
FINAL REPORT

July 2, 2019

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**City of Caldwell Fire Department &
Caldwell Rural Fire District
Impact Fee Study and Capital
Improvement Plans**

Prepared for

City of Caldwell/Caldwell Rural Fire District

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Section I.

Introduction

This report regarding impact fees for the City of Caldwell, Idaho is organized into the following sections:

- An overview of the report's background and objectives;
- A definition of impact fees and a discussion of their appropriate use;
- An overview of land use and demographics;
- A step-by-step calculation of impact fees under the Capital Improvement Plan (CIP) approach;
- A list of implementation recommendations; and
- A brief summary of conclusions. Each section follows sequentially.

Background and Objectives

The City of Caldwell and the Caldwell Fire District hired Galena Consulting to calculate impact fees. As the Caldwell Fire Department provides fire protection services on contract for the Caldwell Rural Fire District, and calls for service within each jurisdiction are served by the same stations, apparatus and crews, this impact fee study is inclusive of both the City and the District.

This document presents impact fees based on the City/Districts' demographic data and infrastructure costs before credit adjustment; calculates the City's monetary participation; examines the likely cash flow produced by the recommended fee amount; and outlines specific fee implementation recommendations. Credits can be granted on a case-by-case basis; these credits are assessed when each individual building permit is pulled.

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. The Idaho Code defines an impact fee as "... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development."¹

Purpose of impact fees. The Impact Fee Act includes the legislative finding that "... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho."²

Idaho fee restrictions and requirements. The Impact Fee Act places numerous restrictions on the calculation and use of impact fees, all of which help ensure that local governments adopt impact fees that are consistent with federal law.³ Some of those restrictions include:

- Impact fees shall not be used for any purpose other than to defray system improvement costs incurred to provide additional public facilities to serve new growth;⁴
- Impact fees must be expended within 8 years from the date they are collected. Fees may be held in certain circumstances beyond the 8-year time limit if the governmental entity can provide reasonable cause;⁵
- Impact fees must not exceed the proportionate share of the cost of capital improvements needed to serve new growth and development;⁶
- Impact fees must be maintained in one or more interest-bearing accounts within the capital projects fund.⁷

In addition, the Impact Fee Act requires the following:

- Establishment of and consultation with a development impact fee advisory committee (Advisory Committee);⁸
- Identification of all existing public facilities;
- Determination of a standardized measure (or service unit) of consumption of public facilities;
- Identification of the current level of service that existing public facilities provide;
- Identification of the deficiencies in the existing public facilities;
- Forecast of residential and nonresidential growth;⁹
- Identification of the growth-related portion of the Police, Fire and Parks Capital Improvement Plans;¹⁰
- Analysis of cash flow stemming from impact fees and other capital improvement funding sources;¹¹
- Implementation of recommendations such as impact fee credits, how impact fee revenues should be accounted for, and how the impact fees should be updated over time;¹²
- Preparation and adoption of a Capital Improvement Plan pursuant to state law and public hearings regarding the same;¹³ and
- Preparation and adoption of a resolution authorizing impact fees pursuant to state law and public hearings regarding the same.¹⁴

How should fees be calculated? State law requires the City to implement the Capital Improvement Plan methodology to calculate impact fees. The City can implement fees of any amount not to exceed the fees as calculated by the CIP approach. This methodology requires the City to describe its service areas, forecast the land uses, densities and population that are expected to occur in those service areas over the 10-year CIP time horizon, and identify the capital improvements that will be needed to serve the forecasted growth at the planned levels of service, assuming the planned levels of service do not exceed the current levels of service.¹⁵ This list and cost of capital improvements constitutes the capital improvement element to be adopted as part of the City's individual Comprehensive Plan.¹⁶ Only those items identified as growth-related on the CIP are eligible to be funded by impact fees.

The City intending to adopt an impact fee must first prepare a capital improvements plan.¹⁷ To ensure that impact fees are adopted and spent for capital improvements in support of the community's needs and planning goals, the Impact Fee Act establishes a link between the authority to charge impact fees and certain planning requirements of Idaho's Local Land Use Planning Act (LLUPA). The local government must have adopted a comprehensive plan per LLUPA procedures, and that comprehensive plan must be updated to include a current capital improvement element.¹⁸ This study considers the planned capital improvements for the ten-year period from 2019 to the end of 2028 that will need to be adopted as an element the City's Comprehensive Plan.

Once the essential capital planning has taken place, impact fees can be calculated. The Impact Fee Act places many restrictions on the way impact fees are calculated and spent, particularly via the principal that local governments cannot charge new development more than a "proportionate share" of the cost of public facilities to serve that new growth. "Proportionate share" is defined as ". . . that portion of the cost of system improvements . . . which reasonably relates to the service demands and needs of the project."¹⁹ Practically, this concept requires the City to carefully project future growth and estimate capital improvement costs so that it prepares reasonable and defensible impact fee schedules.

The proportionate share concept is designed to ensure that impact fees are calculated by measuring the needs created for capital improvements by development being charged the impact fee; do not exceed the cost of such improvements; and are "earmarked" to fund growth-related capital improvements to benefit those that pay the impact fees.

There are various approaches to calculating impact fees and to crediting new development for past and future contributions made toward system improvements. The Impact Fee Act does not specify a single type of fee calculation, but it does specify that the formula be "reasonable and fair." Impact fees should take into account the following:

- Any appropriate credit, offset or contribution of money, dedication of land, or construction of system improvements;
- Payments reasonably anticipated to be made by or as a result of a new development in the form of user fees and debt service payments;
- That portion of general tax and other revenues allocated by the City to growth-related system improvements; and
- All other available sources of funding such system improvements.²⁰

Through data analysis and interviews with the City and the District, Galena Consulting identified the share of each capital improvement needed to serve growth. The total projected capital improvements needed to serve growth are then allocated to residential and nonresidential development with the resulting amounts divided by the appropriate growth projections from 2018 to 2028. This is consistent with the Impact Fee Act.²¹ Among the advantages of the CIP approach is its establishment of a spending plan to give developers and new residents more certainty about the use of the particular impact fee revenues.

Other fee calculation considerations. The basic CIP methodology used in the fee calculations is presented above. However, implementing this methodology requires a number of decisions. The considerations accounted for in the fee calculations include the following:

- Allocation of costs is made using a service unit which is “a standard measure of consumption, use, generation or discharge attributable to an individual unit²² of development calculated in accordance with generally accepted engineering or planning standards for a particular category of capital improvement.”²³ The service units chosen by the study team for every fee calculation in this study are linked directly to residential dwelling units and nonresidential development square feet.²⁴
- A second consideration involves refinement of cost allocations to different land uses. According to Idaho Code, the CIP must include a “conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, agricultural and industrial.”²⁵ In this analysis, the study team has chosen to use the highest level of detail supportable by available data and, as a result, in this study, every impact fee is allocated between aggregated residential (i.e., all forms of residential housing) and nonresidential development (all nonresidential uses including retail, office, agricultural and industrial).

Current Assets and Capital Improvement Plans

The CIP approach estimates future capital improvement investments required to serve growth over a fixed period of time. The Impact Fee Act calls for the CIP to “. . . project demand for system improvements required by new service units . . . over a reasonable period of time not to exceed 20 years.”²⁶ The impact fee study team recommends a 10-year time period based on the City’s best available capital planning data.

The types of costs eligible for inclusion in this calculation include any land purchases, construction of new facilities and expansion of existing facilities to serve growth over the next 10 years at planned and/or adopted service levels.²⁷ Equipment and vehicles with a useful life of 10 years or more are also impact fee eligible under the Impact Fee Act.²⁸ The total cost of improvements over the 10 years is referred to as the “CIP Value” throughout this report. The cost of this impact fee study is also impact fee eligible for all impact fee categories. Each fee category was charged its pro-rated percentage of the cost of the impact fee study.

The forward-looking 10-year CIP for Caldwell’s Fire Department/Fire District includes some facilities that are only partially necessitated by growth (e.g., facility expansion). The study team met with the City to determine a defensible metric for including a portion of these facilities in the impact fee calculations. A general methodology used to determine this metric is discussed below. In some cases, a more specific metric was used to identify the growth-related portion of such improvements. In these cases, notations were made in the applicable section.

Fee Calculation

In accordance with the CIP approach described above, we calculated fees for the Caldwell Fire Department/Caldwell Rural Fire District by answering the following seven questions:

1. **Who is currently served by the City/District?** This includes the number of residents as well as residential and nonresidential land uses.
2. **What is the current level of service provided by the City/District?** Since an important purpose of impact fees is to help the City *achieve* its planned level of service²⁹, it is necessary to know the levels of service it is currently providing to the community.
3. **What current assets allow the City/District to provide this level of service?** This provides a current inventory of assets used by the City, such as facilities, land and equipment. In addition, each asset's replacement value was calculated and summed to determine the total value of Fire current assets.
4. **What is the current investment per residential and nonresidential land use?** In other words, how much of each service provider's current assets' total value is needed to serve current residential households and nonresidential square feet?
5. **What future growth is expected in the City/District?** How many new residential households and nonresidential square footage will the City serve over the CIP period?
6. **What new infrastructure is required to serve future growth?** For example, how many new engines will be needed by the City of Caldwell Fire Department within the next ten years to achieve the planned level of service of the City?³⁰
7. **What impact fee is required to pay for the new infrastructure?** We calculated an apportionment of new infrastructure costs to future residential and nonresidential land- uses for the City. Then, using this distribution, the impact fees were determined.

Addressing these seven questions, in order, provides the most effective and logical way to calculate fire impact fees for the City and District. In addition, these seven steps satisfy and follow the regulations set forth earlier in this section.

"GRUM" Analysis

In Caldwell, as in any local government, not all capital costs are associated with growth. Some capital costs are for repair and replacement of facilities e.g., standard periodic investment in existing facilities such as roofing. These costs *are not* impact fee eligible. Some capital costs are for betterment of facilities, or implementation of new services (e.g., development of an expanded training facility). These costs *are generally not entirely* impact fee eligible. Some costs are for expansion of facilities to accommodate new development at the current level of service (e.g., purchase of new fire station to accommodate expanding population). These costs *are* impact fee eligible.

Because there are different reasons why the City invests in capital projects, the study team conducted a “GRUM” analysis on all projects listed in each CIP:

- **Growth.** The “G” in GRUM stands for growth. To determine if a project is solely related to growth, we ask “Is this project designed to maintain the current level of service as growth occurs?” and “Would the City still need this capital project if it weren’t growing at all?” “G” projects are only necessary to maintain the City’s current level of service as growth occurs. It is thus appropriate to include 100 percent of their cost in the impact fee calculations.
- **Repair & Replacement.** The “R” in GRUM stands for repair and replacement. We ask, “Is this project related only to fixing existing infrastructure?” and “Would the City still need it if it weren’t growing at all?” “R” projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.
- **Upgrade.** The “U” in GRUM stands for upgrade. We ask, “Would this project improve the City’s current level of service?” and “Would the City still do it even if it weren’t growing at all?” “U” projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.
- **Mixed.** The “M” in GRUM stands for mixed. It is reserved for capital projects that have some combination of G, R and U. “M” projects by their very definition are partially necessitated by growth, but also include an element of repair, replacement and/or upgrade. In this instance, a cost amount between 0 and 100 percent should be included in the fee calculations. Although the need for these projects is triggered by new development, they will also benefit existing residents.

Projects that are 100 percent growth-related were determined by our study to be necessitated solely by growth. Alternatively, some projects can be determined to be “mixed,” with some aspects of growth and others aspects of repair and replacement. In these situations, only a portion of the total cost of each project is included in the final impact fee calculation.

It should be understood that growth is expected to pay only the portion of the cost of capital improvements that are growth-related. The City and District will need to plan to fund the pro rata share of these partially growth-related capital improvements with revenue sources other than impact fees within the time frame that impact fees must be spent. These values will be calculated and discussed in Section IV of this report.

¹ See Section 67-8203(9), Idaho Code. “System improvements” are capital improvements (i.e., improvements with a useful life of 10 years or more) that, in addition to a long life, increase the service capacity of a public facility. Public facilities include: parks, open space and recreation areas, and related capital improvements; and public safety facilities, including law enforcement, fire, emergency medical and rescue facilities. See Sections 67-8203(3), (24) and (28), Idaho Code.

² See Section 67-8202, Idaho Code.

³ As explained further in this study, proportionality is the foundation of a defensible impact fee. To meet substantive due process requirements, an impact fee must provide a rational relationship (or nexus) between the impact fee assessed against new development and the actual need for additional capital improvements. An impact fee must substantially advance legitimate local government interests. This relationship must be of “rough proportionality.” Adequate consideration of the factors outlined in Section 67-8207(2) ensure that rough proportionality is reached. See *Banbury Development Corp. v. South Jordan*, 631 P.2d 899 (1981); *Dollan v. City of Tigard*, 512 U.S. 374 (1994).

⁴ See Sections 67-8202(4) and 67-8203(29), Idaho Code.

⁵ See Section 67-8210(4), Idaho Code.

⁶ See Sections 67-8204(1) and 67-8207, Idaho Code.

⁷ See Section 67-8210(1), Idaho Code.

⁸ See Section 67-8205, Idaho Code.

⁹ See Section 67-8206(2), Idaho Code.

¹⁰ See Section 67-8208, Idaho Code.

¹¹ See Section 67-8207, Idaho Code.

¹² See Sections 67-8209 and 67-8210, Idaho Code.

¹³ See Section 67-8208, Idaho Code.

¹⁴ See Sections 67-8204 and 67-8206, Idaho Code.

¹⁵ As a comparison and benchmark for the impact fees calculated under the Capital Improvement Plan approach, Galena Consulting also calculated the City’s current level of service by quantifying the City’s current investment in capital improvements for each impact fee category, allocating a portion of these assets to residential and nonresidential development, and dividing the resulting amount by current housing units (residential fees) or current square footage (nonresidential fees). By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

¹⁶ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁷ See Section 67-8208, Idaho Code.

¹⁸ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁹ See Section 67-8203(23), Idaho Code.

²⁰ See Section 67-8207, Idaho Code.

²¹ The impact fee that can be charged to each service unit (in this study, residential dwelling units and nonresidential square feet) cannot exceed the amount determined by dividing the cost of capital improvements attributable to new development (in order to provide an adopted service level) by the total number of service units attributable to new development. See Sections 67-8204(16), 67-8208(1(f) and 67-8208(1)(g), Idaho Code.

²² See Section 67-8203(27), Idaho Code.

²³ See Section 67-8203(27), Idaho Code.

²⁴ The construction of detached garages alongside residential units does not typically trigger the payment of additional impact fees unless that structure will be the site of a home-based business with significant outside employment.

²⁵ See Section 67-8208(1)(e), Idaho Code.

²⁶ See Section 67-8208(1)(h).

²⁷ This assumes the planned levels of service do not exceed the current levels of service.

²⁸ The Impact Fee Act allows a broad range of improvements to be considered as “capital” improvements, so long as the improvements have useful life of at least 10 years and also increase the service capacity of public facilities. See Sections 67- 8203(28) and 50-1703, Idaho Code.

²⁹ This assumes that the planned level of service does not exceed the current level of service.

³⁰ This assumes the planned level of service does not exceed the current level of service.

Section II. Land Uses

As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2019 through 2029 for the City and the District. These projections were based on current growth estimates from COMPASS as well as recommendations from City Staff.

The study team also gathered growth projections for the boundaries of the City combined with the boundaries of the Caldwell Rural Fire District.

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee’s annual review is to account for these inconsistencies. As each CIP is tied to the City’s land use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The following Exhibit II-1 presents the current and future population for the City.

**Exhibit II-1.
Current and Future Population, City of Caldwell and Caldwell Rural Fire District**

	2019	2029	Net Increase	Percent Increase
City Population	63,028	92,000	28,972	46%
District Population	<u>15,000</u>	<u>27,450</u>	<u>12,450</u>	83%
Total	78,028	119,450	41,422	53%

The service area of the City of Caldwell Fire Department and Caldwell Rural Fire District, currently has approximately 78,034 persons residing within its boundaries. Over the next ten years, we expect the population in this area to grow by approximately 41,422 persons, or at an annual growth rate of 5.3 percent.

The following Exhibit II-2 presents the current and future number of residential units and nonresidential square feet for the City and District. We expect the service area to have 39,817 residential households and 11.0 million nonresidential square feet by 2029 based on existing growth rates.

Exhibit II-2.
Current and Future Land Uses, City of Caldwell and Caldwell Rural Fire District

	2019	2029	Net Growth	Net Increase in Square Feet	Percent of Total Growth
Population	78,028	119,450	41,422		
Residential (in units)	26,009	39,817	13,807	27,614,667	87%
Nonresidential (in square feet)	6,984,676	11,000,000	4,015,324	4,015,324	13%
Total				31,629,991	100%

As shown above, the service area is expected to grow by approximately 13,807 residential units and 4.0 million nonresidential square feet over the next ten years. Eighty-seven percent of this growth is attributable to residential land uses, while the remaining thirteen percent is attributable to nonresidential growth. These growth projections will be used in the following section to calculate the appropriate impact fees for the City.

Section III.

Fire Department/Rural Fire District

In this section, we calculate fire impact fees. The City of Caldwell has been collecting fire impact fees more than a decade for growth within the City boundaries. The Fire Department also provides its services on contract to the Caldwell Rural Fire District, which encompasses the Caldwell Area of Impact outside City boundaries. The Department and the District utilize the same capital infrastructure for response and a decision has been made by the City of Caldwell and the Caldwell Rural Fire District Commission to analyze the assessment of impact fees to new development within the District at the same rate as that which is assessed to new development in the City so that growth in the City is not subsidizing costs created by growth in the District.

The Legislature gave taxing districts the authority to collect impact fees in an amendment to State Statute several years ago. Because Districts do not issue building permits, however, they were given the authority to have the City or County collect on their behalf. In the case of the Caldwell Fire District, development permits are issued by Canyon County. The County Commission has indicated a willingness to collect and will be reviewing impact fee proposals by seven rural fire districts later this year.

Therefore, this section refers to the projected growth and capital needs for the combined Caldwell Fire Department/Caldwell Rural Fire District following the seven-question method outlined in Section I of this report.

1. Who is currently served by the Caldwell Fire Department/Caldwell Rural Fire District?

As shown below, the Caldwell Fire Department and Caldwell Rural Fire District currently serve 78,028 people; 26,009 residential units and approximately 6.9 million square feet of nonresidential land use within their combined boundaries.

Exhibit III-1. Current and Future Land Uses – Caldwell Fire Department/Caldwell Rural Fire District

	2019	2029	Net Growth	Net Increase in Square Feet	Percent of Total Growth
Population	78,028	119,450	41,422		
Residential (in units)	26,009	39,817	13,807	27,614,667	87%
Nonresidential (in square feet)	6,984,676	11,000,000	4,015,324	4,015,324	13%
Total				31,629,991	100%

2. What is the current level of service provided by the Caldwell Fire Department/Caldwell Rural Fire District?

Caldwell’s Fire Department provides a level of service of a 90 percent fractile response time of 5 minutes to its residents and the residents of the Caldwell Rural Fire District. As the City and unincorporated area grows, additional infrastructure and equipment will be needed to sustain the Department’s current level of service.

3. What current assets allow the Caldwell Fire Department/Caldwell Rural Fire District to provide this level of service?

The following Exhibit III-2 displays the current assets of the Caldwell Fire Department/Caldwell Rural Fire District.

**Exhibit III-2.
Current Assets – Caldwell Fire Department/Caldwell Rural Fire District**

Type of Capital Asset	Square Footage	Replacement Value
Facilities		
Station #1	5,000	\$ 3,000,000
Station #2	7,500	\$ 4,500,000
Notus Station	5,000	\$ 2,500,000
Station #3 Land		\$ 250,000
Training Facility		\$ 1,100,000
Apparatus/Vehicles/Equipment		
6 Engines		\$ 6,000,000
Ladder Truck		\$ 1,600,000
Tender		\$ 500,000
6 Command Vehicles		\$ 450,000
Brush Truck		\$ 150,000
Tactical Tender		\$ 1,250,000
HazMat Utility Trailer		\$ 175,000
Air Trailer		\$ 150,000
Decon Trailer		\$ 100,000
Waterways Trailer		\$ 100,000
Support Trailer		\$ 125,000
Foam Trailer		\$ 50,000
Total Assets		\$ 22,000,000
Plus Cost of Fee-Related Research		
Impact Fee Study		\$ 8,000
Plus Fund Balance		\$ 1,748,930
Grand Total		\$ 23,756,930

As shown above, the Caldwell Fire Department/Caldwell Rural Fire District currently owns approximately \$23.8 million of eligible current assets. These assets are used to provide the current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

The Caldwell Fire Department/Caldwell Rural Fire District has already invested \$797 per residential unit and \$0.43 per nonresidential square foot. This figure is derived by allocating the value of the Fire Department and District’s current assets between the current number of residential units and nonresidential square feet.

We will compare our final impact fee calculations with these figures to determine if the two results will be similar; this represents a “check” to see if future residents will be paying for infrastructure at a level commensurate with what existing residents have invested in infrastructure.

5. What future growth is expected in the Caldwell Fire Department/Caldwell Rural Fire District?

As shown in Exhibit III-1, the City of Caldwell and Caldwell Rural Fire District is expected to grow by approximately 13,807 residential units and 4.0 million square feet of nonresidential land use over the next ten years.

6. What new infrastructure is required to serve future growth?

The following Exhibit III-3 displays the capital improvements planned for purchase by the Caldwell Fire Department/Caldwell Rural Fire District over the next ten years.

**Exhibit III-3.
Caldwell Fire Department/Caldwell Rural Fire District CIP 2020-2029**

Type of Capital Infrastructure	CIP Value	Growth times	Portion equals	Amount to Include in Fees	Amount from Other Sources
Facilities					
Fire Station #3 - Airport area (land already acquired)	\$ 5,000,000		100%	\$ 5,000,000	\$ -
Fire Station #4 - Greenleaf area	\$ 5,250,000		100%	\$ 5,250,000	
3-Bay Maintenance Station	\$ 6,000,000		0%	\$ -	\$ 6,000,000
Remodel Training Facility	\$ 250,000		0%	\$ -	\$ 250,000
				\$ -	\$ -
Vehicles/Apparatus					
Engine for Station #4 - Type 3	\$ 400,000		100%	\$ 400,000	\$ -
Brush Truck for Station #4	\$ 150,000		100%	\$ 150,000	\$ -
Aerial Platform	\$ 1,200,000		100%	\$ 1,200,000	\$ -
Replacement Vehicles	\$ 5,597,013		0%	\$ -	\$ 5,597,013
Total Infrastructure	\$ 23,847,013			\$ 12,000,000	\$11,847,013
Plus Cost of Fee-Related Research					
Impact Fee Study	\$ 8,000		100%	\$ 8,000	\$ -
Minus Fund Balance	\$ 1,748,930		100%	\$ 1,748,930	\$ -
Grand Total	\$ 22,106,083			\$ 10,259,070	\$11,847,013

As shown above, the Caldwell Fire Department/Caldwell Rural Fire District plan to purchase approximately \$23.8 million in stations, apparatus and equipment over the next ten years, \$12.0 million of which is impact fee eligible. The City currently has \$1.7 million in fire impact fee fund balance which reduces the amount to be collected by growth over the next ten years to \$10.2 million.

Growth-related capital items include two additional fire stations and the apparatus needed to provide service from these stations. These new assets will allow the Caldwell Fire Department/Caldwell

Rural Fire District to sustain the current level of service in the future. The commencement and completion dates for the Fire Department’s growth-related capital infrastructure depend on the timing and pace of the projected growth.

The remaining approximately \$11.8 million is the price for the Department/District to replace existing apparatus, vehicles and other equipment, and facilitate a 3-Bay Maintenance Station and Training Facility remodel. Replacement of existing capital is not eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h).

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit III-4 takes the projected future growth from Exhibit III-1 and the growth-related CIP from Exhibit III-3 to calculate impact fees for the Caldwell Fire Department/Caldwell Rural Fire District.

**Exhibit III-4.
Caldwell Fire Department/Caldwell Rural Fire District Fee Calculation**

Amount to Include in Impact Fee Calculation	\$10,259,070
Percentage of Future Growth	
Residential	87%
Non Residential	13%
Amount Attributable to Future Growth	
Residential	\$ 8,956,715
Non Residential	\$ 1,302,355
Future Growth 2017-2026	
Residential (per unit)	13,807
Non Residential (per square foot)	4,015,324
Impact Fee	
Residential (per unit)	\$ 649
Non Residential (per square foot)	\$ 0.32

As shown above, we have calculated impact fees for the Caldwell Fire Department at \$649 per residential unit and \$0.32 per nonresidential square foot. This is less than the \$789 per residential unit and \$0.43 per square foot existing property owners have already paid into the system as indicated in #4 above. Fees not to exceed these amounts are recommended for the Department/District. The Department/District cannot assess fees greater than the amounts shown above. The Department/District may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department/District used other revenues to make up the difference.

Section IV. Summary

The following Exhibit IV-1 summarizes the calculated Impact Fees for the City of Caldwell/Caldwell Rural Fire District.

Exhibit IV-1. City of Caldwell/Caldwell Rural Fire District Impact Fee Summary

Impact Fee		
Residential (per unit)	\$	649
Non Residential (per square foot)	\$	0.32

A comparison of the proposed fees to similar fees in Nampa, Boise, Meridian, Eagle, Star, Kuna, Middleton, Wilder and Marsing is provided in Exhibit IV-2:

Exhibit IV-2. Impact Fee Comparisons

	City of Caldwell/ Caldwell Rural Fire	City of Nampa/ Nampa Rural Fire	Middleton Rural Fire District	Wilder Fire District	Marsing Fire District	City of Boise	City of Meridian/ Meridian Rural	Eagle Fire District	Star Fire District	Kuna Fire District
Fire										
per Residential Unit	\$ 649	\$ 560	\$ 849	\$ 825	\$ 1,285	\$ 526	\$ 693	\$ 897	\$ 829	\$ 824
per Non-Residential sf	\$ 0.32	\$ 0.28	\$ 0.42	\$ 0.41	\$ 0.64	\$ 0.15	\$ 0.53	\$ 0.36	\$ 0.39	\$ 0.41

City Participation

The City/District would assume the responsibility of paying for those portions of the capital improvements that are not attributable to new growth. These payments would come from other sources of revenue including all of those listed in Idaho Code 67-8207(iv)(2)(h).

To arrive at this participation amount, the expected impact fee revenue and any shared facility amount need to be subtracted from the total CIP value. Exhibit IV-3 divides the City/Districts' participation amount into two categories: the portion of purely non-growth-related improvements, and the portion of growth-related improvements that are attributable to repair, replacement, or upgrade, but are not impact fee eligible.

It should be noted that the participation amount associated with purely non-growth improvements is discretionary. The City/District can choose not to fund these capital improvements (although this could result in a decrease in the level of service if the deferred repairs or replacements were urgent). However, the non-growth-related portion of improvements that are impact fee eligible *must* be funded in order to maintain the integrity of the impact fee program.

Exhibit IV-3.

**City of Caldwell/Caldwell Rural Fire District
Participation Summary, 2020-2029**

	Required	Discretionary	Total
Fire	\$ -	\$ 11,847,013	\$ 11,847,013

Implementation Recommendations

As City Council evaluates whether or not to adopt the Capital Improvement Plans and impact fees presented in this report, we also offer the following information for your consideration. Please note that this information will be included each individual impact fee enabling ordinance.

Capital Improvements Plan. Should the Advisory Committee recommend this study to City Council and should City Council adopt the study, the City should revise its existing Capital Improvement Plans using the information in this study. A revised capital improvement plan would then be presented to the City for adoption as an element of the Comprehensive Plan pursuant to the procedures of the Local Land Use Planning Act.

Impact Fee Ordinance. Following adoption of the Capital Improvement Plan, City Council should review the proposed Impact Fee Ordinance for adoption as reviewed and recommended by the Advisory Committee.

Advisory Committee. The Advisory Committee is in a unique position to work with and advise City Council to ensure that the capital improvement plans and impact fees are routinely reviewed and modified as appropriate.

Impact fee service area. Some municipalities have fee differentials for various city zones under the assumption that some areas utilize more or less current and future capital improvements. The study team, however, does not recommend the City assess different fees by dividing the areas into zones. The capital improvements identified in this report inherently serve a system-wide function.

Specialized assessments. If permit applicants are concerned they would be paying more than their fair share of future infrastructure purchases, the applicant can request an individualized assessment to ensure they will only be paying their proportional share. The applicant would be required to prepare and pay for all costs related to such an assessment.

Donations. If the City receives donations for capital improvements listed on the CIP, they must account for the donation in one of two ways. If the donation is for a non- or partially growth-related improvement, the donation can contribute to the City's General Fund participation along with more traditional forms, such as revenue transfers from the General Fund. If, however, the donation is for a growth-related project in the CIP, the donor's impact fees should be reduced dollar for dollar. This means that the City will either credit the donor or reimburse the donor for that portion of the impact fee.

Grants. If a grant is expected and regular, the growth-related portion of that grant amount should be reflected upfront in the fee calculations, meaning that the impact fees will be lower in anticipation of the contribution. If the grant is speculative or uncertain, this should not be reflected up-front in the fee calculations since the entity cannot count on those dollars as it undergoes capital planning.

The rational nexus is still maintained because the unexpected higher fund balance, due to the receipt of a grant, is deducted from the calculations as a "down payment on the CIP" when the fee study is updated.

Credit/reimbursement. If a developer constructs or contributes all or part of a growth-related project that would otherwise be financed with impact fees, that developer must receive a credit against the fees owed for this category or, at the developer's choice, be reimbursed from impact fees collected in the future.³⁷ This prevents "double dipping" by the City.

The presumption would be that builders/developers owe the entirety of the impact fee amount until they make the City aware of the construction or contribution. If credit or reimbursement is due, the governmental entity must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement.³⁸

Impact fee accounting. The City should maintain Impact Fee Funds separate and apart from the General Fund. All current and future impact fee revenue should be immediately deposited into this account and withdrawn only to pay for growth-related capital improvements of the same category. General Funds should be reserved solely for the receipt of tax revenues, grants, user fees and associated interest earnings, and ongoing operational expenses including the repair and replacement of existing capital improvements not related to growth.

Spending policy. The City should establish and adhere to a policy governing their expenditure of monies from the Impact Fee Fund. The Fund should be prohibited from paying for any operational expenses and the repair and replacement or upgrade of existing infrastructure not necessitated by growth. In cases when *growth-related capital improvements are constructed*, impact fees are an allowable revenue source as long as only new growth is served. In cases when new capital improvements are expected *to partially replace existing capacity and to partially serve new growth*, cost sharing between the General Fund or other sources of revenue listed in Idaho Code 67-8207(I)(iv), (2)(h) and Impact Fee Fund should be allowed on a pro rata basis.

Update procedures. The City is expected to grow rapidly over the 10-year span of the CIPs. Therefore, the fees calculated in this study should be updated annually as the City invests in additional infrastructure beyond what is listed in this report, and/or as the City's projected development changes significantly. Fees can be updated on an annual basis using an inflation factor for building material from a reputable source such as McGraw Hill's Engineering News Record. As described in Idaho Code 67-8205(3)(c)(d)(e), the Advisory Committee will play an important role in these updates and reviews.