

**PLANNING COMMISSION WORKSHOP  
CITY HALL  
UPSTAIRS, CONFERENCE ROOM #6  
702 E. Mullan Avenue**

**MAY 17, 2023**

**12:00 p.m. CALL TO ORDER**

**ROLL CALL:** Messina, Fleming, Ingalls, Luttropp, Mandel, McCracken Ward

**WORKSHOP:**

A discussion on the development impact fee study for; Fire, Police, Parks, Transportation, and a briefing on annexation fees. The consultant team will review the following;

- Introductions and Overview
- Procedures
- Analysis alternatives
- Draft impact fee CIPs
- Growth assumptions

**ADJOURNMENT/CONTINUATION:**

Motion by \_\_\_\_\_, seconded by \_\_\_\_\_ ,  
to continue meeting to \_\_\_\_\_, \_\_, at \_\_ p.m.; motion carried unanimously.

## Memorandum

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TO: CDA DEVELOPMENT IMPACT FEE COMMITTEE

FROM: MELISSA CLEVELAND

PRJ. #: 41346.02 CDA IMPACT AND ANNEXATION FEE

SUBJECT: DEVELOPMENT IMPACT FEE COMMITTEE MEETING NO. 1 PACKET

DATE: MAY 10, 2023

CC: SEAN HOLM, SENIOR PLANNER

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### Introduction

The City of Coeur d'Alene Impact and Annexation Fee update is in progress with Welch Comer managing the overall effort, completing the needs assessments, and developing the Capital Improvement Plans (CIPs). FCS is a subconsultant to Welch Comer and is working on the impact fee and annexation fee methodology and policies. Iteris is a subconsultant to Welch Comer and will complete the traffic modelling required for the transportation impact fee. This memo is to set the stage for Development Impact Fee Committee Meeting #1, which is scheduled for May 17, 2023. The memo will explain the work accomplished to date, the next steps, and the overall schedule.

### Role of the Development Impact Fee Committee

The Development Impact Fee Advisory Committee is an advisory committee created to provide recommendations associated with impact fees to Coeur d'Alene's Mayor and the City Council. Impact fees are charges associated with the impact new development has on the City of Coeur d'Alene's transportation system, regional and local parks, fire response system, and policing system. The advisory committee reviews the capital improvement plan, methodology alternatives, and provides input on how public infrastructure can service new development as Coeur d'Alene grows. The Development Impact Fee provides input and is a sounding board for the consultant team. While the study will determine the maximum defensible fee; ultimately, the City Council will determine the fee implementation.

### Work to Date

*Kick off Meeting:* A kick off meeting was held on January 9, 2023 with City staff and the consultant team.

*Data Collection:* The City staff has provided the consultant team various data requested. At this point, no other data is needed from the City.

*Meetings with Police and Fire:* Meetings with Police and Fire staff were held mid-January to begin developing the Fire and Police Needs Assessments and Impact Fee CIPs.

*Police and Fire Needs Assessments:* The Police and Fire Needs Assessments were completed in February. The drafts were submitted to City staff for review and comment. These working drafts are included in the share-drive if the Impact Fee Committee wants to review prior to the meeting.

*Police and Fire CIP:* The Police and Fire Impact Fee CIPs were drafted in February. The draft CIPs are included on the share-drive for share-drive if the Impact Fee Committee wants to review prior to the meeting.

*Meetings with Engineering and Parks:* Meetings with Engineering and Parks were held in March to help inform the Roads and Parks Impact Fee CIPs. These CIPs are still being refined and will be available prior to Development Impact Fee Committee Meeting No. 2. The transportation plan is informed by KMPO's transportation plan and the City's Trails and Bikeways plan. The Parks CIP is informed by the City's Parks Master Plan.

*Policy & Methodology Memo:* The draft Policy and Methodology Memo is attached to this memo for review by the Development Impact Fee Committee prior to the meeting.

#### Link to More Materials

This link has more materials if the Committee members wish to review in advance, including the existing study, State Code, Police and Fire Needs Assessments and draft CIPs.

#### [Development Impact Fee Committee Meeting Materials](#)

#### Next Steps

- Finalize the Police, Fire, Parks, and Transportation CIPs
- Begin Impact and Annexation Fee Calculations
- Schedule Development Impact Fee Committee Meeting No. 2
- Adopt CIPs
- Plan for a Council workshop

#### Overall Schedule

The second Development Impact Fee Committee Meeting is planned for mid-July. We'll get this on our calendars as soon as possible because this is a busy time of year. The third and final Development Impact Fee Committee Meeting is planned for mid-September. The final report is expected to be adopted by Council in mid to late November.

**To:** Melissa Cleveland, Sr. Project Manager, Welch-Comer  
Sean Holm, City of Coeur d'Alene

**Date:** May 10, 2023

**From:** Todd Chase, Principal, FCS GROUP  
Martin Chaw, Project Manager and Devin Tryon, Analyst

**RE: Impact Fee and Annexation Fee Legal Requirements and Policy Alternatives:  
Discussion DRAFT**

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The City of Coeur d'Alene's (City) recently adopted Comprehensive Plan (adopted Feb. 15, 2022) establishes a new vision for community growth and development. To help implement the City's Comprehensive Plan and system master plans, the City contracted with Welch Comer, Iteris and FCS GROUP to update its Fire, Police, Parks and Transportation development impact and annexation fees.

This technical memorandum provides an overview of the legal requirements per of the legal requirements per *Idaho development impact fee act, title 67, chapter 82, Idaho Code*.

In addition, this memorandum provides context of the City's current impact fee and annexation fee policies and charges, which are based on the prior 2004 Coeur d'Alene Development Impact Fee report. Special focus is placed on the methods and assumptions used for estimating the impact and annexation fee cost basis, growth basis, credit policies, exemptions and other administrative considerations.

Alternative approaches that the City may consider when updating its impact and annexation fee methodology are also identified.

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# IDAHO DEVELOPMENT IMPACT FEE ACT

## REQUIREMENTS

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Title 67, Chapter 82 of the Idaho Code, also known as the *Idaho Development Impact Fee Act* (“IDIFA”), authorizes public agencies in Idaho to impose impact fees on development. Section 67-8202 of the Idaho Code establishes the following purposes for IDIFA:

1. Ensure that adequate public facilities are available to serve new growth and development;
2. Promote orderly growth and development by establishing uniform standards by which local governments may require that those who benefit from new growth and development pay a proportionate share of the cost of new public facilities needed to serve new growth and development;
3. Establish minimum standards for the adoption of development impact fee ordinances by governmental entities;
4. Ensure that those who benefit from new growth and development are required to pay no more than their proportionate share of the cost of public facilities needed to serve new growth and development and to prevent duplicate and ad hoc development requirements; and
5. Empower governmental entities to adopt ordinances to impose development impact fees.

*A core element of the impact fee methodology involves defining a proportionate share of costs that have been incurred (or that will be incurred) to provide capacity to serve new development.*

Section 67-8207 of the Idaho Code requires impact fee calculations to consider:

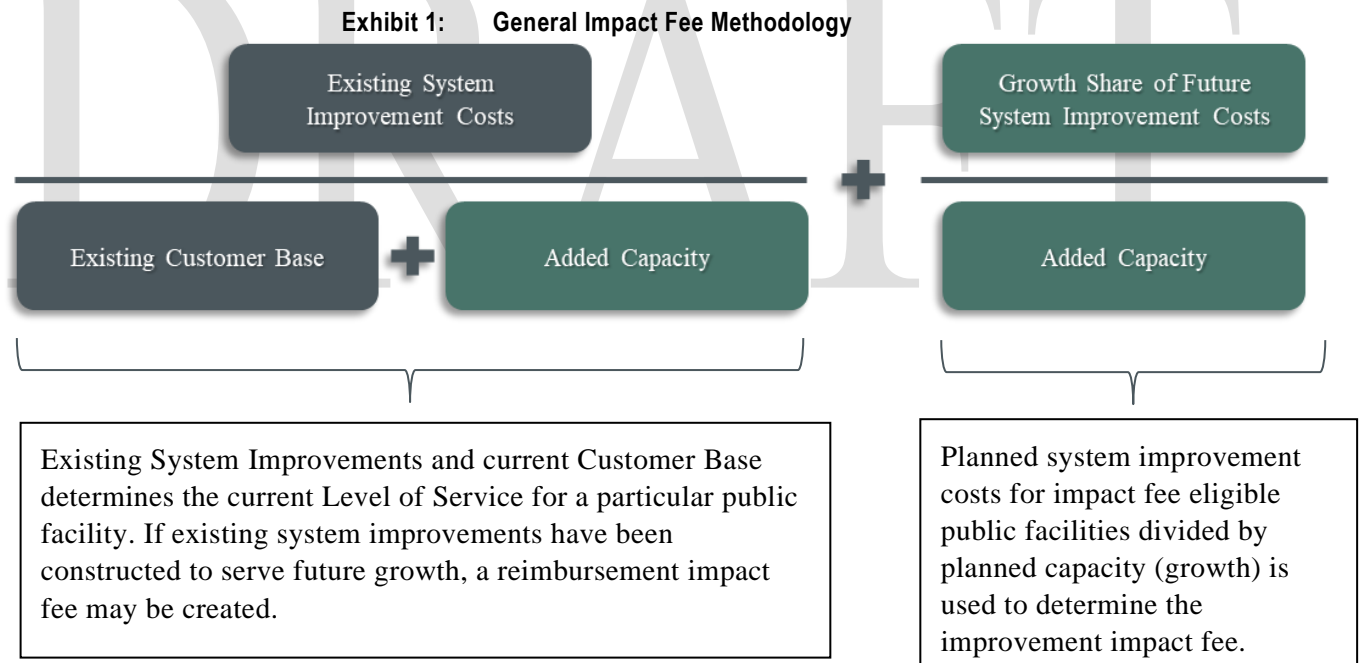
- The cost of existing system improvements, and the means by which those improvements have been financed.
- The extent to which new development has contributed or will contribute to the cost of system improvements, both existing and future.
- The extent to which the new development should be credited for providing system improvements, without charge to other properties within the service area or areas;
- Extraordinary costs, if any, incurred in serving the new development;
- The time and price differential inherent in a fair comparison of fees paid at different times; and
- The availability of other sources of funding system improvements including, but not limited to, user charges, general tax levies, intergovernmental transfers, and special taxation.

Section 67-8203 (28) of the Idaho Code defines “system improvements” as “capital improvements to public facilities designed to provide service to a service area including, without limitation, the type of improvements described in Section 50-1703, Idaho Code.” Eligible improvements include transportation facilities, parks and trails, police and emergency services, and other improvements.

Section 67-8208 of the Idaho Code requires agencies that impose an impact fee to prepare a capital improvements plan including:

- A description of all existing public facilities and their existing deficiencies, as well as a reasonable estimate of all costs and a plan to develop the funding resources related to curing the existing deficiencies including, but not limited to, the upgrading, updating, improving, expanding, or replacing of such facilities to meet existing needs and usage;
- A description of all system improvements, their estimated schedule for completion, and their costs necessitated by and attributable to new development to provide a level of service not to exceed the level of service adopted in the development impact fee ordinance;
- An analysis of the total capacity, the level of current usage, and commitments for usage of capacity of existing capital improvements, which shall be prepared by a qualified professional planner or by a qualified engineer licensed to perform engineering services in the state of Idaho;
- The total number of service units attributable to new development and the projected demand for system improvements required by new units projected over a reasonable period of time not to exceed twenty (20) years.

**Exhibit 1** summarizes the general impact fee methodology based on the statutory requirements outlined above.



# COEUR D'ALENE CURRENT IMPACT FEES

## Authorizing Legislation

The City's current impact fees were established by Ordinance 3166 in March 2004.

In the City's authorizing ordinance, the city outlined its *Proportionate Share Determination*, which states that all impact fees shall be based on a reasonable and fair formula or method in which the fee imposed does not exceed a proportionate share of the cost incurred by the city in the provision of system improvements to serve the new development.

This is consistent with Idaho statutes. Specifically, Title 67, Chapter 82, Development Impact Fees states that the purpose of impact fees are to "ensure that those who benefit from new growth and development are required to pay no more than their proportionate share of the cost of public facilities needed to serve new growth and development and to prevent duplicate and ad hoc development requirements."

## Impact Fees and Fee Structure

The City's impact fee structure includes citywide fees for parks, police, fire and transportation facilities. Transportation impact fees are further delineated between four quadrants. The City currently has three customer land use classifications, including single-family, multifamily, and commercial/industrial. **Exhibit 2** summarizes the City's current impact fees. It should be noted that these fees have not been adjusted for inflation since they were adopted in 2004.

**Exhibit 2: Current Coeur D' Alene Development Impact Fees Adopted in 2004**

Source: City of Coeur D' Alene fee schedule as of Jan. 1, 2023.

Impact Fee Classification	Single-Family Residential (per DU)	Multifamily Residential (per DU)	Commercial (per 1,000 Sq Ft.)
Fire	\$ 138	\$ 138	\$ 47.52
Police	\$ 70.31	\$ 70.31	\$ 24.21
Parks	\$ 755.97	\$ 755.97	
Transportation/ Circulation			<i>Based on Trip Generation</i>
Quadrant 1	\$ 857.54	\$ 700.43	\$ 26.99
Quadrant 2	\$ 639.64	\$ 511.71	\$ 14.01
Quadrants 3 & 4	\$ 815.63	\$ 852.50	\$ 15.12

In addition to these development impact fees, the City currently assesses a Annexation Fee of \$750 per dwelling unit (DU) or equivalency per Resolution R-94-059. The annexation fee only applies to development areas outside the city limits.



## General Impact Fee Policy Parameters

The following table outlines the policy parameters that guide development of the City’s current impact fees. These policies shall be reviewed and may be modified during the 2023 impact fee update. Key policy considerations pertain to:

- Fee boundaries
- Measures of level of service
- Growth assumptions
- Eligible capital facilities (capital improvement program)
- Administration procedures
- Annual escalation

Capital facility costs recoverable through impact fees must have a minimum useful of 10 years.

**Exhibit 3: Impact Fees Policy Considerations**

Consideration	Description	Current Policy	Policy Alternatives
Impact Fee Boundary and Subareas (Area of Impact)	Defined areas where impact fees apply	One citywide boundary now in place for parks, fire and police fees; 4 subareas in place for transportation fees	City may explore modifications to subarea boundaries or may decide that one citywide boundary serves the city best. Each subarea requires separate analysis and accounting of fee revenue and credits.
Level of Service	This represents the current level of system capacity for parks, police, fire and transportation circulation provided to the community	Parks, fire and police LOS: based existing system investment per 1,000 residents.  Transportation LOS based on future capacity investment in collector and arterial circulation required to accommodate growth in trips (excluding capacity investment to remedy current system deficiencies.	City may consider future or planned LOS measures for parks, police and fire systems.  Transportation LOS to be derived from KMPO trip generation model and City adopted 10-year capital facilities plan.
Growth	Impact fees are intended to have future development pay its proportionate share of City infrastructure that is needed to serve it.	10-year growth forecast based on buildable lands. Housing density factor assumptions: Inside City Zones R1, R3, R8, R13 (3 DU/Ac)	10-year growth forecast is recommended. Growth assumptions should be consistent with adopted long range land use or facility master plans and KMPO trip gen models.

		<p>Zones R17, R34 (13.0 DU/Ac)</p> <p>Outside City</p> <p>Growth in EDUs based on 20% coverage; 3 EDUs per acre; and 2,904 square feet per EDU.</p> <p>Transportation Growth in Average Daily Trips (ADT)</p> <p>SFD @ 10 trips per DU</p> <p>MF @ 8 trips per DU</p> <p>Commercial @ 120 trips per 1,000 SF</p> <p>Industrial @ 12 trips per 1,000 SF</p>	
Eligible Capital Facilities	<p>The term “systems improvements” means “capital improvements to public facilities. The term “Capital improvements” means: improvements with a useful life of ten (10) years or more, by new construction or other action, which increase the service capacity of a public facility. I.C. § 67-8203(3).</p>	<p>Parks: unit cost per acre for development and acquisition of parks land</p> <p>Fire/Police: unit cost per square foot of new building facility construction</p> <p>Transportation: Cost based on planned collector and arterial roadways in each of 4 quadrants. Fee credit of 40% of costs applied to non-res Cost Basis to account for linked trips, reallocated to residential cost share.</p>	<p>City has the option of recovering less than 100% of the impact fee eligible cost share.</p> <p>City may expand circulation project list to include collectors and multimodal bike/ped facilities.</p>
Administrative Assumptions	<p>Fee exemptions, credits and fee discounts</p>	<p>Impact fees vary for SFD, MFD, commercial and industrial land use types.</p> <p>Parks is only charged on residential development.</p>	<p>City can add additional land use categories and can vary the SFD and MFD fee by dwelling size.</p> <p>City can opt to charge parks impact fees to residential and lodging developments.</p>

Indexing Fees Annually	Annual increases to impact fees should be indexed to the rate of construction cost inflation.	City has not indexed impact fees or annexation fees annually to keep up with inflation	City may consider designating a specific annual index be applied to future fee adjustments to estimate inflation in construction costs. An industry standard, such as the <i>Engineering News Record, Construction Cost Index, Seattle Region</i> may be used (closest region to the City of Coeur d'Alene).
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## Population, Housing and Employment Growth Assumptions

Recent trends and future forecasts of population, housing and employment often serve as the basis for estimating the growth share for impact fees. Population estimates and forecasts by the Kootenai County Metropolitan Planning Organization (KMPO) were evaluated by Welch-Comer to arrive at a 10-year growth forecast.

As shown in **Exhibit 4**, residential growth as measured by new housing units has been increasing at about the same rate as job growth in the City. KMPO forecasts of population growth for 2020 to 2040 can be interpolated. The results indicate that the City can expect to add 13,000 people and 5,833 dwelling units. over the next 10 years (2024-2034).

**Exhibit 4:**

### Dwelling Unit Counts, City of Coeur d' Alene, 2010-2021

	2010	2014	2018	2020	2021	AGR
Single Family Detached	12,521	12,692	13,622	14,326	14,520	1.36%
Multifamily/Other	7,741	8,086	8,875	9,241	9,347	1.73%
<b>Total</b>	<b>20,262</b>	<b>20,778</b>	<b>22,497</b>	<b>23,567</b>	<b>23,867</b>	<b>1.50%</b>

**Source:** U.S. Census Bureau Table DP04, AGR = average annual growth rate.

### At-Place-of-Work Employment, City of Coeur d' Alene, 2009 & 2019

Sector	2009	2019	Change	AGR
Retail & Service	22,249	26,799	4,550	1.88%
Industrial	3,838	3,645	(193)	-0.51%
Education/Public	1,778	1,888	110	0.60%
<b>Total</b>	<b>27,865</b>	<b>32,332</b>	<b>4,467</b>	<b>1.50%</b>

**Source:** U.S. Census OnTheMap. AGR = average annual growth rate.

### Coeur d'Alene TAZ Population and Housing Growth Forecast

	a	b	c	d	e	f	g
	2021	2024	2034	2040	10- yr. Change	AGR	Minimum Growth Share (e/c)
Population	53,189	59,000	72,000	87,641	13,000	<b>2.66%</b>	18.06%
Dwelling Units	23,867	26,475	32,308	39,326	5,833	<b>2.66%</b>	18.06%
Pop per Dwelling	2.23	2.23	2.23	2.23			

**Source:** Census Data Table DP05 (2021), Police Needs Memorandum, Feb. 15, 2023 (2024-2040).

Non-residential growth is often characterized in terms of equivalent dwelling units (EDUs). The prior adopted 2004 ratios of 667 SF of building area per job and 2,904 SF of non-residential building area per EDU, may be utilized to estimate current EDUs and forecast future EDUs. As shown in **Exhibit 5**, based on current Census estimates for jobs in the City, we can assume that there are approximately 34,827 workers within the City limits as of 2024. The total estimated non-residential floor area increased from approximately 17.18 million SF in 2004 to 23.22 million SF in 2024.

By applying the KMPO long range growth rates (2.66% AGR) the total EDUs within the City limits are expected to increase by 8,238 over the next 10 years. The allocation between residential and non-residential EDU growth is assumed to be: 71% residential and 29% non-residential.

**Exhibit 5:**

**Coeur d'Alene Non-Residential Growth Forecast**

	2004	2019	2024	2034	10- yr. Change	AGR
Employment (jobs)	25,766	32,332	34,827	45,297	10,470	<b>2.66%</b>
Non-Res Square Feet	17,181,857	21,560,343	23,224,289	30,205,963	6,981,674	<b>2.66%</b>
SF per Job	667	667	667	667		

**Source:** 2004 Impact Fee Report, Census OnTheMap data, interpolation of KMPO 2020-2040 population forecasts.

**Coeur d'Alene Equivalent Dwelling Unit (EDU) Growth Forecast**

	a	b	c	d	e	f	g
	2004	2024	2034	10- yr. Change	AGR	Minimum Growth Allocation of Share (e/d)	EDUs
<b>Residential EDUs*</b>	16,492	26,475	32,308	5,833	<b>2.01%</b>	18.1%	71%
Non-Res Square Feet	17,181,857	23,224,289	30,205,963	6,981,674	<b>2.66%</b>	23.1%	
<b>Non-Residential EDUs**</b>	5,917	7,997	10,402	2,404	<b>2.66%</b>		29%
SF per EDU	2,904	2,904	2,904				
<b>Total EDUs</b>	<b>22,409</b>	<b>34,472</b>	<b>42,709</b>	<b>8,238</b>	<b>2.17%</b>	19.3%	100%

**Source:** 2004 Impact Fee Report, Census OnTheMap data, interpolation of KMPO 2020-2040 population forecasts.

\* assumes dwelling units = residential EDUs. \*\* assumes 2,904 SF per non-residential EDU based on prior 2004 methodology.

These findings can be used to forecast Level of Service (LOS) as well as the “minimum growth share” of 19.3% that can be applied to any future capital improvement project in the City that does not remedy an existing LOS deficiency.

# POLICE IMPACT FEES

As outlined in the prior section, the City’s current police impact fees are \$70.31 per unit for both Single Family Detached (SFD) and Multifamily (MF) Residential units and \$24.21 per 1,000 square feet for commercial establishments.

The variables that the city considers when determining the police impact fees include:

- The cost of existing system improvements within service areas.
- The means by which the existing system improvements have been financed.
- The extent to which the new development will contribute to the cost of system improvements through other means such as taxation.
- Any additional and necessary resources that are needed to serve this new development.

## Current Fee Methodology

The current methodology for the City establishes an equivalency between residential dwelling units and square footage of non-residential uses. Using build out projections, it is assumed that an average of three dwelling units per acre will be the average density for the remaining vacant residential land available in the city. Non-residential build out projections assume a 20% building coverage factor over non-residential land. Using this information, the city established equivalent dwelling units (EDUs) for non-residential land uses. Using these assumptions, the City was able to establish that a non-residential EDU is roughly 2,904 sq ft.

**Exhibit 6** summarizes the existing police impact fee methodology.

**Exhibit 6: Prior 2004 Police Facilities Impact Fee Calculations**

Facility Cost for Future Development	\$1,472,491
Future Development’s Share of Facility Costs	\$1,472,491
Less: Impact Fees Collected	\$169,654
Future Development’s Total Cost	\$1,302,837
Future Residential Units	15,761 Equivalent Dwelling Units (EDUs)
Future Non-Residential Units (2,904 sft = 1DU)	8,037,575 Sq. Ft. = 2,768 Future EDUs
Total Future EDUs	18,529 Future EDUs
Future Dev. Total Cost / Total Future EDUs	\$1,472,491 / 18,529 = \$70.31 per EDU
Cost per EDU / Non-Res. Equivalency Factor	\$70.31 / 2,904sft = \$0.02421/sft Rate per 1,000sft = \$24.21

## Future Police CIP Needs

The DRAFT CIP for the police department has identified \$10.3 million of new police facilities and equipment required to service future growth over the next 10 years. These needs include:

- Police station expansion: \$4.1M

- Police substation for Downtown: \$3.5 M
- Storage space: \$503,000
- New vehicles, and equipment
  - Vehicles (16) for SRO/CAT: \$1.5 M
  - ATV: \$23,000
  - Armored Vehicle: \$641,000
  - Radar Speed Trailer: \$15,000

**Exhibit 7** summarizes the current Police Department CIP for the next 10 years and draft eligible impact fee cost basis.

**Exhibit 7: DRAFT Police Department Capital Improvement Program**

Project	Allocation Basis	Estimated % Impact Fee		
		Cost	Eligible	Eligible Costs
<b>Buildings and Land</b>				
Police Station Expansion (~4,200 SF)	By Population Growth	\$ 4,110,000	100%	\$ 4,110,000
Police Substation Downtown (~3,500 SF)	By Population Growth	\$ 3,500,000	18%	\$ 630,000
Storage Space (~1,500 SF)	By Population Growth	\$ 503,000	100%	\$ 503,000
<b>Trucks, Trailers and Utility Vehicles</b>				
Vehicles for Additional SRO/CAT (16) (for additional sworn personnel)	By Population Growth	\$ 1,520,000	100%	\$ 1,520,000
ATV (1)	By Population Growth	\$ 23,000	100%	\$ 23,000
Armored Vehicle (1)	By Population Growth	\$ 641,000	100%	\$ 641,000
<b>Equipment</b>				
Radar Speed Trailer	By Population Growth	\$ 13,000	100%	\$ 13,000
<b>Total</b>		<b>\$ 10,310,000</b>		<b>\$ 7,440,000</b>

Source: City of Coeur D'Alene, May 6, 2023.

After adjusting for the share of eligible costs related to growth, the future impact fees for police would be calculated by dividing the impact fee eligible cost basis (\$7,440,000) by the projected change in EDUs over the next 10 years (8,238). **This would result in a fee of approximately \$903 per EDU.**

### Alternative Impact Fee Methodology

As the future CIP identified is needed to respond to future growth, a method often used for calculating fire impact fees that would comply with IDIA is to base the charge on the proportionate square footage of future growth by police incidence type. This method involves using available data on the distribution of incidents generated by development types and allocating police department CIP needs accordingly.

**Exhibit 8** summarizes the average annual number of City police responses to incidents by building type during 2021 and 2022.

**Exhibit 8: Police Incident Responses by Building Type**

Building Type	Avg. Annual Incident Responses: 2021-2022		Impact Fee Cost Basis	Net New EDUs	Fee per EDU
Single Family Residential	10,729				
Multifamily Residential	6,465				
<b>Subtotal Residential</b>		17,194 44%	\$ 3,253,268	5,833	\$ 558
Commercial	8,227				
Industrial	1				
Church/Non Profit	175				
Assisted Living Facilities	941				
Medical	376				
Education/Public	12,409				
<b>Subtotal Non-Residential</b>		22,128 56%	\$ 4,186,732	2,404	\$ 1,741
<b>Total</b>		<b>39,322 100%</b>	<b>\$ 7,440,000</b>	<b>8,238</b>	

**Source:** Coeur d'Alene Police incident response database.

This alternative approach would utilize these data to allocate the impact fee cost basis by building type. As such, the residential share of the cost basis (44%) would be approximately \$3.2 M and the impact fee would be \$558 per EDU.

The non-residential share of the police impact fee cost basis would be approximately \$4.16 M and the impact fee per EDU would be \$1,741.

Other alternative allocation scenarios can be evaluated, such as allocating the fee based on future ERU growth assumptions.

# FIRE IMPACT FEES

As outlined in the prior section, the City’s current fire impact fees are \$138 for both Single Family Detached (SFD) and Multifamily (MF) Residential units and \$47.52 per 1,000 square feet for commercial establishments.

The variables that the city considers when determining the fire impact fees include:

- The cost of existing system improvements within service areas.
- The means by which the existing system improvements have been financed.
- The extent to which the new development will contribute to the cost of system improvements through other means such as taxation.
- Any additional and necessary resources that are needed to serve this new development.

## Current Fee Methodology

The current adopted methodology for the City creates an equivalency between residential dwelling units and square footage of non-residential uses as a charge basis. Using build-out projections, it is assumed that an average of three dwelling units per acre is the average density for the remaining vacant residential land in the city. Non-residential build out projections assume a 20% building coverage factor over non-residential land. Using this information, the city was able to determine Equivalent dwelling units (EDUs) for non-residential land uses. Using these assumptions, the current methodology calculates a non-residential EDU is equivalent to 2,904 sq ft. **Exhibit 9** summarizes the existing fire impact fee.

**Exhibit 9: Prior 2004 Fire Station Impact Fee Calculations**

Future Facility Cost	\$2,590,000
Future Development’s Share of Facility Costs	\$2,590,000
Less: Impact Fees Collected	(\$33,034)
Future Development’s Adjusted Cost	\$2,556,966
Future Residential Units	15,761 Equivalent Dwelling Units (EDUs)
Future Non-Residential Units (2,904 sft = 1DU)	8,037,575 Sq. Ft. = 2,768 Future EDUs
Total Future EDUs	18,529 Future EDUs
Future Dev. Total Cost / Total Future EDUs	\$2,556,966 / 18,529 = \$138 per EDU
Cost per EDU / Non-Res. Equivalency Factor	\$138 / 2,904sft = \$0.04752/sft Rate per 1,000sft = \$47.52



## Future Fire Capital Improvement Program Needs

Based on discussions with the City, the City has identified \$10.69 million of new fire facilities and apparatus capital facility investments that are required to service future growth. These needs include:

- Fire Station #5: \$3.7M
- Administrative space: \$850,000
- Storage space: \$540,000
- Land for expansion: \$1.26M
- New apparatus, vehicles, and equipment
  - Ladder truck: \$3.02M
  - Fire trucks (2): \$3.02M
  - Vehicles: \$350,000
  - Self-Contained Breathing Apparatus (SCBA): \$156,000

**Exhibit 10** summarizes the Draft Fire Department CIP for the next 10 years and the draft eligible impact fee cost basis.

**Exhibit 10: DRAFT Fire Department Capital Facilities Plan**

Project	Allocation Basis	Estimated Cost	% Impact Fee Eligible	Eligible Costs
<b>Buildings and Land</b>				
Fire Station #5 (~7,000 SF)	By Population Growth	\$ 3,700,000	100%	\$ 3,700,000
Admin. Space (~1,600 SF)	By Population Growth	\$ 850,000	100%	\$ 850,000
Storage Space (~4,900 SF)	By Population Growth	\$ 540,000	100%	\$ 540,000
Land for Expansion (~1.3 Acres)	By Population Growth	\$ 1,260,000	100%	\$ 1,260,000
<b>Subtotal</b>		<b>\$ 6,350,000</b>		
<b>Apparatus</b>				
Ladder Truck (1)	By Population Growth	\$ 3,020,000	100%	\$ 3,020,000
Fire Truck (2)	By Population Growth	\$ 3,018,000	100%	\$ 3,018,000
<b>Subtotal</b>		<b>\$ 6,038,000</b>		
<b>Trucks, Trailers and Utility Vehicles</b>				
Utility Vehicle (2)		\$ 136,000	100%	\$ 136,000
Inspector/Deputy Truck (2)		\$ 166,000	100%	\$ 166,000
Utility/Cargo Trailer (1)		\$ 25,000	100%	\$ 25,000
ATV (1)		\$ 23,000	100%	\$ 23,000
<b>Subtotal</b>		<b>\$ 350,000</b>		
<b>Equipment</b>				
SCBA Equipment (13)	By Population Growth	\$ 156,000	100%	\$ 156,000
<b>Subtotal</b>		<b>\$ 156,000</b>		
<b>Total</b>		<b>\$ 12,894,000</b>		<b>\$ 12,894,000</b>

Source: City of Coeur D'Alene, May 6, 2023.

Since all of these CIP projects are intended to address future growth needs they would be 100% impact fee eligible. The future impact fees for fire would be calculated by dividing the impact fee eligible cost basis (\$2,894,000) by the projected change in EDUs over the next 10 years (8,238).

**This would result in a fee of approximately \$1,565 per EDU.**

## Alternative Impact Fee Methodology

As the future CIP investments respond to future growth, a method often used for calculating impact fees that would comply with IDIA is to base the charge on the proportionate square footage of future growth by fire incidence type. This method involves using available fire response data to determine the distribution of incidents by general land use type, then forecasting the future change in development square footage by development types, and allocating CIP needs accordingly.

The result of the alternative approach would enable the City to vary the fire impact fees for additional land use categories, such as assisted living units, detached homes, apartments, etc.

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# TRANSPORTATION IMPACT FEES

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## Current Methodology

The City's current impact fee for transportation infrastructure addresses the need for circulation improvements as identified in the City of Coeur d'Alene *Development Impact Fee Report Update* – February 2004 as prepared by Hofman Planning Associates. As in the case of the fire and police impact fees, the transportation impact fee is intended to recover costs for necessary transportation improvements identified in the capital improvement plan. Transportation impact fees are calculated for all development types.

### Residential and Non-Residential Trip Rates in Existing Methodology

The City currently allocates transportation impact fee charges based on average daily trip (ADT) generation rates provided in the Institute of Transportation Engineers Trip Generation manual. These trips are representative averages used nationally to estimate the impact of development on roadways. Below are the current generation rates assessed by type of development.

**Exhibit 11: Current Traffic Generation Rates by Land Use Type**

	Average Daily Trips
<b>Single Family (SFD)</b>	10 trips per dwelling unit
<b>Multi-Family (MFD)</b>	8 trips per dwelling unit
<b>Commercial</b>	120 trips per 1,000 sq ft
<b>Industrial</b>	12 trips per 1,000 sq ft

### Quadrants and Impact Fee Service Area

The Transportation Impact Fee includes a citywide fee in addition to four separate “quadrant” fees. The citywide fee is charged to all development throughout Coeur d'Alene while the quadrants are separate areas defined by the city which are charged more localized fees. The CIP for Circulation is also broken down by quadrants and city-wide future street improvement costs.

### Non-Residential Discount Factor

Non-Residential development is separated into two different categories by the City: Commercial and Industrial. In light of the fact that there are often multiple vehicle stops along a trip (such as stopping at the grocery store and school on your way home from the office), both commercial and industrial land use developments receive a 40% discount. The discount is reapportioned into both single family and multifamily developments, and subsequently their impact fees paid.

### Summary of Methodology

For each circulation fee calculation (both the citywide fee and the quadrant fees), total eligible project costs specific to that area are determined. Future trip generation by type (SFD, MF, Commercial, or Industrial) are calculated, forming the basis for the initial allocation of project costs.

Next, the aforementioned 40% discount for commercial and industrial are made and reallocated to residential uses. Adjusted proportional costs are converted to an impact fee per future trip for each land use type. Please see **Appendix A** for a summary graphic of the Citywide fee calculation as an example.

## Future Transportation CIP Needs

Placeholder – need to add detail.

## Alternative Impact Fee Methodology

### Vehicle and Person-Trip Ends

When calculating impact fees, it is necessary to measure the existing and future demand on the system in order to fairly allocate costs between existing and future users. The unit of measurement then becomes the unit used to calculate the charge and apply the fee to a new development. The Institute of Transportation Engineers (ITE) supplies the most common unit of measurement in the “trip end.” The trip end represents a user of the transportation system either entering or exiting a property through the adjacent streets. Trip ends are further described by their mode, which is generally either “person” or “vehicle,” and by the span of time that is considered for measurement, which is generally either “average daily” or “peak hour (AM or PM).”

### Vehicle and Person Trip Ends

If the future transportation CIP includes bicycle and pedestrian facilities that are separate from roadway improvements, the new methodology may need to consider both vehicle trips and person trips. A vehicle trip end represents one vehicle of any type either entering or exiting a property. A person trip end represents one person, regardless of transportation mode, either entering or exiting a property. For example, a person riding a bike onto a property would count as one person trip end. A car leaving a property with three riders would count as three-person trip ends but only one vehicle trip end.

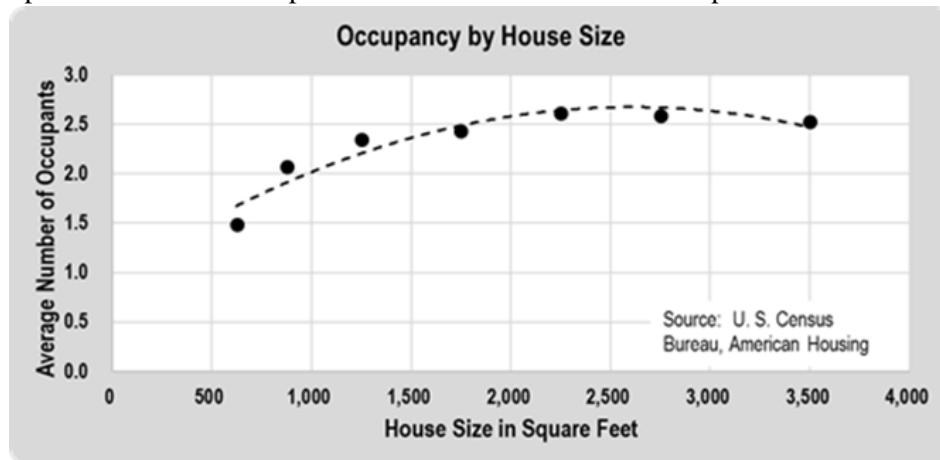
### Daily and Peak Hour Trip Ends

The City’s current impact fee methodology is based on average daily vehicle trips (ADT). Vehicle and person trip ends can be estimated by the time in which they are measured. Most often, the times considered are either the entire day (typically a weekday) or the PM peak hour, although the AM peak hour is also an option. For a single property, the average daily trip end total would be all trip ends generated by that property over the entire day. The PM peak hour trip ends would be only those trip ends generated during the afternoon hour when traffic is at its peak.

The definition of PM peak hour trip ends can be refined further. In many cases, the ITE’s or the KMPO Trip Generation assumptions are able to provide distinct trip counts for both the peak hour of trip generation for the generating land use and the peak hour of adjacent street traffic.

Scaled Impact Fees based on home size.

To help promote housing equity, many cities now vary impact fees based on home size. The general relationship between home occupants and home size in Idaho is depicted in the following chart.



By considering the number of occupants per dwelling unit, the City could revise its transportation impact fee from a current “fixed” rate (for instance, a fee per single family detached dwelling unit) to a scaled rate that ranges from based on the square footage of the home.

Based on a sample of 388 new single family housing units permitted by the City between 2018-2022, the average home size was 2,399 square feet of heated floor area (see table below).

Analysis of New Single-Family Permits Issued 2018-2022	
Count in Sample	388
Average Home Size (Sq.Ft.)	<b>2,399</b>
Median Home Size (Sq.Ft.)	2,318
Lowest Size in Sample (Sq.Ft.)	710
Highest Size in Sample (Sq.Ft.)	4,861
<i>Source: email from Sean Holm to T. Chase, 3/25/23.</i>	

These data can be utilized to estimate the number of residents based on home size. As shown in **Exhibit 12**, average occupancy generally increases as home size increases.

**Exhibit 12: Average Occupancy and Single-Family Home Size**

Home Size (heated floor area)		Avg. Occupancy*
500	Sq.Ft or less	1.00
501-1000	Sq.Ft.	1.83
1001-1500	Sq.Ft.	2.13
1501-2000	Sq.Ft.	2.42
2001-2500	Sq.Ft.	2.71
2501-3000	Sq.Ft.	3.01
3001-3500	Sq.Ft.	3.02
3501-4000	Sq.Ft. or more	3.04

*Source: derived from prior tables.*

*\* Estimated occupancy in persons per dwelling unit based on American Housing Survey, State of Idaho, 2019..*

### Multiple Service Areas

The City currently has four subareas (service areas) that are used for circulation impact fee calculations and the accounting of impact fee revenues and credits. A city typically has three approaches to service area definitions and determinations.

- 1) One citywide service area
- 2) Multiple service areas related to location of improvements and growth (impact fees and credits based on growth and physical capital improvements within that geographic area).
- 3) A citywide impact fee along with multiple service area overlay districts related to classification of improvements and location of growth. – Currently the case in Coeur d’Alene.

The advantages and disadvantages of these three options are summarized in **Exhibit 13**.

**Exhibit 13: Service Areas Options for Circulation Impact Fees**

Service Area Option	Description	Advantages	Disadvantages
1. One Citywide Service Area	Developer pays same impact fee for a new home no matter where they build it. Credits received (if any) may be applied anywhere in the service area	<ul style="list-style-type: none"> <li>• Simplest option to administer.</li> <li>• Allows city greatest flexibility to expend impact fee revenue anywhere on eligible projects</li> </ul>	<ul style="list-style-type: none"> <li>• Could result in less equitable impact fee calcs if new development generates little or no impacts on planned facilities</li> </ul>
2. Multiple Service Area Impact Fees based on Physical Location	Developer Pays a different impact fee in area A than in Area B. Credits received are restricted to service area where development occurred.	<ul style="list-style-type: none"> <li>• Results in equitable impact fee calcs when a particular subarea generates little or no impact on planned facilities in that subarea; and when a separate subarea generates major facility needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively higher admin costs and budget accounting requirements</li> <li>• Limits where city can expend impact fee revenue to locations where fees were generated.</li> </ul>
3. Citywide Impact Fee plus Local Service Area Impact Fees based on Improvement Classification and Physical Location	Like Option 2, but impact fee calculations consider the type of facilities impacted as well as the location where the growth and facilities are constructed.  Example: Major arterial road improvement "with citywide benefit" is included in a citywide impact fee, and other facilities with local benefit are included only in subarea service area fee calcs.	<ul style="list-style-type: none"> <li>• Most equitable impact fee calcs (like option 2)</li> <li>• Results in less variance in impact fees compared to option 2.</li> <li>• Less restrictions on where city can spend impact fee revenue compared with option 2</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively higher admin costs and budget accounting requirements</li> <li>• Some limitations on where city can expend impact fee revenues.</li> <li>• Usually requires more extensive level of service analysis than options 1 and 2 to allocate proportionate shares based on the facility type (i.e., future trips on collectors vs arterial roads must be calculated for each subarea).</li> </ul>

# PARKS IMPACT FEES

## Parks and Recreation Fee Methodology

The Parks and Recreation Development Impact Fee is based on the cost per service unit method as specified in Idaho Code 67-8204(16). Parks and recreation capital improvements are allocated 100 percent to residential development. Per the Idaho Development Impact Fee Act, a service unit is a person. Facilities included in the fee calculation are:

- Park land acquisition
- Park improvements
- Community Center space

For park land and improvements, fees are based on current levels of service (expressed as acres per 1,000 people for parks and square feet per capita for Community Center space).

The Idaho Development Impact Fee Act restricts capital improvement to those with a useful life of at least ten years, therefore parks and recreation vehicles and equipment cannot be included.

Currently the City determines future parks department facility costs by finding the sum of both acquisition cost (to acquire build out acres) as well as development cost (the cost of developing acquired acres). The city then subtracts funding received from sources outside of impact fees in order to determine improvement costs eligible to be covered by the parks impact fee.

**Exhibit 14** summarizes the existing parks impact fee methodology.

**Exhibit 14: Current Parks and Recreation Impact Fee Methodology**

<b>Future Facility Costs</b>	<b>\$12,201,637</b>
Future Facility Cost	\$12,201,637
<u>Less: Alternative Funding Sources</u>	<u>\$1,900,000</u>
<b>Future Development's Total Cost</b>	<b>\$10,301,637</b>
<b>Total Costs to be collected from Future Development / Projected Dwelling Units</b>	<b>\$10,301,637 / 13,627 DUs = \$755.97/DU</b>

## Future Parks CIP Needs

Placeholder – need to add detail.

## Alternative Impact Fee Methodology

The City currently charges a parks impact fee for residential development only. Alternatives to this approach include expanding the fee to include non-residential development (e.g., hotels, motels and commercial buildings) since non-residential development generally increases the demand and use of parks by non-residents. There are two potential methods for charging non-residential development,



one for high-tourism land uses (such as lodging units) and one for employment-related land uses (such as commercial developments). Each is discussed below.

### High Tourism Land Uses Alternative

The first alternative is focused on land uses that accommodate tourism in the city including hotels, RV parks, and other hospitality-related land uses. This method takes into account estimated visitation generated by lodging units. Non-local visitors have approximately the same ability as residents to use City parks during their stay. As shown in **Exhibit 15**, a new lodging development could be charged a park impact fee based on the number of guest rooms adjusted by a vacancy factor. Daily visitor estimates can be forecasted to grow at a rate that is similar to population to arrive at a future overnight visitation estimate.

**Exhibit 15: Calculation of Overnight Visitors**

Lodging Rooms to Overnight Visitors Conversion	
Total Lodging Units in City of Coeur d'Alene (2023 est.)	659
Average Annual Occupancy <sup>1</sup>	60.3%
Average People Per Unit <sup>2</sup>	3.30
<b>Avg. Daily Park Users per Room (Occupancy × People Per Unit)</b>	<b><u>1.99</u></b>
<b>Average Number of Overnight Visitors Per Day</b>	<b>1,311</b>
<sup>1</sup> Source: STR.com, May 2021, National Average.	
<sup>2</sup> Source: Longwoods International, Idaho 2019 Visitor Report.	

### Employment Related Land Uses Alternative

For an employee-based charge, non-residential impact is based on non-resident employees' potential use of the park system. Employees generally use the park system less than residents, and therefore must be converted to population equivalents to compare one employee's use of the park system with that of a resident. To do that, park system availability is calculated for both residents and employees. An example below from the City of Coeur d'Alene is included to show how population equivalence for employees is calculated. This example includes all employees in the calculation.

To calculate current demand for employees, we must first identify their impact on the park system relative to the general population. The residential population equivalent (RPE) concept allows park system use by an employee to be compared to park system use by residents in the city.

As shown in **Exhibit 16**, there were approximately 21,860 non-resident employees working in the City in 2019. Next, the potential for park use by non-resident employees takes into account the hours in which the parks are available for their use (which typically includes an hour in the mornings, afternoons and early evenings).

Finally, the growth in both residential and non-residential park use hours can be used as the unit of growth to determine the residential park impact fee per day for residential and non-residential customers.

**Exhibit 16: Analysis of Non-Resident Employees**

2019 Inflow/Outflow Analysis	Living Inside Coeur d'Alene	Living Outside Coeur d'Alene	Total
Working Inside Coeur d'Alene	10,472	21,860	32,332
Working Outside Coeur d'Alene	11,949		
Total	22,421		

*Source: U.S. Census On-the-Map data for City of Coeur d'Alene.*

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# ANNEXATION FEES

In addition to these development impact fees, the City currently assesses an Annexation Fee of \$750 per dwelling unit (DU) or equivalency per Resolution R-98-112. The annexation fee, originally adopted in 1994, only applies to development areas outside the city limits.

The City's prior Annexation Fee methodology is to recover a portion of the immediate need for services and related costs for City police, fire, streets, and other departments. Annexation applicants that are subject to this fee must meet the following criteria:

- Provide a legal description of the property considered for annexation;
- Property must be contiguous with current city limits at the time of the application;
- Intended zoning must be stated at the time of the annexation; and
- Other factors per Resolution 98-112.

The annexation fee cost basis is calculated based on the total of identified City department budgets, less their beginning fund balances, that receive some form of ad valorem taxes, including but not limited to the General Fund (i.e., Library, Cemetery, and Insurance Funds), and tax-supported Trust/Agency funds (i.e., Policeman's Retirement and L.I.D. Guarantee Funds).

The fee cost basis is divided by the growth in development. Growth is measured by the total estimated dwelling units in the City plus commercial/industrial/other development as measured by equivalent residential dwellings (EDUs) in the City per adopted Development Impact Fee Studies (previously this has included estimated provided in the 2004 Report by Hoffman Planning).

Any change in the Fee shall be adopted by Resolution pursuant to I. C. 63-1311A.

The prior methodology allows calculation of the fee in one of two ways:

1. Fee per dwelling unit or EDU based on the proposed development (dwellings and non-residential square feet) in the annexation area.
2. Site Plan with Annexation Agreement, that identifies the proposed development, and any annexation fees and off-sets that are agreed to based on the public facilities to be provided by the applicant.

Other considerations or city benefits may be identified by the applicant, for approval by the City Council in the final calculation of the annexation fee.

As part of the 2023 Annexation Fee update, it is recommended that the City finance department provide updates to department budgets and fee cost basis using the methodology noted above.

The City planning and community development staff should provide current estimates of housing units and non-residential square feet; or may utilize Census

EXHIBIT A ANNEXATION FEE POLICY FEE CALCULATION - FY 1997-98		
City tax-supported budget for FY 1997-98:		
General fund	13,436,991	
Special Funds	829,188	
Tax Supported Trust and Agency	415,000	
<b>Total Tax-Supported Budgets</b>	<b>14,681,179</b>	
Residential Equivalents - October 1, 1997:		
Residential Units (per utility records)		14,111
Non-Residential (15,630,099 SF + 275,000) (1) equivalents based on HPA Study (2,904 SF Ave) (2)		5,477
<b>Total Residential Equivalents</b>		<b>19,588</b>
<b>Cost per residential unit (3)</b>		<b>748.5</b>

NOTE:

(1) Based on Hoffman study from July 1996, plus estimated commercial, industrial, and other non-residential development since then.

(2) Based on a 20% building coverage factor, one acre of vacant non-residential land can be expected to develop 8,712 SF of floor area. Equating the residential density average of three dwelling units per acre to non-residential square footage, a non-residential equivalent dwelling unit is 2,904 SF as shown below:

SF of an acre	43,560
Non-residential coverage	20.0%
Equals average SF coverage	8,712
Divided by # of average DUs	3
Equals the equivalent SF	2,904

(3) Fee rounded to \$750 per DU and EDU.

estimates for dwellings and jobs and ERU conversion factors from third party sources to arrive at these estimates.

## ADMINISTRATIVE POLICIES

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Impact fees represent a means for recovering the cost of the City's capital facility improvements. Modifications to existing development impact fees require adoption of a new city ordinance. Specifically Idaho State Code, Title 67, Chapter 82, Development Impact Fees, states "Governmental entities which comply with the requirements of this chapter may impose by ordinance development impact fees as a condition of development approval on all developments." [Idaho Statutes 67-8204] In compliance with the aforementioned Idaho Statutes, the existing (year 2023) level of service, as measured by units per acre or units per capita for parks, cost per capita for police and fire, and ADT or PM peak hour volume-capacity levels for transportation facility system improvements is considered as acceptable. These level of service measures are described in detail within this Development Impact Fee Study, and the referenced documents.

### Impact Fee Charges and Exemptions

New development that results in net increases in the demand for system capacity within the Service Area is subject to the Development Impact Fees in accordance with the adopted impact fee schedule. Per Idaho Code, impact fees are "limited to the amount attributable to the additional service units or change in the scope of development."

Furthermore, a development impact fee ordinance shall exempt from development impact fees the following activities:

- a) Rebuilding the same floor area of a structure which was destroyed by fire or other catastrophe, providing the structure is rebuilt within two (2) years of its destruction;
- b) Remodeling or repairing a structure which does not increase the service units;
- c) Replacing a residential unit, including a manufactured home, provided there is no increase in service units;
- d) Placing a temporary construction trailer or office on a lot;
- e) Constructing an addition on a residential structure which does not increase the number of service units;
- f) Adding uses that are typically accessory to residential uses, such as a garage, as long as there is no increase in service units.

Impact fees apply to any non-exempt structure that has been certified for occupancy by the City after being vacant for more than two (2) years.

If the City chooses to assess impact fees for single family dwellings based on square feet of heated floor area, then the impact fee charge would be prorated based on the net increase in square feet of heated floor area for which a building permit is granted by the City. Multifamily charges will be based on the net increase in the number of dwelling units permitted by the City.

## Credits and Refunds

### i) Credits

In compliance with Idaho Code 67-8209, a development impact fee must provide “credit or reimbursement for the present value of any construction of system improvements or contribution or dedication of land or money required by a City from a developer for system improvements of the category for which the development impact fee is being collected, including such system improvements paid for pursuant to local improvement district.”

Impact fee revenue credits may be necessary to avoid double payment situations when developers are required to construct, fund or contribute system improvements as a condition of development approval; or as part of a local improvement district established to fund a specific improvement project that has been included in the impact fee cost basis. In cases where developer contributions exceed the project’s proportionate share of system improvement costs, the developer shall receive a credit (no cash payment required by the City to the developer) on future impact fees for the amount in excess of the proportionate share.

Idaho impact fee law requires that the calculation of impact fees take into account the present value of all tax and user fee revenue generated by the developer, which in turn is used for local capital facility costs of improvements to the system on which impact fees are based.

**To account for non-City and other local revenues that may be used for growth-related capital improvements, historic spending patterns by the City of Coeur d’Alene will need to be reviewed for the past three years to determine if any non-City grant funds, General Fund monies, or user fees have been spent on transportation, fire/police, nor parks capital improvements. If so, the share of these facility capital costs will need to be deducted from the development impact fee cost basis.**

**Project improvements that are normally required as part of the development approval process are not eligible for credits against development impact fees.** For example, neighborhood streets that are not included on the impact fee CIP are not eligible for impact fee credits.

Also, specific elements of collector or arterial improvements that have been excluded from the impact fee cost basis (such as pedestrian and right-of-way costs for areas outside the curb-to-curb section) can be subject to conditions of approval and are not eligible for impact fee credits.

### ii) Refunds

Idaho impact fee law also requires that government entities provide for refunds upon request of an owner of property on which a development impact fee has been paid. Credits generally apply to cases related to:

- a) The government entity has failed to appropriate or expend the collected development impact fees pursuant to section 67-8210(4) of Idaho Code, or
  - b) The fee payer pays a fee under protest and a subsequent review of the fee paid or completion of individual assessment exceeded the proportionate share assessed and paid as part of the impact fee.
- B) Expenditures

Development impact fees are to be used for the purpose of funding system improvement costs to create additional improvements to serve new growth. Per Idaho Code, 67-8210, the City must conduct an annual audit process with an annual report that includes:

- a) Description of the amount of all development impact fees collected, appropriated or spent during the preceding year by public facility category;
- b) Description of the percentage of tax and revenues other than impact fees collected, appropriated or spent during the preceding year by public facility category.

Idaho impact fee law states that impact fees that are collected must be expended within eight (8) years. This time frame may be extended as long as:

- A reasonable cause why the fees should be held longer; and
- An anticipated date by which the fees will be expended but cannot be greater than eleven (11) years from the date they were collected.

## Proportionate Share Analysis

The 2023 Development Impact Fee Study and related methodology for the City of Coeur d' Alene is to be based on reasonable and fair formulas for determining impact fees. Fees shall not exceed a proportionate share of the costs to serve new development. The study assumes that the City will continue to fund non-growth related improvements with non-impact fee funds.

The Idaho Development Impact Fee Act also includes evaluation factors that were set forth in the Utah Supreme Court decision named *Banberry Development Corp. v. South Jordan City*.

These seven factors for Idaho Development Impact Fee compliance are summarized below.

- 1. Development impact fees are based on the new growth's share of the costs of future public facilities as provided by the City.**
- 2. The impact fee analysis and CIPs have identified potential alternative funding sources from non-development impact fee revenues to fully fund the improvement plans.**
- 3. The extent to which new development may have already contributed to the cost of existing public facilities has been considered.**
- 4. The relative extent to which properties will make future contributions to existing public facilities has been considered, with regard to future benefits to the City.**
- 5. The City will evaluate the extent to which developed properties are entitled to a credit for system improvements that have been provided by property owners or developers.**
- 6. Extraordinary costs, if any, in servicing newly developed properties should be addressed through administrative procedures.**
- 7. The time-price differential inherent in fair comparisons of amounts paid at different times is addressed.**

## Adoption Procedures

For government entities that are imposing development impact fees, the capital improvements plan shall be updated at least once every five (5) years. The updating of the plan shall be made following the same procedures as the original implementation of the plan. Those procedures are contained in I.C. 67-8206.

I.C. 67-8206 provides the following procedures:

STEP 1 – ADOPTION OF AMENDED CAPITAL IMPROVEMENTS PLAN

Set a public hearing for resolution or ordinance amending Impact Fees and resolution or ordinance to amend Comprehensive Plan to incorporate the amended CIP as an element, at least 30 days from the date of setting the public hearing.

Publish notice of the public hearing

- First publication no more than 30 days before the public hearing.
- Second publication at least 7 days after the first publication
- Third publication at least 7 days before the public hearing

STEP 2 – PUBLIC HEARING ON THE COMP PLAN AMENDMENT AND THE IMPACT FEE AMENDMENT

(This requires 2 separate public hearings. The impact fee hearing must follow the comp plan hearing and the motions must be separate.)

- Motion to adopt Resolution or Ordinance \_\_\_\_\_ amending the Comprehensive Plan
- Motion to Suspend the Rule
  
- Motion to adopt Resolution or Ordinance \_\_\_\_\_ amending Impact Fee Ordinance
- Motion to Suspend the Rule

STEP 3 – PUBLICATION OF RESOLUTIONS/ORDINANCES

STEP 4 – EFFECTIVE DATE OF RESOLUTIONS /ORDINANCES AND IMPLEMENTATION OF NEW IMPACT FEES