Final Report

Fire Protection Impact Fee Nexus Study

The Economics of Land Use

Prepared for:
Timberline Fire Protection District

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Table of Contents

List of Tables

List of Figures

1. Executive Summary

Introduction

This Impact Fee Nexus Study provides the data and analysis that quantifies "the reasonable impacts of proposed development on existing capital facilities…" as required by CRS 29-20-104.5. Impact fees are charges on new development use to fund capital costs, in whole or in part, directly related to providing services to new development.

This study has been commissioned by Timberline Fire Protection District (TFPD). The TFPD's service area includes most of Gilpin County outside the Cities of Central City and Black Hawk, plus a small portion of unincorporated Boulder County in upper Coal Creek Canyon.

Impact Fee

This study calculates that the maximum justifiable impact fee for 2020 forward is $2,327 per dwelling unit and $2.82 per square foot of non-residential development, as shown below in **Table 1**. At its discretion, TFPD may adopt an impact fee ranging from $0.00 to the maximums shown in the table below.

Table 1. Maximum Impact Fee

Impact Fee	2020
Residential Fee per Unit	$2,327
Non Residential Fee per Sq. Ft.	$2.82

Source: Economic & Planning Systems

Methodology and Nexus

The fee calculation method used in this study is the "buy-in" or "recoupment" method. The subsequent chapters in this report provide additional detail and explanation of the methodology and specific calculations and analysis. This method was chosen because it is most suitable to situations in which there is capacity to serve additional growth with the existing facilities and equipment owned by TFPD.

Existing development has paid for the infrastructure and equipment owned by TFPD with previous property taxes and fees. New development benefits from this existing investment made by others. To be equitable, new development will therefore "buy into" this system, with its share of the cost being the portion of the existing investment allocated to the estimated future buildout of the District. Since the TFPD can serve a large amount of new development with its current facilities and equipment, most of its future capital needs will be for fleet replacement and major capital maintenance or expansions on its facilities limited to items with a useful life of five years or more. This buy-in method makes the appropriate nexus between capital replacement needs and the responsibilities of future development.

Colorado Impact Fee Law

Impact fees are charged by local governments on new development to help pay (in whole or in part) for capital facilities and capital equipment needed to serve growth. The State of Colorado has adopted a standard under Senate Bill 15, codified as Section 29-20-104 and 104.5 of the Colorado Revised Statutes following a Colorado Supreme Court Decision.

In 1999, the Colorado Supreme Court ruled in Krupp v. Breckenridge Sanitation District that the District could assess an impact fee based on a set of development characteristics that reflect the general performance of a proposed use, rather than the specific conditions of an individual proposal. While traditional exactions are determined on an individual basis and applied on a case-by-case basis, an "impact fee is calculated based on the impact of all new development and the same fee is shared to all new development in a particular class."[1] The finding of the Court distinguishes impact fees, as a legislatively adopted program applicable to a broad class of property owners, from traditional exactions, which are discretionary actions applicable to a single project or property owner.

In 2001, the State Legislature provided specific authority in adopting Senate Bill 15 that "provides that a local government may impose an impact fee or other similar development charge to fund expenditures by such local government on

[1] Colorado Municipal League, *Paying for Growth*, Carolynne C. White, 2002.

capital facilities needed to serve new development." The bill amended Title 29 of the Colorado statutes that govern both municipalities and counties and defines "local government" to include a county, home rule, or statutory city, town, territorial charter city, city, or county. In 2016, the Colorado Legislature passed House Bill 1088, the Public Service Fairness Act, which specifically authorized Title 32 Fire Protection Districts to levy impact fees.[2] Since then, the law has been changed to limit the power of special districts to collect their own impact fees. Now, fire and emergency service districts must enter into an agreement with a municipality and/or county to collect the impact fee on behalf of the district.

Senate Bill 15 states that local governments must "quantify the reasonable impacts of proposed development on existing capital facilities and establish the impact fee or development charge at a level no greater than necessary to defray such impacts directly related to proposed development." The standard that must be met within the State of Colorado requires mitigation to be "directly related" to impacts. This test has been used consistently to establish impact fee programs. This report is intended to satisfy these requirements by documenting the impact fee calculations used to determine the maximum impact fee that the TFPD may charge.

Impact Fees Under SB-15

- **Capital Facilities** – Fees may not be used for operations or maintenance. Fees must be spent on capital facilities, which have been further defined as directly related to a government service, with an estimated useful life of at least five years and which are required based on the charter or a general policy.
- **Existing Deficiencies –** Fees are formally collected to mitigate impacts from growth and cannot be used to address existing deficiencies. In the analysis used to establish an impact fee program, the evaluation must distinguish between the impacts of growth and the needs of existing development.
- **Credits** – In the event a developer must construct off-site infrastructure in conjunction with their project, the local government must provide credits against impact fees for the same infrastructure, provided that the necessary infrastructure serves the larger community. Credits may not apply if a developer is required to construct such a project as a condition of approval due to the direct impact on the capital facility created by the project.
- **Timing** – The District must hold revenues in accounts dedicated for the specific use. Funds must be expended within a reasonable period or returned to the developer. The State enabling legislation does not specify the maximum length of time to be used as a "reasonable period." Because different types of improvements can vary in their size and cost, a "reasonable period" represents different lengths of time that correspond to the complexity of the improvement.

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[2] C.R.S. 29-1-203.5

- **Accounting Practices** – The District must adopt accounting practices to track the collection and spending of impact fees.
- **Special Districts** – Senate Bill 15 does not specifically authorize metropolitan or special districts to establish impact fee programs. However, local governments may impose impact fees for "any service that a local government is authorized to provide." To the extent that such services are provided by other entities, such as a special district, it is appropriate for a city, town, or county to collect the impact fee to offset the costs of capital improvements directly related to providing that service. In some communities, special districts provide services such as water, police or fire protection services. To the extent that the local government(s) wishes in the future to collect fees on behalf of another entity to share in the cost of service provision, the local government may collect these fees, but must also establish procedures to ensure accurate transfer of funds and compliance with applicable legal requirements.
- **Pending or Previously Approved Development** – Colorado statutes exempt from impact fees developers who have submitted "complete applications" to a local jurisdiction prior to adoption of a fee program. This could apply not only to applications in the development review process, but also to the numerous vacant platted lots within existing subdivisions, depending on when the impact fee is collected. Senate Bill 15 states that impact fees may be assessed as a condition of issuance of a "development permit." While a building permit is not expressly listed in the definition of a "development permit," it seems clear that a building permit is an application for new construction within the meaning of the statute. Thus, if the program is established to trigger payment with a completed building permit application, "an impact fee… could probably be assessed against projects for which complete subdivision applications were filed before the fee was adopted, but which have not filed complete building permit applications."[3]
- **Impact Fees versus Exactions** – Once a town or county establishes an impact fee program, it remains able to include exactions (such as those defined in its Land Use Codes) in future development approvals as long as the impacts addressed through the exaction are distinct from the impacts addressed by the fees. Many municipalities employ both tools in their development approval process. The key is to ensure that the mitigation addressed by an exaction does not duplicate the improvements used as a basis for an impact fee. One of the benefits of an impact fee program is a potential reduction in the need to negotiate site-specific exactions, with particular benefit regarding regional needs and the process used to determine the appropriate share to be borne by individual development proposals. While the development community should benefit from a simplified development review process, an impact fee program itself does not preclude a town or county from requiring exactions.

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[3] Colorado Municipal League, *Paying for Growth*, Carolynne C. White, 2002.

Other Fire District Impact Fees

Impact fees implemented in 12 fire districts in small to medium sized communities in Colorado were collected and summarized in **Table 2** (residential fees) and **Table 3** (commercial fees). The average impact fee for new residential development is $989 per unit, as shown in **Table 2**. The residential fees range from $510 per unit to $2,026 per unit. The average impact fee for new commercial development is $0.70 per square foot, as shown in **Table 3**. The commercial fees range from $0.24 per square foot to $1.64 per square foot.

Table 2. Comparable Residential Impact Fees, 2020

Fire District	Service Area	Residential *per unit*	Multifamily *per unit*
Grand Fire[1]	Grand County, Granby	$510	---
East Grand Fire	Grand County, Winter Park, Fraser	$632	---
Gypsum Fire	Eagle County	$764	---
Tri-Lakes Monument	City of Monument	$777	$563
Estes Valley Fire	Estes Valley	$784	$419
Durango Fire & Rescue	City of Durango	$819	---
Strasburg Fire	Adams County, Arapahoe County	$824	$526
Loveland Fire	Larimer County	$895	$622
Evans Fire District	City of Evans	$957	$747
Basalt Rural Fire	Eagle County	$979	---
Kiowa Fire District	Elbert County	$1,902	---
Greater Eagle Fire	Eagle County	$2,026	$1,008
Average		**$989**	**$648**

Source: Economic & Planning Systems
[1]Calculated based on 1,500 sq. ft. home

Table 3. Comparable Commercial Impact Fees, 2020

Fire District	Service Area	Commercial *per sq. ft.*
Tri-Lakes Monument	City of Monument	$0.24
East Grand Fire	Grand County	$0.28
Loveland Fire	Larimer County	$0.30
Estes Valley Fire	Estes Valley	$0.37
Gypsum Fire	Eagle County	$0.38
Basalt Rural Fire	Eagle County	$0.49
Strasburg Fire	Adams County, Arapahoe County	$0.53
Greater Eagle Fire	Eagle County	$0.90
Evans Fire District	City of Evans	$1.03
Grand Fire	Grand County	$1.10
Kiowa Fire District	Elbert County	$1.19
Durango Fire & Rescure	City of Durango	$1.64
Average		**$0.70**

Source: Economic & Planning Systems

Impact Fee Calculation

The subsequent chapters in this report document the analysis completed to calculate the maximum 2020 impact fee. The overall approach to the buy-in fee calculation is outlined below:

- **Future Land Use** – Estimates the future buildout of the District from the remaining development in approved projects.
- **Asset Values and Apportionment of Costs** – Provides an inventory of fleet and apparatus and station facilities along with an estimated replacement cost. Then, apportions capital costs between residential and non-residential development, and existing and new development within those land uses.
- **Maximum Fee Calculation** – Calculates the maximum fee supportable based on the costs allocated to new development.

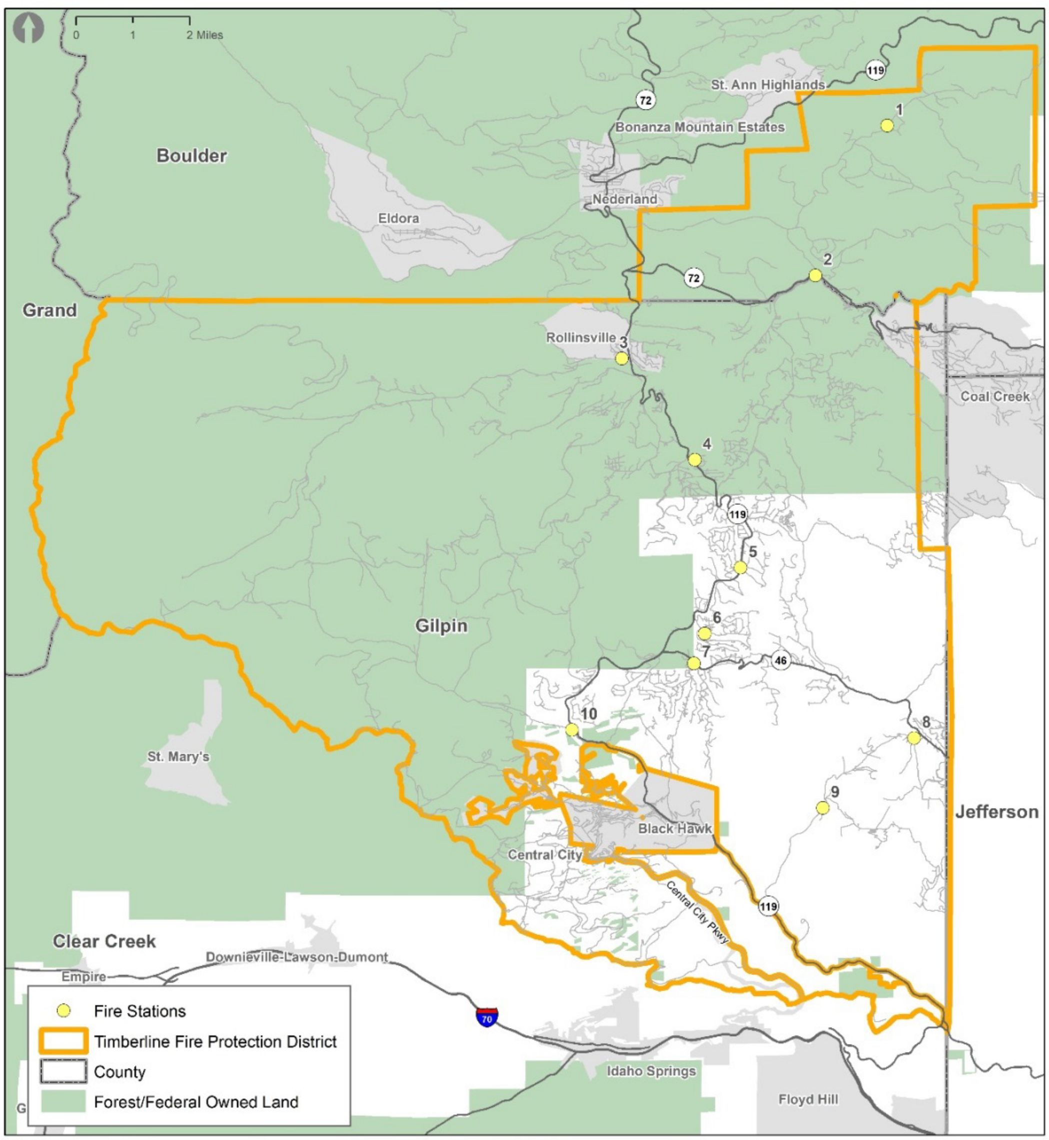
$$Maximum\ Impact\ Fee = \frac{(Total\ Asset\ Value\ X\ \%\ Allocated\ by\ Land\ Use\ \times\ \%\ Allocated\ to\ Growth)}{Units\ of\ Growth}$$

2. Land Use

District

TFPD's district consists of all private and BLM properties within the boundaries shown below in **Figure 1**. This includes all of Gilpin County and a small portion of Boulder County, with the exception of the City of Central, City of Black Hawk and a small portion covered by Coal Creek Fire Protection District. State Highway 119 is the main route through Gilpin County into Boulder County. TFPD has 10 fire stations, 2 in Boulder County and 8 located in Gilpin County.

Figure 1. Timberline Fire Protection District



Residential Land Use

The buy-in method uses an estimate of future buildout as the denominator in the impact fee calculation. It is understood that the ultimate buildout is in the distant future; the buy-in method is not dependent on the timing of development, which is an advantage of this method.

In order to estimate current land use and buildout, property assessment and tax parcel data from Gilpin County and Boulder County was used. Within the service area, there are 3,305 existing residential units and 1,560 vacant residential lots, as shown in **Table 4**. The total estimated buildout of residential units is 4,865 units, of which 68 percent are existing and 32 percent are vacant.

Table 4. Residential Land Use

Residential	Units	% Total
Existing	3,305	68%
Vacant Lots	1,560	32%
Total Buildout	**4,865**	**100%**

Source: Gilpin County Assessor; Economic & Planning Systems

Non-Residential Land Use

The remaining development capacity in non-residential land uses was estimated from vacant parcels and a floor area ratio (FAR) factor. FAR is the ratio of a building's floor size in comparison to the size of the parcel and is used to calculate the mass of building volume on a site.

In Gilpin County, the Assessor reports 13 vacant lots with commercial zoning totaling 20.5 acres. Using a conservative FAR of 0.25, the commercial buildout for each property is estimated by multiplying the land square footage by the FAR estimate of 0.25. The total additional non-residential development capacity is estimated at 226,000 square feet, as shown in **Table 5**. No vacant commercial parcels were identified in the TFPD service area within Boulder County.

Gilpin County zoning and planning documents are not specific on commercial zoning and development capacity. To account for the possibility that there are other commercial development sites not accounted for in the Assessor information and zoning and planning documents, a planning flexibility factor of 3.0 is applied to the buildout estimate. The remaining buildout of 226,000 square feet is multiplied by 3.0 to adjust the remaining buildout potential to 678,000 square feet.

Table 5. Non-Residential Buildout Square Footage

Account	Address	Land *Sq. Ft.*	Land *Acres*	FAR	Buildout *Sq. Ft.*	Notes
R011344	Rollinsville	0	0.00	0.25	0	Railroad - ROW
R011002	Colorado Sierra Alpha Unit #1	71,874	1.65	0.25	18,000	
R006375	15147 Hwy 119	47,916	1.10	0.25	12,000	
R007431	Rollinsville	6,345	0.15	0.25	2,000	
R008324	N/A	19,602	0.45	0.25	5,000	
R007565	N/A	326,700	7.50	0.25	82,000	
R006112	Braecher Park	6,098	0.14	0.25	2,000	
R001574	Braecher Park	43,560	1.00	0.25	11,000	
R002157	Rollinsville	6,098	0.14	0.25	2,000	
R006679	655 Hwy 46	278,784	6.40	0.25	70,000	
R007940	Braecher Park	625	0.01	0.25	0	
R001678	Rollinsville	43,560	1.00	0.25	11,000	Railroad
R012050	78 Jankowski Dr.	43,560	1.00	0.25	11,000	
Total		**894,722**	**20.54**		**226,000**	
Planning Flexibility Adj.				3 X	**678,000**	

Source: Gilpin County Assessor; Economic & Planning Systems

Within the TFPD service area there is 204,000 square feet of existing non-residential development. The total buildout of non-residential development is approximately 882,000 square feet, of which 23 percent is existing and 77 percent is future development, as shown in **Table 6**.

Table 6. Non-Residential Land Use.

Non-Residential	Sq. Ft.	% Total
Existing Sq. Ft.	204,000	23.1%
Buildout Sq. Ft.	678,000	76.9%
Total	**882,000**	**100.0%**

Source: Gilpin County Assessor; Economic & Planning Systems

3. Fee Calculation

In this chapter, the existing and future land use, asset inventories, and call volume data are combined into the impact fee calculation. The following steps are described in this chapter:

- **Capital Inventory –** An accounting of all of the District's major capital assets including stations and buildings, fleet and apparatus, and water cisterns and the estimated replacement cost for each.
- **Cost Allocation by Land Use Type –** Allocation of the value of the District's assets based on the current distribution of calls in residential and non-residential land uses.
- **Allocation to New Development –** Costs by land use are allocated to existing and new development using the percentages of buildout remaining.
- **Fee Calculation –** The value of the District's assets attributed to each land use category are divided by the new units of growth estimated between now and buildout.

Existing Capital Inventory

The inventory of Timberline Fire Protection District capital assets is provided in **Table 7** with the estimated replacement value to calculate the District's total investment to provide fire protection service. TFPD's apparatus and fleet inventory have a total replacement cost of $5.4 million, as shown. TFPD owns eight fire stations with a total replacement value of $7.3 million, as shown in **Table 8**. At each of the fire stations and other locations within the District are 13 cisterns with a total value of $970,000, shown in **Table 9**.

Table 7. Apparatus and Fleet Inventory

Apparatus	Replacement Cost
2001 Pierce pumper	$600,000
UTV1	30,000
UTV2	30,000
White plow	75,000
2001 Ford - Brush Truck	200,000
2008 GMC - Brush Truck	350,000
2004 Ford - Brush Truck	200,000
2014 International Pumper	550,000
2014 International Pumper	550,000
2014 International Pumper	550,000
2014 International Pumper	550,000
2014 International Pumper	517,000
2014 International Pumper	517,000
2014 Dodge - First Responder	125,000
2012 Dodge - First Responder	100,000
2015 Dodge Ram 3500 - First Responder	125,000
2016 AirQuest - Air/Light Trailer	150,000
2009 Ford Explorer - First Responder	60,000
2017 Ram - 2500 ST Pickup	75,000
2018 Dodge - Durango	60,000
2018 Dodge - Durango	60,000
Total	**$5,474,000**

Source: Timberline Fire Protection District; Economic & Planning Systems

Table 8. Station and Building Inventory

Station	Location	Replacement Cost
Station 1	5927 Magnolia Road Nederland	$560,000
Station 2	3992 Highway 72 Pinecliffe	490,000
Station 4	448 Pine Drive Black Hawk	1,470,000
Station 5	14908 Highway 119 Black Hawk	931,000
Station 5 Annex	14908 Highway 119 Black Hawk	560,000
Station 6	146 Dory Lakes Drive Black Hawk	165,000
Station 7	660 Highway 46 Black Hawk	2,400,000
Station 8	4611 Smith Hill Road Golden	360,000
Station 9	2236 Smith Hill Road Golden	428,400
Total		**$7,364,400**

Source: Timberline Fire Protection District; Economic & Planning Systems

Table 9. Cistern Inventory

Location	Capacity (gal)	Replacement Cost
Station 1	36,000	$200,000
Station 1	9,000	50,000
Station 2	11,000	50,000
Station 3	30,000	150,000
Station 4	9,000	50,000
Station 5	12,000	100,000
Station 6	2,000	20,000
Station 7	18,000	75,000
Station 9	20,000	100,000
Taylor Drive	5,000	25,000
1600 Karlann Drive	10,000	50,000
Colorado Sierra Delta	10,000	50,000
322 Jankowski	10,000	50,000
Total		**$970,000**

Source: Timberline Fire Protection District; Economic & Planning Systems

Fee Calculation

The impact fee calculation is shown below in **Table 10**.

- **Asset Value** – The District has $13.8 million in capital assets comprised of fleet, apparatus, cisterns, station and training facilities.
- **Cost Allocation** – Currently, 82 percent of TFPD calls are to residential development and 18 percent are to non-residential development.
- **Allocation to Growth** – At buildout, new residential development above existing development is estimated to comprise 32 percent of the total estimated buildout. New commercial development comprises 77 percent of the total non-residential buildout. Therefore, 32 percent of the capital asset inventory value is allocated to new residential development or $3.7 million as shown. New non-residential development's share of the asset values is $1.9 million.
- **Fee Calculation** – The impact fee is the share of the asset inventory value by land use divided by the amount of new development. The maximum residential impact fee is $2,327 per unit. The maximum non-residential development impact fee is $2.82 per square foot.

Table 10. Impact Fee Calculation

Description	Factor	Amount
Existing Capital Costs		
Engines and Vehicles		$5,474,000
Stations		$7,364,400
Cisterns		$970,000
Total Capital Costs		**$13,808,400**
Allocation by Land Use		
Residential	82%	$11,322,888
Non Residential	18%	$2,485,512
Total	**100%**	**$13,808,400**
Allocation to New Development		
Residential Units	32%	$3,630,772
Non Residential Sq. Ft.	77%	$1,910,632
Remaining Buildout		
Residential Units		1,560
Non Residential Sq. Ft.		678,000
Impact Fee		
Residential Fee per Unit		$2,327
Non Residential Fee per Sq. Ft.		$2.82

Source: Economic & Planning Systems