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Clerk to the Board



January 22, 2014

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WORKSHOP

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January 22, 2014

MINUTES OF PUBLIC WORKSHOP

IMPACT FEE UPDATE

WEDNESDAY, JANUARY 22, 2014, 1:30 P.M.

The Board of County Commissioners of Indian River County, Florida, held a Public Workshop at the County Commission Chambers, 1801 27th Street, Vero Beach, Florida, on Wednesday, January 22, 2014, to provide an Impact Fee Update. Present were Chairman Peter D. O'Bryan, Vice Chairman Wesley S. Davis, and Commissioners Joseph E. Flescher, Bob Solari, and Tim Zorc. Also present were County Administrator Joseph A. Baird, County Attorney Dylan Reingold, and Deputy Clerk Maria I. Suesz.

Also present were Community Development Director Stan Boling, Metropolitan Planning Organization Representative Phil Matson; Director of Public Works Chris Mora, and Management and Budget Director Jason Brown. From Tindale-Oliver and Associates, Inc. were Chief Executive Officer Steve Tindale, and Associate Principal Nilgun Kamp, AICP, and other groups involved from the community.

1. CALL TO ORDER

Chairman O'Bryan called the meeting to order at 1:30 p.m.

2. PLEDGE OF ALLEGIANCE

Chairman O'Bryan led the Pledge of Allegiance to the Flag.

3. PRESENTATIONS

3.A. Staff Overview of Impact Fees

Community Development Director Stan Boling presented staff's overview of the Impact Fees. Through a PowerPoint presentation, he recalled the Impact Fee History since 1986 when Impact Fees were adopted, the reductions in fees since 2005, and defined the suspended Impact Fees, both past and current. He told the Board he would be returning with a request to extend the existing Impact Fee suspensions for Corrections, Public Buildings, and Solid Waste. He explained that Tindale-Oliver and Associates, Inc. was hired by the Board to conduct an update of all nine (9) impact fees, provide alternatives for reducing non-residential impact fees, and provide an updated fee schedule that reduces non-residential fees, while minimizing or avoiding increasing residential fees, and providing adequate revenues to maintain the Level of Service (LOS) D.

3.B. Consultant Presentation of Impact Fee Update Draft Technical Report (Initial Report)

Chief Executive Officer **Steve Tindale**, and **Nilgun Kamp**, ACIP, Tindale-Oliver and Associates, Inc. (TOA) presented an overview of eight (8) out of nine (9) Impact Fee Program areas: Transportation, Correctional Facilities, Solid Waste Facilities, Public Buildings, Libraries, Emergency Services, Law Enforcement, and Parks & Recreation using a PowerPoint Presentation. The Educational Facilities was not included in this study. In Mr. Tindale's presentation, he explained that methodology used was consumption-based fee calculations to

reflect all impact fee variables of Facility Inventory, Level of Service (LOS), Cost, Credit and Demand, and the Affordable Growth Strategy.

TRANSPORTATION

Mr. Tindale displayed a chart that defined several facilities built since the last Study and he defined the future projects in the County's Capital Improvement Plan (CIP). He explained each of the components of the formula used: Demand x Cost – Credit = Impact Fee. He showed another chart of the variations in the data, and using current data based on a 2,000 sq. ft. single family residence, the Impact Fee decreased to less than 5%. He said the County's construction cost component is below statewide standards, equaling \$2.6 million dollars for the total cost per lane mile. He explained how deflated the gas tax is today, pointing out that the State indexes their gas tax, but the County is not allowed to. He mentioned that this is a major issue when you add inflation, and when you have the fleet efficiencies projected, the gas tax erodes. Under the credit component he discussed the revenue sources, displaying a chart of the rate comparison. He said the Board could discuss at a later workshop maintaining the current LOS, but he wanted to point out that the rate comparison is designed to maintain a LOS-D.

A lengthy discussion was led by **Mr. Tindale** regarding the Affordable Growth Strategy, and he displayed several charts that depicted different scenarios of the Affordable Growth Strategy. He said the strategy uses non-impact fee revenue projections, and allocates a reasonable portion of those revenues toward future investments in Capital, allowing the County to buy down non-residential impact fees to spur economic development, while keeping residential impact fees at the same level, and maintaining adequate LOS for infrastructure.

After a discussion on the Affordable Growth Strategy, Chairman O'Bryan presented an example to clarify that if the charts indicated a growth rate of 2%, the County could maintain its LOS. Ninety-percent of the cost would come from impact fees, and 10% could be from other revenue sources.

Nilgun Kamp, ACIP, Tindale-Oliver and Associates, Inc. continued the presentation reviewing the other program areas. For each program area she looked at the capital asset and the cost today; the LOS in terms of achieved and adopted standards; the cost component which is the value per person or per unit; the credit component discounting any future revenues from development; and the demand component measuring the density of people per housing unit.

CORRECTIONAL FACILITIES

Ms. Kamp displayed a chart advising that the fees increased since the last study by seventy percent (70%) due to the inventory increase with the jail expansion that was completed in 2008. She also reviewed the rate comparison chart and the affordable growth service curve.

A brief question and answer period followed regarding the possibility of paying back the gas and sales tax fees paid out by the County through a loan, or Bond.

SOLID WASTE FACILITIES

Ms. Kamp explained that two convenience centers were built since the last study, and there are plans to upgrade and expand other existing centers. She pointed out that the focus was on the customer convenience centers as they relate directly to growth. They are only used by residential land uses and the fee now is only being charged to residential land uses. She displayed a chart indicating that the calculated fee for a single family home is going from \$78.00 to \$145.00, and that all non-residential is becoming \$0.00. She explained that a good portion of the customer care services is being funded with Solid Waste District funds, and as long as that contribution continues, it is enough investment to maintain the current LOS.

PUBLIC BUILDINGS

Ms. Kamp stated that the County has built the County Administration Building Complex, the Transit Administration Building, Supervisor of Elections Building, and the Emergency Operations Center since the last study, and there are plans to build new courtroom facilities in the next five years. There was a methodology difference on the demand side, because in this study they used the 24-hour functional population instead of the 11-hour operation. The inventory increased tremendously and the cost per person increased 16%, the credit decreased, and the demand increased significantly due to the methodology change. The full calculated fee for single family residential land use is \$750, and all the non-residential fees decreased. Since the credit is so much smaller, this is a case where you need most of the fee to maintain the adopted LOS standard.

LIBRARIES

Ms. Kamp, while displaying several charts, stated that the Brackett Library was built since the 2005 study, and no future projects are anticipated. Inventory increased and the actual LOS achieved was an increase, but the adopted standards did not change, so they used the same adopted LOS standards. The fee increase was driven mostly by reduction and credits. The cost increased 9%, from \$500 to \$700 for a single family home. When they did the affordable growth, since there is so little outside funding, most of the fee is needed to maintain the adopted LOS.

Budget and Management Director Jason Brown and Administrator Joseph Baird responded to Commissioner Zorc's inquiry that there is no library facility expansions scheduled over the next five years, but with technology changes there will be an automation transformation in the libraries.

EMERGENCY SERVICES

Ms. Kamp reported that Fire Station 12 and the Training Center were completed since 2005, and there are future expansion plans for two new stations, several vehicles, and equipment. She showed a chart that indicated the inventory increasing, the cost and credit slightly changing, and the fees overall increasing 12%. In her rate comparison chart, single family went from \$285.00 to almost \$320.00.

Commissioner Zorc did some research on 911 calls and Emergency Management Service calls, and he questioned and learned from **Mr. Tindale** that the study was not based on those demands; they did it by functional population.

Ms. Kamp continued displaying a chart on the Affordable Growth Scenario, that showed a large credit due to emergency district taxes being used to build a station, and as long as that commitment continues, very little of the emergency services fee will be needed for new growth. If this funding continues, the County will only need approximately 11% residential fees, and they can buy down the non-residential fee. Ms. Kamp responded to questions from the Board.

LAW ENFORCEMENT

Ms. Kamp stated that a crime scene building was built, and a land purchase took place since 2005, and additional facilities in the next five years are in the Master Plan.

The next chart she displayed showed the inventory increased, the LOS fees decreased because the number of officers stayed the same, but there was an increase in population; the cost per resident went up; there were no credits; and the demand stayed about the same. Based on the increased inventory and no credit, the fee increased 73%. The residential fee went from \$250.00 to \$435.00 per residence. Since they do not have any other funding available, there is nothing to buy-down new growth; and the affordable growth fee would be the same as the calculated fee.

EDUCATIONAL FACILITIES – NOT INCLUDED

(Clerk's note: The Educational Facilities was not discussed at this workshop.)

PARKS AND RECREATION FACILITIES

Ms. Kamp relayed that the North County Ball Fields, Multipurpose Fields, the Gifford Park Facilities, and the Parks Maintenance Complex all were built since the last Study and several more future projects are planned. She explained that only the County owned parks and the usable parks' land were counted, so the inventory remained stable, and the LOS increased because of the population. The fee increased 30% because of the facility increases and the reduction in credit. The single family residence increased from \$1500 to \$1900. This is a fee charged only to residential land use. In terms of the affordable growth scenario, since the credit is decreasing, the County will need about 96% of its credit to maintain the current LOS.

Ms. Kamp summarized all program areas: the calculated residential fees are going up 15% to 20%, and non-residential is varying depending on the land use and demand. When they add the affordable growth option, the increase in residential land use is 5% to 10%, and non-residential land use is overall decreasing.

She concluded, saying that the next steps today are to obtain the Board's input, schedule additional public meetings, and move on to public hearings.

The Chairman called for a recess at 3:10 p.m. and reconvened the meeting at 3:23 p.m., with all members present.

4. QUESTION AND ANSWER SESSION

4.A. Board of County Commissioners

Commissioner Zorc spoke about his knowledge of impact fees, and expressed that he likes the formula approach in establishing impact fees. He suggested the following for Staff to review:

- Procedures to trim reduce additional fee expenses for applicants in the building permit appeal process
- Improvement fees that are not based on a demand
- Procedures to shorten the relocation process
- The “Barometer” method for establishing Impact Fees used by other counties

Discussion continued regarding captured trips in relation to employment.

Commissioner Solari felt the Board could see the wisdom of reducing the commercial impact fees. He questioned why the consultant used the 2000 census data rather than the 2010 data, and believed the figure was high for single family homes. It would be more beneficial he said if the Consultant used what is more common in the community. He preferred seeing the functional population data for single family homes used, rather than the peak season population data, and suggested that the consultant get together with staff to review that further.

Commissioner Zorc asked for staff to compare today’s traffic counts on SR 60, between 66th Street and 90th Street with the year 2007. He wanted to know if there was a decrease in trips after the capacity is added. Chris Mora answered that they are experiencing slight decreases on all segments of the County, including SR 60, and he could provide Commissioner Zorc with a year-by-year breakdown.

Chairman O'Bryan spoke of ways that the County uses the gas tax and sales tax fund and expressed concern that the account one day may not be sufficient for the County's needs. Administrator Baird has addressed some major concerns with staff, and tried to adjust, and, if staff feels it is necessary they will notify the Board.

Commissioner Solari suggested Director Brown prepare a spreadsheet to analyze the gas and sales tax funds and expenses, from current day to the year 2023, to assist the Board in determining which direction to take and alleviate Commissioner O'Bryan's concern.

4.B. Members of the Public

Chuck Mechling, Pointe West, appreciated having the meeting and the Board's comments. His question was directed toward understanding the concept of future meetings and workshops.

The Board and Staff discussed allowing time for various groups to become familiar with the Study before the next workshop; have the PowerPoint and the Study on the County website ircgov.com; arrange for informal workshops; and have specific questions directed to the Consultant.

There was a CONSENSUS of the Board to direct Staff to schedule as many informal meetings with the Public as possible.

Administrator Baird said he was planning to have a total of three informal workshops in Building "B" Conference Room, and two Public Hearings to adopt the Ordinance. He will meet with various groups and prepare an agenda for the Board.

Joseph Paladin, President of Black Swan Consulting and Atlantic Coast Construction, felt impact fees were a major part of development paying for itself, and favored continuing impact fees and reducing commercial and industrial fees based on formulas, where they could legally defend their action in court. He suggested builder impact fees be proportioned out requiring part of the fee initially at time of permit, and the remainder spread out and due after inspections, before obtaining a Certificate of Occupancy (CO). He said once the County reduced Commercial Impact Fees to the new formulas, and financed the Commercial and Industrial Impact Fees over a period of five (5) years, he thought it would be a big help.

Jason Nunemaker, Fellsmere City Manager, was excited and very pleased with the Impact Fee Study as being a dynamic policy tool for the County. The Study, he felt, provided a good education to the resources that we have and the planning that goes into it, and it also was a little foreboding about some of the revenue streams. He mentioned the gas tax and urged the Board to revisit that issue. From the City's perspective, he thought the Study was exactly on target wanting to move non-residential forward. He could think of a number of developments that have not happened, and developments that have occurred in a diminished capacity because of Impact Fees. He would be very leery of doing anything to help subsidize single family developments because they are very costly. It seemed very clear that the nation is on a trajectory of another bubble, so he felt we need to be cautious about it.

Richard Bialosky, 940 Oyster Shell Lane, Vero Beach, commented he is a very small home developer, and would like to see a sliding scale on the Impact Fees based on size.

Discussion ensued by Commissioner Zorc who added to Mr. Bialosky's question, wanting to know if the Consultant counts trips, or if size is factored into it. **Ms. Kamp** responded that they look at National data and the people per housing unit, by size. They recommend capping at 4,000 square feet, because of the low volume of homes at that size in the County.

Charlie Wilson, Vero Beach, has been in contact with the School Board for the last six months, and he was disturbed that the information from the School Board was not available in the Study.

Administrator Baird interrupted Mr. Wilson, explaining that it was his decision with his staff to remove the School Board, as to not slow up the process, and he said he would take full responsibility.

Mr. Wilson continued to inform the Board that he was aware of the fact that the School Board projects losing 500 students a year, and he questioned how the School Board could increase impact fees when they are reducing capacity. He told the Board that the School Board's estimate of population in 2020 is roughly 40,000 more than the County's projection. He posed questions to the Consultant regarding the affordable and achieved LOS, and wanted to know how they are dealing with a surplus.

Mr. Tindale provided a general answer, stating that they have been conservative and only charged the minimum the County has achieved, and if they achieved better than they adopted, the Consultant will not let the County charge for it until they have adopted it. In response to Commissioner Davis's request to make it clearer, he said he could put formulas in the report, provide examples, and give them advice to tie the two together in the Comprehensive Plan.

Mr. Wilson continued addressing the current 2005 Comprehensive Plan methodology versus this Study's methodology. He accused the County of overcharging \$50 million dollars by changing the methodology, the starting point, and the way we adopt the Comprehensive Plan. He critiqued further the Affordable Growth Strategy.

Mr. Tindale reiterated several times that he was comfortable with the methodology used and the Affordable Growth Strategy.

Commissioner Zorc said he would engage an instructor from the University of Florida to speak to us on the Comprehensive Plan.

Discussion ensued by **Mr. Wilson** regarding the population data. Administrator Baird advised that they did decrease the population figures for this Study. Director Boling said that the population has always been a consumption based number, and it has always been a conservative amount. They never charged anyone more than what they consumed with the new development, and they used a conservative number.

Mr. Tindale made it perfectly clear that the two methodologies did not change from 2005 to now, and the population projections had nothing to do with the fee level.

Peter Robinson, Laurel Homes, asked for the graphs on affordable growth, to be placed on the web in a spreadsheet and he asked for another spreadsheet with a line item for each expenditure, cost, and a three year projection.

Peter Van Rens, P.E., Kimley-Horn and Associates, Inc., spoke on behalf of McDonalds, asked the Board to look at portability with Impact Fees.

Chuck Mechling posed a question to the Consultant about what the formula is if a couple lived in the community for 20 years, sold their home to a larger family that had two children who drive, and in response, **Mr. Tindale** advised that the fee is based on an average for the structure, and that they have not found a way to create unique fees.

Discussion continued by Commissioner Zorc who posed additional questions to Mr. Tindale.

5. WRAP-UP

Chairman O'Bryan asked the Board for their wrap-up comments. He thanked the Consultants Steve Tindale and Nilgun Kamp for their presentation and input. He addressed the direction to staff and confirmed that they had clear direction that the Board wants them to make today's information available, conduct smaller industry working groups with workshops in Building B, and continue to disseminate the information.

Director Boling asked if it was safe to say that it is a consensus of the Board to say that the affordable growth approach was something worth pursuing, looking at non-residential essentially being lowered down.

Commissioner Zorc wanted staff to look at a way to lower Impact Fees and eventually see them dissolve.

Commissioner Solari said he would like to make sure that we are not charging Impact Fees for capacity that is more than what they have a use for. He was convinced that we will spend every Transportation Impact Fee dollar collected appropriately, but did not have the same comfort level for the other program areas' Impact Fees.

Chairman O'Bryan was happy with the overall methodology. He had concern that the revenue streams might be shaky as far as lowering non-residential Impact Fees, but stated that we are moving in the right direction.

Administrator Baird thanked and complimented Staff, Phil Matson, and the Consultants on doing a tremendous job.

6. ADJOURNMENT

There being no further business, the Chairman declared the Board of County Commission Workshop adjourned at 5:15 p.m.

ATTEST:

Jeffrey R. Smith, CPA, CGFO, CGMA
Clerk of Circuit Court and Comptroller

Peter D. O'Bryan, Chairman

By: _____
Deputy Clerk

Approved _____