

Indian River County Impact Fee Update Study

FINAL REPORT Executive Summary



Prepared for:

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Executive Summary

In response to high growth levels and the need to provide infrastructure to support this growth, Indian River County (IRC) implemented a Transportation Impact Fee in 1986. In 2005, the County adopted impact fees in eight additional program areas. The technical studies for all program areas were updated in 2007; however, these technical studies were not adopted. Of the nine program areas, only the transportation impact fee was later updated substantially in 2009 by an internally generated County update using data from the 2005 and 2007 studies, resulting in a fee reduction for almost all the land uses. The eight non-transportation program fees were slightly modified in the 2009 update. Since then, the County suspended the collection of five impact fee areas to promote construction during the economic downturn, and more recently extended suspension of correctional facilities, solid waste, and public buildings impact fees.

Indian River County retained Tindale-Oliver & Associates, Inc. (TOA) to prepare an update study to reflect changes to the impact fee variables for all program areas. In addition, the direction received from the Board of County Commissioners (BOCC) was to maintain the residential land uses at the current level and develop a methodology to reduce non-residential impact fees.

To address the goal of reducing fees for non-residential land uses, TOA developed the Affordable Growth methodology, which takes into consideration revenues received from the existing development that will be used toward capacity expansion projects. As population growth rates decrease, the existing development's ability to assist in absorbing new growth's impact while maintaining the level of service (LOS) becomes more possible. The Affordable Growth method calculates the necessary impact fee levels to maintain the existing/achieved LOS given a certain level of non-impact fee funding at an estimated growth rate. It is important to note that the decision to fund capacity expansion projects solely through impact fees or through a combination of impact fees and other funding sources is a policy decision. This allows the County to contribute or limit non-impact fee funding in its service areas as appropriate based on its capital improvement planning goals and the level of impact fee revenue.

In Florida, legal requirements related to impact fees have primarily been established through case law since the 1980's. Generally speaking, impact fees must comply with the "dual rational nexus" test, which requires that they:

- Be supported by a study demonstrating that the fees are proportionate in amount to the need created by new development paying the fee; and
- Be spent in a manner that directs a proportionate benefit to new development, typically accomplished through a list of capacity-adding projects included in the County's Capital Improvement Plan, Capital Improvement Element, or another planning document/Master Plan.

In addition, one of the requirements of the 2006 Florida Impact Fee Act is that the studies be based on most recent and localized data.

This technical report has been prepared to support legal compliance with existing case law and statutory requirements. The methodology used in this report is consistent with that used in the 2004 and 2005 technical reports, which are the basis of the current adopted fees. Although the Florida courts have yet to expressly address the methodology underpinning the Affordable Growth Strategy, this aspect of the report is based on the long-standing legal standards described in this report. The technical report also documents the methodology components for each of the impact fee areas, including an evaluation of the inventory, service area, level-of-service (LOS), cost, credit, and demand components. Information supporting this analysis was obtained from the County and other sources, as indicated.

Three primary factors affected the County's impact fee levels:

- Since 2005, the County built additional infrastructure and increased the capital asset inventory significantly in most program areas. This results in an increased asset value, which in turn, increases the impact fee.
- In most infrastructure areas, the County used or is projected to use other revenue sources to supplement impact fees, such as optional sales tax revenues, ad valorem tax revenues, and other revenues. Depending on the program area and the level of on-going investment, these contributions result in an increase in the credit component for some program areas, which in turn reduces the impact fee. In others, if the investment was made in earlier years and are not projected to continue at the same levels, the credit may decrease compared to the previous study, which in turn increases the impact fee.

- Finally, the cost and demand components are adjusted to reflect the most recent available data, which affects different land uses at different rates.

Given that the updated fees under the Affordable Growth method indicated a decrease for almost all of the non-residential fee categories, which is consistent with the County's economic development goals, the BOCC adopted the updated fees for non-residential land uses on April 22, 2014. At that time, calculations for residential land uses were not yet finalized due to considerations for modifying the residential land use categories and to allow for some time to obtain input from the School Board for the educational facilities impact fee. This technical report includes the final calculations for residential land uses.

The following tables provide a summary of calculated fees for seven representative land uses. These land uses include examples of calculated residential land uses as well as adopted non-residential land uses. The complete schedule has almost 50 land uses and a comparison of all fee categories is included in Appendices I through K of the Final Report. The tables include the following:

Table ES-1 (Unincorporated County)

- Current adopted fee
- Calculated maximum impact fee
- Percent change from the current fee to the calculated fee
- The complete fee schedule associated with this scenario is included in Appendix I of the Final Report.

Table ES-2 (Unincorporated County)

- Current adopted fee
- Affordable growth impact fee
- Percent change from the current fee to the affordable growth fee
- The complete fee schedule associated with this scenario is included in Appendix J of the Final Report.

Table ES-3 (**Preferred Alternative**, Unincorporated County)

- Current adopted fee
- Staff recommended impact fee
- Percent change from the current fee to the staff recommended fee

- The complete fee schedule associated with this scenario is included in Appendix K of the Final Report.

The methodology used to develop the full calculated fees and affordable growth fees is documented throughout the technical report. **The staff scenarios shown in Table ES-3 as well as Appendix K represent the County’s preferred alternative and follow the affordable growth calculations, with the exception of the following policy decisions primarily based on a review of capital needs in the near future:**

- **Adoption of maximum calculated fees for emergency services;**
- **Application of a 50-percent reduction to affordable growth scenario for public buildings impact fees for all land uses;**
- **Application of a 25-percent reduction to affordable growth scenario for parks and recreation facilities impact fees for all land uses; and**
- **Suspension of the library impact fees.**

Of these, parks and recreation and libraries impact fees are charged only to residential land uses while the emergency services and public buildings impact fees are charged to both residential and non-residential land uses.

Summary of Impact Fees – All Program Areas (Full Calculated Fee Rates); Unincorporated County

Unit	Correctional Facilities			Solid Waste Facilities			Public Buildings			Libraries			Emergency Services		
	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change
du	\$170	\$287	68.8%	\$75	\$146	94.7%	\$206	\$739	258.7%	\$483	\$700	44.9%	\$278	\$314	12.9%
du	\$100	\$162	62.0%	\$57	\$83	45.6%	\$121	\$418	245.5%	\$285	\$397	39.3%	\$176	\$181	2.8%
1,000 sf	\$174	\$425	144.3%	\$118	\$0	-100.0%	\$1,191	\$1,095	-8.1%	n/a	n/a	n/a	\$280	\$459	63.9%
1,000 sf	\$153	\$186	21.6%	\$94	\$0	-100.0%	\$1,050	\$480	-54.3%	n/a	n/a	n/a	\$246	\$201	-18.3%
1,000 sf	\$55	\$93	69.1%	\$236	\$0	-100.0%	\$375	\$240	-36.0%	n/a	n/a	n/a	\$88	\$101	14.8%
1,000 sf/la	\$312	\$441	41.3%	\$236	\$0	-100.0%	\$1,531	\$1,138	-25.7%	n/a	n/a	n/a	\$503	\$477	-5.2%
1,000 sf	\$863	\$1,658	92.1%	\$330	\$0	-100.0%	\$4,227	\$4,273	1.1%	n/a	n/a	n/a	\$1,389	\$1,792	29.0%
Unit	Law Enforcement			Parks & Recreation			Transportation			Educational Facilities			Administrative Fee (2.5%)		
	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change
du	\$245	\$436	78.0%	\$1,463	\$1,947	33.1%	\$4,483	\$4,248	-5.2%	\$1,756	\$6,077	246.1%	\$229	\$372	62.4%
du	\$148	\$249	68.2%	\$884	\$1,111	25.7%	\$2,428	\$2,742	12.9%	\$500	\$2,387	377.4%	\$117	\$193	65.0%
1,000 sf	\$245	\$625	155.1%	n/a	n/a	n/a	\$13,020	\$13,820	6.1%	n/a	n/a	n/a	\$376	\$411	9.3%
1,000 sf	\$216	\$274	26.9%	n/a	n/a	n/a	\$3,798	\$4,257	12.1%	n/a	n/a	n/a	\$139	\$135	-2.9%
1,000 sf	\$77	\$137	77.9%	n/a	n/a	n/a	\$1,318	\$1,473	11.8%	n/a	n/a	n/a	\$54	\$51	-5.6%
1,000 sf/la	\$441	\$650	47.4%	n/a	n/a	n/a	\$3,163	\$6,360	101.1%	n/a	n/a	n/a	\$155	\$227	46.5%
1,000 sf	\$1,217	\$2,439	100.4%	n/a	n/a	n/a	\$34,781	\$45,464	30.7%	n/a	n/a	n/a	\$1,070	\$1,391	30.0%

This column reflects all current adopted fee levels prior to April 22, 2014. Of these, fees for correctional facilities, solid waste and public buildings were suspended. n/a reflects the maximum calculated fees.

Summary of Impact Fees – All Program Areas (Affordable Growth Fee Rates); Unincorporated County

Unit	Correctional Facilities			Solid Waste Facilities			Public Buildings			Libraries			Emergency Services		
	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change
du	\$170	\$0	-100.0%	\$75	\$0	-100.0%	\$206	\$739	258.7%	\$483	\$672	39.1%	\$278	\$35	-87.4%
du	\$100	\$0	-100.0%	\$57	\$0	-100.0%	\$121	\$418	245.5%	\$285	\$381	33.7%	\$176	\$20	-88.6%
1,000 sf	\$174	\$0	-100.0%	\$118	\$0	-100.0%	\$1,191	\$569	-52.2%	n/a	n/a	n/a	\$280	\$0	-100.0%
1,000 sf	\$153	\$0	-100.0%	\$94	\$0	-100.0%	\$1,050	\$250	-76.2%	n/a	n/a	n/a	\$246	\$0	-100.0%
1,000 sf	\$55	\$0	-100.0%	\$236	\$0	-100.0%	\$375	\$125	-66.7%	n/a	n/a	n/a	\$88	\$0	-100.0%
1,000 sfg/a	\$312	\$0	-100.0%	\$236	\$0	-100.0%	\$1,531	\$592	-61.3%	n/a	n/a	n/a	\$503	\$0	-100.0%
1,000 sf	\$863	\$0	-100.0%	\$330	\$0	-100.0%	\$4,227	\$2,222	-47.4%	n/a	n/a	n/a	\$1,389	\$0	-100.0%
Unit	Law Enforcement			Parks & Recreation			Transportation			Educational Facilities			Administrative Fee (2.5%)		
	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Affordable Growth	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change
du	\$245	\$436	78.0%	\$1,463	\$1,791	22.4%	\$4,483	\$4,248	-5.2%	\$1,756	\$1,702	-3.1%	\$229	\$241	5.2%
du	\$148	\$249	68.2%	\$884	\$1,022	15.6%	\$2,428	\$2,742	12.9%	\$500	\$668	33.7%	\$117	\$138	17.9%
1,000 sf	\$245	\$625	155.1%	n/a	n/a	n/a	\$13,020	\$6,219	-52.2%	n/a	n/a	n/a	\$376	\$185	-50.8%
1,000 sf	\$216	\$274	26.9%	n/a	n/a	n/a	\$3,798	\$1,916	-49.6%	n/a	n/a	n/a	\$139	\$61	-56.1%
1,000 sf	\$77	\$137	77.9%	n/a	n/a	n/a	\$1,318	\$663	-49.7%	n/a	n/a	n/a	\$54	\$23	-57.4%
1,000 sfg/a	\$441	\$650	47.4%	n/a	n/a	n/a	\$3,163	\$2,862	-9.5%	n/a	n/a	n/a	\$155	\$103	-33.5%
1,000 sf	\$1,217	\$2,439	100.4%	n/a	n/a	n/a	\$34,781	\$20,459	-41.2%	n/a	n/a	n/a	\$1,070	\$628	-41.3%

This column reflects all current adopted fee levels prior to April 22, 2014. Of these, fees for correctional facilities, solid waste and public buildings were suspended. n/a indicates the maximum discount that can be provided and still maintain the LOS. The discount is first given to non-residential land uses, and then, to residential land uses, if available.

Summary of Impact Fees – All Program Areas (Staff Recommended Fee Rates); Unincorporated County

Unit	Correctional Facilities			Solid Waste Facilities			Public Buildings			Libraries			Emergency Services		
	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change
du	\$170	\$0	-100.0%	\$75	\$0	-100.0%	\$206	\$370	79.6%	\$483	\$0	-100.0%	\$278	\$314	12.9%
du	\$100	\$0	-100.0%	\$57	\$0	-100.0%	\$121	\$209	72.7%	\$285	\$0	-100.0%	\$176	\$181	2.8%
1,000 sf	\$174	\$0	-100.0%	\$118	\$0	-100.0%	\$1,191	\$285	-76.1%	n/a	n/a	n/a	\$280	\$459	63.9%
1,000 sf	\$153	\$0	-100.0%	\$94	\$0	-100.0%	\$1,050	\$125	-88.1%	n/a	n/a	n/a	\$246	\$201	-18.3%
1,000 sf	\$55	\$0	-100.0%	\$236	\$0	-100.0%	\$375	\$63	-83.2%	n/a	n/a	n/a	\$88	\$101	14.8%
1,000 sf/la	\$312	\$0	-100.0%	\$236	\$0	-100.0%	\$1,531	\$296	-80.7%	n/a	n/a	n/a	\$503	\$477	-5.2%
1,000 sf	\$863	\$0	-100.0%	\$330	\$0	-100.0%	\$4,227	\$1,111	-73.7%	n/a	n/a	n/a	\$1,389	\$1,792	29.0%
Unit	Law Enforcement			Parks & Recreation			Transportation			Educational Facilities			Administrative Fee (2.5%)		
	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Staff	Percent Change	2009 Adopted Rate	Full Calculated	Percent Change
du	\$245	\$436	78.0%	\$1,463	\$1,343	-8.2%	\$4,483	\$4,248	-5.2%	\$1,756	\$1,702	-3.1%	\$229	\$210	-8.3%
du	\$148	\$249	68.2%	\$884	\$767	-13.2%	\$2,428	\$2,742	12.9%	\$500	\$668	33.7%	\$117	\$120	2.6%
1,000 sf	\$245	\$625	155.1%	n/a	n/a	n/a	\$13,020	\$6,219	-52.2%	n/a	n/a	n/a	\$376	\$190	-49.5%
1,000 sf	\$216	\$274	26.9%	n/a	n/a	n/a	\$3,798	\$1,916	-49.6%	n/a	n/a	n/a	\$139	\$63	-54.7%
1,000 sf	\$77	\$137	77.9%	n/a	n/a	n/a	\$1,318	\$663	-49.7%	n/a	n/a	n/a	\$54	\$24	-55.6%
1,000 sf/la	\$441	\$650	47.4%	n/a	n/a	n/a	\$3,163	\$2,862	-9.5%	n/a	n/a	n/a	\$155	\$107	-31.0%
1,000 sf	\$1,217	\$2,439	100.4%	n/a	n/a	n/a	\$34,781	\$20,459	-41.2%	n/a	n/a	n/a	\$1,070	\$645	-39.7%

This column reflects all current adopted fee levels prior to April 22, 2014. Of these, fees for correctional facilities, solid waste and public buildings were suspended. These additional policy discounts proposed by Indian River County staff to the affordable growth scenarios.