DSAC recommended approval of the new correctional facility impact fees with the provision that the only new fees that would be approved are those which result in a reduction of the correctional facility impact fee and where it was proposed to increase, the fee would remain the same.

When taken in the aggregate, impact fees for residential construction will see a small decrease, with certain commercial impact fees seeing a somewhat larger decrease. Despite the overall decrease, the Collier County still has the highest impact fees in the state for several land use categories. This can be a major impediment to economic development.

Recommendation

I recommend that CBIA take the position that the reduction in impact fees is welcome. However, the fees still put us at a relative competitive disadvantage compared to Lee County. While residential construction is robust, there is still a need to attract good, high paying jobs to the area. The high commercial construction fees impede attracting those jobs. Thus, I suggest that the CBIA take the position that the impact fee waiver program be extended and expanded.