CITY OF HAILEY
RESOLUTION NO. 2016-130

A RESOLUTION OF THE CITY COUNCIL OF HAILEY, IDAHO, APPROVING AND ADOPTING AN UPDATE OF THE HAILEY COMPREHENSIVE PLAN BY AMENDING PART FIVE, CAPITAL IMPROVEMENT PLAN, AS PREVIOUSLY ADOPTED WITH HAILEY RESOLUTION 2012-58.

WHEREAS, Idaho Code 67-6508 requires the planning and zoning commission consider and recommend amendment to a comprehensive plan;

WHEREAS, the Hailey Comprehensive Plan previously incorporated the Caplan Capital Improvement Plan and 2012 Development Impact Fee Study as Part Five; and

WHEREAS, a process to update Hailey Comprehensive Plan Part Five was held August 2015 through October, 2016 with public hearings conducted by the Hailey Development Impact Fee Advisory Committee, the Hailey Planning and Zoning Commission, and the Hailey City Council;

WHEREAS, Idaho Code 67-6509(c) states that no plan shall be effective unless adopted by resolution of the governing board.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AND THE MAYOR OF THE CITY OF HAILEY, IDAHO, in accordance with Idaho Code 67-6508, that the 2012 Hailey Comprehensive Plan Part Five be amended by the replacement of the Caplan 2012 Capital Improvement Plan and the addition of the TischlerBise May 27, 2016 Development Impact Fee Study, attached hereto, which is approved and adopted by the Hailey City Council.

PASSED AND ADOPTED BY THE HAILEY CITY COUNCIL AND APPROVED BY THE MAYOR THIS 3RD DAY OF OCTOBER, 2016.

Fritz X. Haemmerle, Mayor

ATTEST:

Mary Cone, City Clerk

CITY OF HAILEY
Seal
BLAINE COUNTY, IDAHO

Development Impact Fees

Prepared for:

City of Hailey, Idaho

May 27, 2016

TischlerBise
FISCAL | ECONOMIC | PLANNING

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Executive Summary

TischlerBise was hired to update development impact fees and annexation fees for the City of Hailey. We had the privilege of previously working in Hailey, providing an annexation study in 2001 and an impact fee study in 2007. As part of our current work effort, the firm reviewed growth-related capital needs, revenue sources (both current and available options), and development trends to gain an understanding of what might be the best course of action. **Based on this assessment, our preliminary recommendation is to pursue a comprehensive infrastructure funding strategy that includes utility connection fees, annexation fees, impact fees, and other mechanisms (i.e. development agreements, general obligation bonds, and a local improvement district for streets).** Current and proposed policy frameworks for growth-related infrastructure funding are shown in Figures 1 and 2. A brief explanation of each funding mechanism is provided below.

Annexation Fees – Updated annexation fees for Hailey will be provided in the future.

Utility Connection Fees – In Hailey, utility connections fees are based on the net value of existing system capacity.

Development Impact Fees – Recommended facilities for impact fee funding include park improvements and paths/trails that have a citywide service area, fire apparatus, street improvements and additional rolling stock (not replacement).

Development Agreements – As part of the development approval process, the City may negotiate for needed improvements such as utility lines, neighborhood parks, open space, and street improvements (both within and near a proposed development) that are not listed as system improvements to be funded by impact fees. However, these are fairly rare in Hailey because rezones are not common.

General Obligation and Revenue Bonds – GO bond financing might be required for the proposed Library expansion and Police Station. Voter approval is also a good test for residents' willingness to pay, especially for expensive infrastructure like street improvements. Revenue bonds are commonly used for utility improvements.

Local Improvement District (LID) – The cumulative cost of street improvements is larger than any other type of infrastructure and will require substantial funding from revenue other than impact fees. A LID can meet these capital needs and provide funds for maintenance of the existing street network.

Figure 1: Current Policy Framework for Growth-Related Infrastructure Funding

Infrastructure Type	*Utility Connection Fees*	*Annexation or Impact Fees*	*Other Mechanisms*
Water	Net Value of Existing System	Annexation Fee	Revenue Bonds
Wastewater	Net Value of Existing System	Annexation Fee	Revenue Bonds
Current Asset Value, Future Capital Improvements, General Fund Operating and Services Deficiencies		Annexation Fee	
Library		Ineligible for Impact Fee	
Police		Impact Fee	
Parks & Recreation		Impact Fee	
Fire & EMS		Impact Fee	
Streets		Impact Fee	

TischlerBise recommends the policy framework summarized in Figure 2.

Figure 2: Proposed Policy Framework for Growth-Related Infrastructure Funding

Infrastructure Type	*Utility Connection Fees*	*Annexation Fees*	*Impact Fees*	*Other Mechanisms*
Water	Net Value of Existing System per Connection	Buy-In for Water Rights (this asset is not in utility connection fees)		Revenue Bonds
Wastewater	Net Value of Existing System per Connection			Revenue Bonds
General Government		Operating Costs and Fixed Assets Buy-In		G.O. Bond
Library		Operating Costs and Fixed Assets Buy-In		G.O. Bond or Library Levy
Police		Operating Costs and Fixed Assets Buy-In		G.O. Bond
Parks & Recreation		Operating Costs and Fixed Assets Buy-In	Parks and Paths/Trails	G.O. Bond
Fire & EMS		Operating Costs and Fixed Assets Buy-In	Fire Apparatus	G.O. Bond
Streets		Operating Costs	Street Improvements and Rolling Stock	G.O. Bond and Local Improvement District (LID)

Big Picture Perspective on Fiscal Realities

Growth-related capital needs from the FY15 CIP are summarized in Figure 3. Rather than analyze all projects, TischlerBise extracted improvements with a growth percentage, indicating projects with an essential nexus to new development. Even though Idaho impact fee enabling legislation allows local governments to prepare 20-year capital plans, TischlerBise recommends a 10-year CIP. Key reasons for a ten-year horizon are the requirement to update impact fees at least every five years and the mandate to demonstrate benefit to fee-payers by spending impact fees within eight years of collection. The growth cost column was derived using growth percentages from the FY15 CIP, as shown in the detailed list of improvements (see Figure 4).

Impact fees are limited to the growth share of future capital improvements (i.e. the column on the right side of Figure 3). A credit for other revenue sources is only necessary if there is potential double payment for the growth share of capital improvements. In Hailey, revenues other than impact fees will be used for replacement of existing facilities, correcting existing deficiencies, and for the non-growth share of capital improvements. If City Council makes a legislative policy decision to fully fund the growth share of capital improvements using impact fees, there is no potential double payment from other revenue sources. In other words, after a new development is complete, the occupants and owners join the ranks of existing service units and property owners that will pay property, sales, and income taxes to cover approximately $8.8 million in capital costs for the non-growth share of capital improvements over the next ten years.

Figure 3: Summary of 10-Year General Fund Capital Needs to Accommodate Growth

	Values	
Row Labels	Sum of Total Cost	Sum of Growth Cost
Fire	$1,604,480	$401,120
Library	$2,600,000	$780,000
Parks & Paths	$678,000	$212,400
Police	$1,892,000	$946,000
Street	$6,067,750	$1,673,075
Grand Total	**$12,842,230**	**$4,012,595**

Source: cost data from City of Hailey FY15 CIP.

The key take-away from Figures 3 and 4 is that Hailey would like to construct growth-related improvements costing approximately $12.8 million over the next ten years, with approximately $4.0 million from impact fees and the remaining $8.8 million from other General Fund revenues. Unfortunately, this level of spending is probably ten times greater than actual spending levels since the Great Recession. To gain a better understanding of fiscal realities, revenues from impact fees are discussed in the next section.

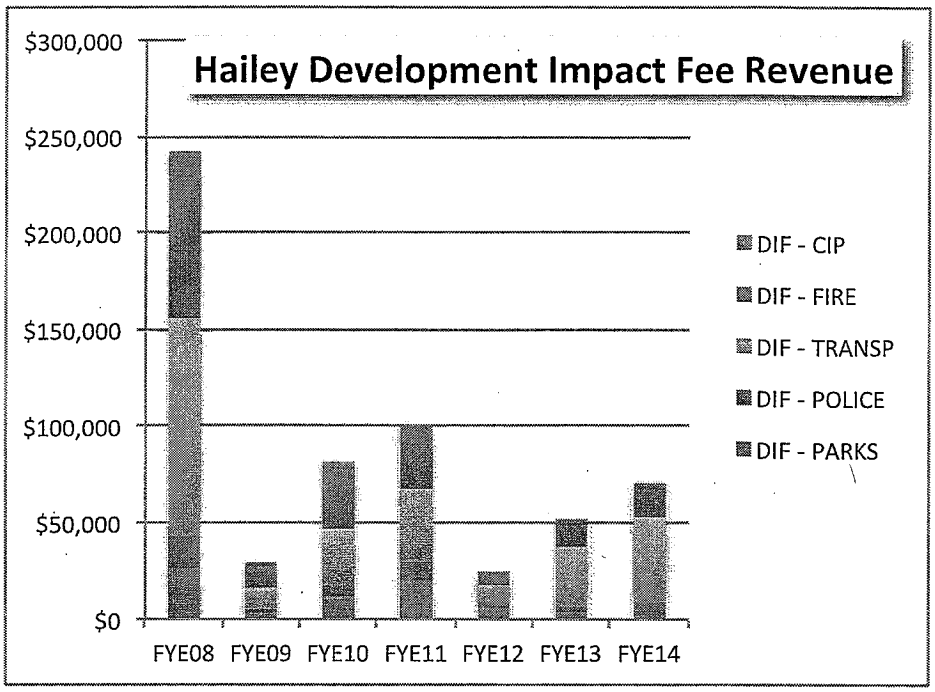
Figure 4: FY15 CIP Growth Projects Over the Next Ten Years

		BaseYr	FtYrs1-5	FtYrs6-10			
Type	**Project Description**	**FY 15 Budget**	**FY16-20**	**FY21-25**	**Total Cost**	**Growth Share**	**Growth Cost**
Fire	New Fire Engine	$0	$700,980	$903,500	$1,604,480	25%	$401,120
Library	Library Expansion (not DIF eligible)	$0	$2,600,000	$0	$2,600,000	30%	$780,000
Parks & Paths	Lion Improvements	$0	$500,000	$0	$500,000	30%	$150,000
Parks & Paths	1st Ave Shared Use Path	$0	$0	$45,000	$45,000	50%	$22,500
Parks & Paths	Parks Trail B (remaining section - Glenbrook to bike path)	$0	$73,000	$0	$73,000	30%	$21,900
Parks & Paths	Keefer Park Plaza	$0	$60,000	$0	$60,000	30%	$18,000
Police	Police Station	$100,000	$0	$1,792,000	$1,892,000	50%	$946,000
Street	Snow Storage - Requires Land	$0	$1,340,000	$0	$1,340,000	30%	$402,000
Street	NE Woodside Reconstruction (Excludes Blue Lakes)	$0	$1,521,000	$0	$1,521,000	25%	$380,250
Street	South Woodside Industrial Park Street Reconstruction	$0	$1,468,000	$0	$1,468,000	25%	$367,000
Street	Rolling Stock	$0	$498,750	$525,000	$1,023,750	30%	$307,125
Street	Broadford Road	$0	$462,000	$0	$462,000	25%	$115,500
Street	3rd Ave Sidewalks (Elm St - Hwy 75)	$0	$0	$193,000	$193,000	40%	$77,200
Street	Missing Sidewalk Connections	$0	$60,000	$0	$60,000	40%	$24,000
			10-Year Grand Total =>		$12,842,230	31%	$4,012,595
			Average Annual =>		$1,284,000		$401,000

Development Impact Fees

Impact fees are one-time payments by new development for growth-related infrastructure. In contrast to project improvements, impact fees are intended to fund system improvements that benefit the entire service area by increasing infrastructure capacity. Figure 5 shows Hailey's annual impact fee collections from FY07-08 through FY13-14. Prior to the Great Recession, Hailey collected almost $250,000 a year in impact fee revenue, increasing the average annual revenue over the past seven years to $85,700. If we examine the past three years, impact fee revenue has fallen to an average of $48,700 per year. As shown above (see Figures 3-4), fully funding the growth share of Hailey's CIP will require approximately $401,000 per year from impact fees, plus $883,000 per year from other revenue sources. Given more conservative development projections, documented in Appendix A, and fiscal constraints on current revenues, there appears to be a significant fiscal disparity requiring a decrease in capital spending and/or an increase in additional broad-base revenues, such as general obligation bonds and establishment of a local improvement district for streets. These additional revenue sources are discussed in more detail near the end of this report.

Figure 5: Impact Fee Revenue History



Source: Graph by TischlerBise, revenue history provided by City staff.

Development Impact Fees

TischlerBise was retained by the City of Hailey, to update the impact fee analysis for public facilities needed to accommodate future development. Capital improvements due to growth were identified for three types of public capital improvements: (1) Parks and Paths, (2) Fire Apparatus, and (3) Streets.

Impact fees are one-time payments used to construct system improvements that serve multiple development projects or even the entire jurisdiction. By law, impact fees can only be used for *capital* improvements, not operating or maintenance costs. Impact fees are subject to legal standards that satisfy three key tests: ***need, benefit, and proportionality***.

- First, to justify a fee for public facilities, local government must demonstrate a **need** for capital improvements.
- Second, new development must derive a **benefit** from the payment of the fees (i.e., in the form of public facilities constructed within a reasonable timeframe).
- Third, the fee paid by a particular type of development should not exceed its **proportionate** share of the capital cost.

As documented in this report, the City of Hailey has complied with applicable legal precedents. Impact fees are proportionate and reasonably related to the capital improvement demands of new development, with the projects identified in this study taken from Hailey's Capital Improvements Plan (CIP). Specific costs have been identified using local data and current dollars. With input from City staff, TischlerBise determined service units for each type of infrastructure and calculated proportionate share factors to allocate costs by type of development. This report documents the formulas and input variables used to calculate the impact fees for each type of public facility. Impact fee methodologies also identify the extent to which new development is entitled to various types of credits to avoid potential double payment of growth-related capital costs.

Unique Requirements of the Idaho Impact Fee Act

The Idaho Development Impact Fee Act has several requirements not common in the enabling legislation of other states. This overview summarizes these unique requirements. First, as specified in 67-8204(2) of the Idaho Act, "development impact fees shall be calculated on the basis of levels of service for public facilities . . . applicable to existing development as well as new growth and development." Second, Idaho requires a Capital Improvements Plan (CIP) [see 67-8208]. The CIP requirements are summarized in this report, with more detailed information maintained by City staff responsible for each type of infrastructure funded by impact fees. Third, the Idaho Act states the cost per service unit (i.e., impact fee) may not exceed the cost of growth-related system improvements divided by the number of projected service units attributable to new development [see 67-8204(16)]. Fourth, Idaho requires a proportionate share determination [see 67-8207]. Basically local government must consider various types of applicable credits that may reduce the capital costs attributable to new development.

Hailey's Current Impact Fees

Current impact fees are shown in Figure 6. TischlerBise recommends suspension of the Police impact fee. During the initial seven years of fee collections, Hailey has only collected approximately $46,000 towards the total cost of $1,892,000 for a new Police Station. Because fees must be spent within eight

years, TischlerBise is recommending that Hailey seek voter approval for General Obligation bond financing. If voters do not approve the bonds, the City will have to spend police fee revenue on an alternative improvement that benefits fee payers, or refund the police fees.

Figure 6: Current Impact Fee Schedule in Hailey

	2007 Ord. 985	2012 Parks	Trans-portation	2012 Police	Fire & EMS	C.I.P. Cost	Proposed 2012
Residential:	Per housing unit						
Single Family Detached	$2,629	$120	$1,063	$248	$310	$69	**$1,810**
All Other Housing Types (per unit)	$2,010	$129	$651	$267	$334	$69	**$1,450**
Non-residential:		n/a	Per square foot of floor area				
Commercial (up to 25,000 SF)	$6.64		$5.52	$0.20	$0.89	$0.05	**$6.66**
Commercial (25,001-100,000 SF)	$4.87		$4.01	$0.16	$0.77	$0.05	**$4.99**
Commercial (100,001+ SF)	$3.62		$2.90	$0.14	$0.65	$0.05	**$3.74**
Office (up to 25,000 SF)	$3.27		$1.64	$0.06	$1.11	$0.05	**$2.86**
Office (25,001+ SF)	$2.95		$1.40	$0.05	$1.05	$0.05	**$2.55**
Medical-Dental Office	$4.75		$3.23	$0.12	$1.09	$0.05	**$4.49**
Hospital	$2.90		$1.57	$0.04	$0.91	$0.05	**$2.57**
Business Park	$2.40		$1.14	$0.04	$0.85	$0.05	**$2.08**
Light Industrial	$1.56		$0.62	$0.02	$0.81	$0.05	**$1.50**
Warehousing	$0.98		$0.44	$0.02	$0.34	$0.05	**$0.85**
Mini-Warehouse	$0.28		$0.23	$0.01	$0.01	$0.05	**$0.30**
Other Non-residential:		n/a	Per square foot of floor area				
Lodging (per room)	$855		$529	$17	$118	*	**$654**
Day Care (per student)	$445		$420	$14	$43	*	**$477**
Nursing Home (per bed)	$345		$222	$7	$96	*	**$325**

General Methods

There are three general methods for calculating development impact fees. The choice of a particular method depends primarily on the timing of infrastructure construction (past, concurrent, or future) and service characteristics of the facility type being addressed. Each method has advantages and disadvantages in a particular situation, and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development impact fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss three basic methods for calculating development impact fees and how those methods can be applied.

Cost Recovery (past improvements)

The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.

Incremental Expansion (concurrent improvements)

The incremental expansion method documents current level-of-service (LOS) standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.

Plan-Based Fee (future improvements)

The plan-based method allocates costs for a specified set of improvements to the service units expected from new development. Improvements are typically identified in a CIP or long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: 1) total cost of a public facility can be divided by total demand units (average cost), or 2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

Credits

Regardless of the methodology, a consideration of "credits" is integral to the development of a legally defensible impact fee methodology. There are two types of "credits" with specific characteristics, both of which should be addressed in development impact fee studies and ordinances. The first is a revenue credit due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the impact fee. This type of credit is integrated into the impact fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the impact fee program.

Figure 7 summarizes the methods and cost components used for each type of public facility in Hailey's impact fee study. After consideration of input during work sessions and public hearings, City Council may change the proposed impact fees by eliminating infrastructure types, cost components, and/or specific capital improvements. If changes are made during the adoption process, TischlerBise will update the fee study to be consistent with legislative policy decisions.

Figure 7: Proposed Fee Methods and Cost Components

Type of Impact Fee	*Service Area*	*Plan-Based (future)*	*Cost Allocation*
Parks and Paths	Citywide	Park Improvements and Paths/Trails	Population
Fire	Citywide	Fire Apparatus	Functional Population and Jobs
Streets	Citywide	Multi-modal Improvements and Rolling Stock	Vehicle Miles of Travel

Proposed Impact Fees

Figure 8 summarizes proposed impact fees for new development in the City of Hailey. As discussed in Appendix A, TischlerBise recommends that residential fees be imposed by dwelling size, base on finished living space. In addition, TischlerBise recommends simplifying nonresidential fees into four general categories with no size thresholds. For nonresidential development, impact fees are stated per 1,000 square feet of floor area. Nonresidential development categories, defined below, represent general groups of land uses with a similar number of service units per development unit (e.g. average weekday vehicle trip ends per thousand square feet of floor area). For unique development types, the City may allow or require an independent impact fee assessment.

- Industrial: Establishments primarily engaged in the production, transportation, or storage of goods. By way of example, Industrial includes manufacturing plants, distribution warehouses, trucking companies, utility substations, power generation facilities, and telecommunications buildings.
- Commercial: Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, Commercial includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, and movie theaters.
- Institutional: Public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, Institutional includes schools, universities, churches, daycare facilities, and government buildings.
- Office and Other Services: Establishments providing management, administrative, professional, or business services; personal and health care services; and lodging facilities. By way of example, Office and Other Services includes banks, business offices; hotels and motels; assisted-living facilities, nursing homes and hospitals.

Figure 8: Proposed Impact Fee Schedule

Citywide Service Area	*Parks and Paths*	*Fire*	*Streets*	*CIP*	*Proposed Total*	*Current Fee*	Increase / (Decrease)	% Change
Residential (per dwelling unit) by Square Feet of Finished Living Space								
1000 or less	$92	$120	$638	$31	$881	$1,450	($569)	-39%
1001 to 1600	$171	$224	$1,033	$58	$1,486	$1,450	$36	2%
1601 to 2200	$225	$294	$1,298	$76	$1,893	$1,810	$83	5%
2201 to 2800	$265	$347	$1,500	$90	$2,202	$1,810	$392	22%
2801 or more	$288	$377	$1,612	$98	$2,375	$1,810	$565	31%
Nonresidential (per 1,000 Square Feet of Floor Area)								
Industrial	$0	$297	$543	$78	$918	$1,500	($582)	-39%
Commercial	$0	$258	$1,987	$68	$2,313	$3,740	($1,427)	-38%
Institutional	$0	$126	$794	$33	$953			
Office & Other Services	$0	$428	$860	$112	$1,400	$2,550	($1,150)	-45%

PARKS AND PATHS CIP AND IMPACT FEES

As specified in 67-8203(29), development impact fees in Hailey exclude costs to repair, upgrade, update, expand or replace existing capital improvements to provide better service to existing development. The City's Comprehensive Plan, Municipal Code, and website describe existing public facilities. Existing parks and paths/trails are fully utilized and there is no surplus capacity for future development. Recommended improvements needed to accommodate additional development are listed in Figure 9. Total impact fee funding of $224,400 represents a growth share of 31%, requiring $493,600 from other revenue sources over the next ten years.

Figure 9: Summary of Ten-Year CIP for Parks and Recreation

Description	*Year 1-5*	*Year 6-10*	*Total Cost*	*Impact Fee Share*	*Impact Fee Funding*
Lion Improvements	$500,000	$0	$500,000	30%	$150,000
1st Ave Shared Use Path	$0	$45,000	$45,000	50%	$22,500
Parks Trail B (remaining section - Glenbrook to bike path)	$73,000	$0	$73,000	30%	$21,900
Keefer Park Plaza	$60,000	$0	$60,000	30%	$18,000
Balmoral Park Improvements	$40,000	$0	$40,000	30%	$12,000
		Ten-Year Total =>	$718,000	31%	$224,400
		Funding from Other Revenue Sources =>	$493,600		
		Share from Other Sources =>	69%		

Revenue Credit Evaluation

A credit for future revenue is only necessary if there is potential double payment for the growth share of system improvements needed to accommodate new development. The City of Hailey plans to partially fund future improvements from impact fees. Because no additional revenues are required for the growth share of improvements for parks and paths, a revenue credit is not required.

Proposed Impact Fees for Parks and Paths

Figure 10 indicates cost factors for the proposed parks and paths impact fee. Proposed fees by dwelling size, measured in square feet of finished living space, are equal to the average number of persons per housing unit multiplied by the capital cost per person. For example, a residential unit that has 2,801 or more square feet would pay a fee of $288 (truncated) based on an average of 2.97 persons per housing unit multiplied by a capital cost of $97 per person.

Figure 10: Impact Fee Schedule for Parks and Paths

Input Variables

Growth Cost of Ten-Year CIP =>	$224,400
Residential Share	100%

	Population
Ten-Year Increase in Service Units	2,301

	Cost per Person
	$97

Residential (per housing unit)

Sq Ft Range	*Persons per Hsg Unit*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
1000 or less	0.95	$92	$129	($37)	-29%
1001 to 1600	1.77	$171	$129	$42	33%
1601 to 2200	2.32	$225	$120	$105	88%
2201 to 2800	2.74	$265	$120	$145	121%
2801 or more	2.97	$288	$120	$168	140%

Funding Strategy for Parks and Paths

Figure 11 summarizes growth-related parks and recreation improvements to be constructed in Hailey over the next ten years. Using impact fee revenue the City will provide $224,400 in park improvements and paths/trail. As shown in the lower portion of the table, the expected ten-year increase of 1,022 housing units will provide impact fee revenue to cover the growth cost of system improvements. This revenue projection is based on the demographic data described in Appendix A and the proposed fee amount for an average residential unit. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the impact fee revenue.

Figure 11: Summary of Growth Costs and Revenue for Parks and Paths

Ten-Year Impact Fee Share of Parks and Paths CIP

Citywide Park Improvements	$180,000
Citywide Paths	$44,400
Total	$224,400

		Residential $218 per housing unit
	Year	*Hsg Units*
Base	2014	3,651
Year 1	2015	3,742
Year 2	2016	3,836
Year 3	2017	3,932
Year 4	2018	4,030
Year 5	2019	4,131
Year 6	2020	4,234
Year 7	2021	4,340
Year 8	2022	4,448
Year 9	2023	4,559
Year 10	2024	4,673
	Ten-Yr Increase	1,022
	Projected Revenue (rounded) =>	$223,000

Fire CIP and Impact Fees

TischlerBise recommends functional population to allocate the cost of additional fire apparatus to residential and nonresidential development (see Figure 12). Functional population is similar to what the U.S. Census Bureau calls "daytime population," by accounting for people living and working in a jurisdiction, but also considers commuting patterns and time spent at home versus nonresidential locations. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Hailey are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Hailey are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for Hailey, the cost allocation for residential development is 73% while nonresidential development accounts for 27% of the demand for fire infrastructure.

Figure 12: Functional Population

Functional Population Cost Allocation for Public Safety Infrastructure

		Demand Units in 2011	*Demand Hours/Day*	*Person Hours*
Residential				
	Population*	7,880		
62%	Residents Not Working	4,868	20	97,360
38%	Resident Workers**	3,012		
26%	Worked in City**	775	14	10,850
74%	Worked Outside City**	2,237	14	31,318
			Residential Subtotal	139,528
			Residential Share =>	**73%**
Nonresidential				
	Non-working Residents	4,868	4	19,472
	Jobs Located in City**	3,273		
	Residents Working in City**	775	10	7,750
	Non-Resident Workers (inflow commuters)	2,498	10	24,980
			Nonresidential Subtotal	52,202
			Nonresidential Share =>	**27%**
			TOTAL	191,730

** 2011 U.S. Census Bureau population estimate.*
*** 2011 Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.*

Fire Infrastructure Needs

As specified in 67-8203(29), development impact fees in Hailey exclude costs to repair, upgrade, update, expand or replace existing capital improvements to provide better service to existing development. The City's Comprehensive Plan, Municipal Code, and website describe existing public facilities. The inventory of fire apparatus is fully utilized and there is no surplus capacity for future development. To accommodate projected development over the next ten years, Hailey will purchase a new fire engine. As shown in Figure 13, the projected growth share is only 25% of the total cost, thus obligating the City to use other revenue sources to fully fund the planned improvement.

Figure 13: Growth-Related Need for Fire Facilities

Description	*Year 1-5*	*Year 6-10*	*Total Cost*	*Impact Fee Share*	*Impact Fee Funding*
Impact Fee System Improvements					
New Fire Engine	$700,980	$903,500	$1,604,480	25%	$401,120
			$0		$0
		Ten-Year Total =>	$1,604,480	25%	$401,120
		Funding from Other Revenue Sources =>	$1,203,360		
		Share from Other Sources =>	75%		

Proposed Fire Impact Fees

Figure 14 indicates proposed impact fees for fire facilities in Hailey. Residential fees are derived from average number of persons per housing unit and the cost per person. Nonresidential fees are based on average jobs per 1,000 square feet of floor area and the cost per job. The cost factors for fire facilities are summarized in the upper portion of Figure 14. Persons per unit, by dwelling size, are based on local data, as discussed in Appendix A. For nonresidential development, average jobs per thousand square feet of floor area are documented in Figures A3-A4 and related text.

Proposed development fees for fire facilities are shown in the column with light orange shading. To derive the proposed fee for residential development, multiply average persons per housing unit by the cost per person. For example, the impact fee for a dwelling of 1000 square feet or less would be 0.95 x $127, or $120 (truncated). For a new warehouse with 100,000 square feet of floor area, the proposed fee would be $297 x 100, or $29,700.

Figure 14: Fee Schedule for Fire Apparatus

Input Variables

Growth Cost of Ten-Year CIP =>	$401,120	
Proportionate Share	73%	27%
	Population	Jobs
Ten-Year Increase in Service Units	2,301	836
	Cost per Person	*Cost per Job*
	$127	$129

Residential (per housing unit)

Sq Ft Range	*Persons per Hsg Unit*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
1000 or less	0.95	$120	$334	($214)	-64%
1001 to 1600	1.77	$224	$334	($110)	-33%
1601 to 2200	2.32	$294	$310	($16)	-5%
2201 to 2800	2.74	$347	$310	$37	12%
2801 or more	2.97	$377	$310	$67	22%

Nonresidential (per 1,000 square feet of building)

Type	*Jobs per 1,000 Sq Ft*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
Industrial	2.31	$297	$810	($513)	-63%
Commercial	2.00	$258	$650	($392)	-60%
Institutional	0.98	$126			
Office & Other Services	3.32	$428	$1,050	($622)	-59%

Funding Strategy for Fire Facilities

Revenue projections shown in Figure 15 assume implementation of the proposed fire fees and that development over the next ten years is consistent with the land use assumptions described in Appendix A. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the development fee revenue. As shown in the column on the right below, Hailey expects to add 160,000 square feet of "Office & Other Services" over the next ten years. This nonresidential development category includes business and personal services, such as medical offices health care facilities. Office & Other Services are projected to pay approximately $68,000 in fire impact fees over the next ten years.

Figure 15: Growth Costs and Fee Revenue for Fire Facilities

Ten-Year Impact Fee Share of Fire CIP

New Fire Engine	$401,120
Total	$401,120

		Residential $285 per housing unit	*Industrial* $297 per 1000 Sq Ft	*Commercial* $258 per 1000 Sq Ft	*Insitutional* $126 per 1000 Sq Ft	*Office & Other Services* $428 per 1000 Sq Ft
	Year	*Hsg Units*	*Sq Ft x 1000*	*Sq Ft x 1000*	*Sq Ft x 1000*	*Sq Ft x 1000*
Base	2014	3,651	300	380	690	410
Year 1	2015	3,742	300	380	690	430
Year 2	2016	3,836	300	390	690	440
Year 3	2017	3,932	310	400	700	450
Year 4	2018	4,030	310	410	700	470
Year 5	2019	4,131	310	420	710	490
Year 6	2020	4,234	310	430	710	500
Year 7	2021	4,340	310	450	710	520
Year 8	2022	4,448	310	460	720	540
Year 9	2023	4,559	320	470	720	560
Year 10	2024	4,673	320	480	730	570
	Ten-Yr Increase	1,022	20	100	40	160
	Projected Fees =>	$291,000	$6,000	$26,000	$5,000	$68,000
	Total Projected Revenue (rounded) =>		$396,000			

STREETS CIP AND IMPACT FEES

Impact fees for streets are derived using a plan-based approach for growth-related improvements. The streets impact fee is derived from trip generation rates, trip rate adjustment factors, and the growth cost of capital improvements per vehicle mile of travel. The latter is a function of the average trip length, trip-length weighting factor, and growth share of street improvements. Each component is described below.

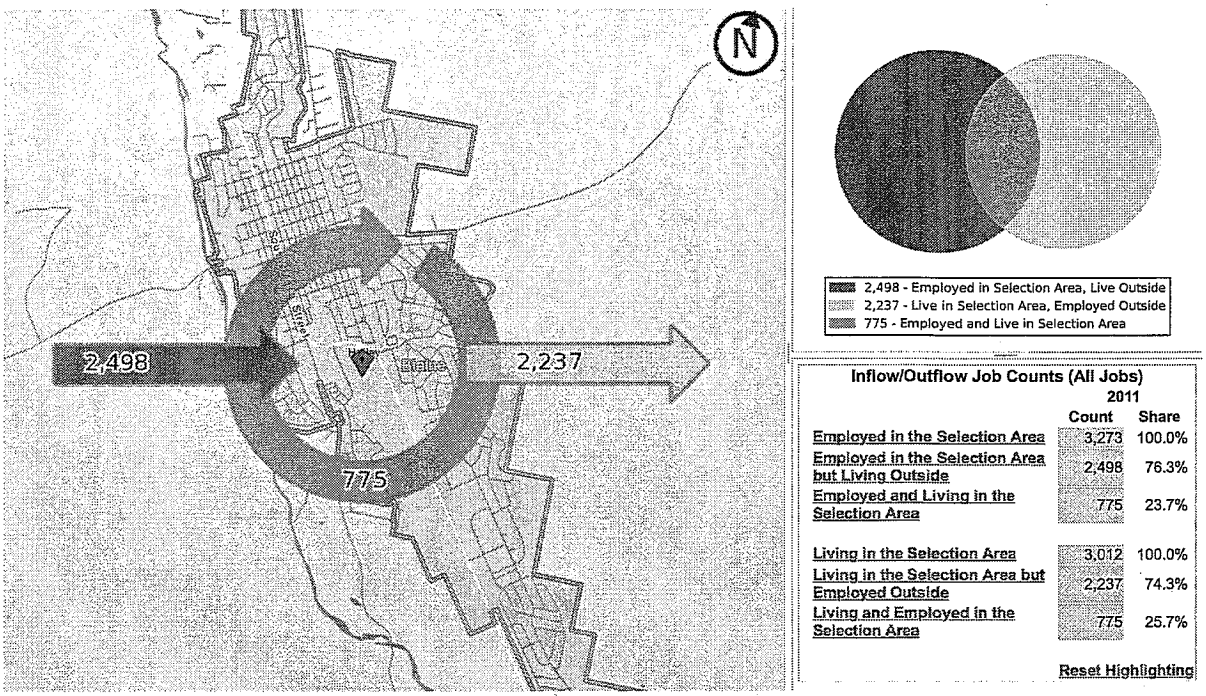
Trip Generation Rates

Hailey's street impact fees are based on average weekday vehicle trip ends. Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 9th Edition 2012). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate street impact fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%. As discussed further below, the impact fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

Adjustments for Commuting Patterns and Pass-By Trips

Residential development has a larger trip adjustment factor of 61% to account for commuters leaving Hailey for work. According to the 2009 National Household Travel Survey (see Table 30) weekday work trips are typically 31% of production trips (i.e., all out-bound trips, which are 50% of all trip ends). As shown in Figure 16, the Census Bureau's web application OnTheMap indicates that 74% of resident workers traveled outside the city for work in 2011. In combination, these factors (0.31 x 0.50 x 0.74 = 0.11) support the additional 11% allocation of trips to residential development.

Figure 16: Inflow/Outflow Analysis



For commercial development, the trip adjustment factor is less than 50% because retail development and some services, like schools, attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, ITE indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends.

Vehicle Miles of Travel

A Vehicle Mile of Travel (VMT) is a measurement unit equal to one vehicle traveling one mile. In the aggregate, VMT is the product of vehicle trips multiplied by the average trip length[1]. The average trip length in Hailey is calibrated using data on existing infrastructure and a lane capacity standard (discussed below).

[1] Typical VMT calculations for development-specific traffic studies, along with most transportation models of an entire urban area, are derived from traffic counts on particular road segments multiplied by the length of that road segment. For the purpose of impact fees, VMT calculations are based on attraction (inbound) trips to development located in the service area, with the trip lengths calibrated to the road network considered to be system improvements. This refinement eliminates pass-through or external- external trips, and travel on roads that are not system improvements (e.g. interstate highways).

Lane Capacity

Street impact fees are based on a lane capacity standard of 2,900 vehicles per lane, derived from Quality/LOS Handbook Tables (Florida Department of Transportation, 2012). The standard is based on a two lane, undivided, signalized, non-state arterial with a posted speed limit of 35 miles per hour or slower, operating at Level-Of-Service (LOS) "C". The lane capacity standard was reviewed by City staff and found to be consistent with actual traffic counts on Hailey arterials.

Trip Length Weighting Factor by Type of Land Use

The streets impact fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 6 of the 2009 National Household Travel Survey, vehicle trips from residential development are approximately 121% of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 66% of the average trip length while other nonresidential development typically accounts for trips that are 73% of the average for all trips. The specific weighting factors for each development prototype are shown in Figure 17.

Development Prototypes and Projected Travel Demand

The relationship between the amount of development in Hailey and system improvements is documented below. Figure 17 summarizes the input variables used to determine the average trip length on Hailey collectors. In the table below HU means housing units, KSF means square feet of nonresidential development, in thousands, Institute of Transportation Engineers is abbreviated ITE, and VTE means vehicle trip ends. Trip generation rates by bedroom range are documented in Figures A7, A9 and related text.

Projected development in Hailey over the next ten years, and the corresponding need for additional lane miles, is shown in the middle section of Figure 17. Trip generation rates and trip adjustment factors convert projected development into average weekday vehicle trips. A typical vehicle trip, such as a person leaving their home and traveling to work, generally begins on a local street that connects to a collector street, which connects to an arterial road and eventually to a state or interstate highway. This progression of travel up and down the functional classification chain limits the average trip length determination, for the purpose of impact fees, to the following question, "What is the average vehicle trip length on impact fee system improvements?"

City staff maintains a database of city streets that indicates Hailey currently has 33.3 lane miles of collectors. The only arterial is Main Street, which is a state highway. With 33.3 lane miles of collectors and a lane capacity standard of 2,900 vehicles per lane, the existing network has 96,570 vehicle miles of capacity (i.e., 2,900 vehicles per lane allocated traveling the entire 33.3 lane miles). To derive the average utilization (i.e., average trip length expressed in miles) of the collector network, divide vehicle miles of capacity by the vehicle trips attracted to development in the city. As shown in the bottom-left corner of the table below, existing development attracts 30,045 average weekday vehicle trips. Dividing 96,570 vehicle miles of capacity by inbound average weekday vehicle trips yields an average trip length of approximately 3.2 miles.

Figure 17: Projected Travel Demand and Trip Length Calibration

	ITE Code	*Dev Type*	*Weekday VTE*	*Dev Unit*	*Trip Adj*	*Trip Length Wt Factor*
R1	210	0-1 Bdrm	4.40	HU	61%	1.21
R2	210	2 Bdrms	6.88	HU	61%	1.21
R3	210	3 Bdrms	8.31	HU	61%	1.21
R4	210	4+ Bdrms	10.24	HU	61%	1.21
NR1	140	Industrial	6.97	KSF	50%	0.73
NR2	820	Commercial	42.70	KSF	33%	0.66
NR3	520	Institutional	15.43	KSF	33%	0.73
NR4	710	Office & Other	11.03	KSF	50%	0.73
Avg Trip Length (miles)	3.20					
Capacity Per Lane	2,900					

Year->	*Base*	*1*	*2*	*3*	*4*	*5*	*10*	*10-Year*
Citywide Travel Model	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2024*	*Increase*
0-1 Bdrm	338	346	355	364	373	382	432	94
2 Bdrms	924	947	971	995	1,020	1,045	1,183	259
3 Bdrms	1,561	1,600	1,640	1,681	1,723	1,766	1,998	437
4+ Bdrms	828	849	870	892	914	937	1,060	232
Industrial KSF	300	300	300	310	310	310	320	20
Commercial KSF	380	380	390	400	410	420	480	100
Institutional KSF	690	690	690	700	700	710	730	40
Office & Other Services KSF	410	430	440	450	470	490	570	160
0-1 Bdrm Trips	907	929	953	977	1,001	1,025	1,159	
2 Bdrms Trips	3,878	3,974	4,075	4,176	4,281	4,386	4,965	
3 Bdrms Trips	7,913	8,111	8,313	8,521	8,734	8,952	10,128	
4+ Bdrms Trips	5,172	5,303	5,434	5,572	5,709	5,853	6,621	
Industrial Trips	1,046	1,046	1,046	1,080	1,080	1,080	1,115	
Commercial Trips	5,355	5,355	5,495	5,636	5,777	5,918	6,764	
Institutional Trips	3,513	3,513	3,513	3,564	3,564	3,615	3,717	
Office & Other Services Trips	2,261	2,371	2,427	2,482	2,592	2,702	3,144	
Total Vehicle Trips	30,045	30,602	31,257	32,009	32,739	33,532	37,613	
Vehicle Miles of Travel (VMT)	96,433	98,421	100,624	103,071	105,482	108,057	121,483	25,050
LANE MILES	33.3	33.9	34.7	35.5	36.4	37.3	41.9	8.6

Planned Street Improvements

As specified in 67-8203(29), development impact fees in Hailey exclude costs to repair, upgrade, update, expand or replace existing capital improvements to provide better service to existing development. The City's Comprehensive Plan, Municipal Code, and website describe existing public facilities. The inventory of collector streets is fully utilized and there is no surplus capacity for future development.

Planned transportation improvements (from the FY15-19 CIP), are listed in Figure 18. Even though the projects recommended for impact fee funding are selected from Hailey's CIP, the "need" for improvements is more difficult to determine for streets than for utility systems. The key difference is that water and sewer utilities are closed systems, but a street network is an open system. The demand for street capacity can be influenced by development units outside the service area and by what is know as "triple convergence." In essence, this concept acknowledges that street capacity is consumed by drivers changing their time, route, and mode of travel, with the latter being more significant in urban areas. Also, "traffic congestion" is a relative and more subjective measure that is closely connected with

a person's willingness to pay. Given this complexity, the list of street improvements can be reduced by City Council during the public hearing process to eliminate lower priority projects, or lower growth shares (assuming additional funding is available from revenue sources other than impact fees). Conversely, if elected officials desire to expand the list of street improvements, proposed impact fees would increase proportionately.

As shown in Figure 18, growth-related street improvements over the next ten years have a total cost of $6.07 million, with $1.67 million to be funded by impact fees (28%) and the other 72% to be funded from other revenues. Proposed street improvements will enhance connectivity, provide safer and more desirable multi-modal routes (i.e. for pedestrians and cyclists) and relieve vehicular congestion.

Figure 18: Summary of Street Improvements

Project Description	*FY16-20*	*FY21-25*	*Total Cost*	*Impact Fee Share*	*Impact Fee Funding*
Snow Storage - Requires Land	$1,340,000	$0	$1,340,000	30%	$402,000
NE Woodside Reconstruction (Excludes Blue Lakes)	$1,521,000	$0	$1,521,000	25%	$380,250
South Woodside Industrial Park Street Reconstruction	$1,468,000	$0	$1,468,000	25%	$367,000
Rolling Stock	$498,750	$525,000	$1,023,750	30%	$307,125
Broadford Road	$462,000	$0	$462,000	25%	$115,500
3rd Ave Sidewalks (Elm St - Hwy 75)	$0	$193,000	$193,000	40%	$77,200
Missing Sidewalk Connections	$60,000	$0	$60,000	40%	$24,000
			$0		$0
		Ten-Year Total	$6,067,750	28%	$1,673,075
		Revenue from Sources Other Than Impact Fees =>		72%	$4,394,675

Revenue Credit Evaluation

A credit for other revenues is only necessary if there is potential double payment for system improvements. In Hailey, gas tax and General Fund revenues will be used for maintenance of existing facilities, correcting existing deficiencies, and for capital projects that are not impact fee system improvements. As shown below in the Figure 20, cumulative impact fee revenue over the next ten years roughly matches the growth cost of system improvements. There is no potential double payment from other revenues because street impact fees will exclusively fund the growth share of system improvements.

Proposed Impact Fees for Streets

Input variables for Hailey's street impact fees are shown in the upper section of Figure 19. Inbound vehicle trips by type of development are multiplied by the capacity cost per vehicle mile of travel to yield the impact fees. Given the City's improvements plan ($1.67 million funded by impact fees) and the projected increase of 25,050 vehicle miles of travel over the next ten years, the capital cost is $66.79 per vehicle miles of travel. To derive the impact fee for the commercial development per 1000 square feet of floor area, multiply the following factors from Figure 19.

42.70 weekday vehicle trip ends per 1000 square feet
x
0.33 adjustment factor for inbound trips, including pass-by
x
3.2 average miles per trip
x
0.66 trip length adjustment factor for commercial development
x
$66.79 growth cost per VMT
=
$1,987 per 1000 square feet (truncated)

The text below from Trip Generation (ITE 2012) supports the consultant's recommendation to use ITE 820 Shopping Center as a reasonable proxy for all commercial development. The shopping center trip generation rates are based on 302 studies with an r-squared value of 0.79. The latter is a goodness-of-fit indicator with values ranging from 0 to 1. Higher values indicate the independent variable (floor area) provides a better prediction of the dependent variable (average weekday vehicle trip ends). If the r-squared value is less than 0.50, ITE does not publish the value because factors other than floor area provide a better prediction of trip rates.

> *"A shopping center is an integrated group of commercial establishments. Shopping centers, including neighborhood, community, regional, and super regional centers, were surveyed for this land use. Some of these centers contained non-merchandising facilities, such as office buildings, movie theaters, restaurants, post offices, banks, and health clubs. Many shopping centers, in addition to the integrated unit of shops in one building or enclosed around a mall, include out parcels (peripheral buildings or pads located on the perimeter of the center adjacent to the streets and major access points). These buildings are typically drive-in banks, retail stores, restaurants, or small offices. Although the data herein do not indicate which of the centers studied include peripheral buildings, it can be assumed that some of the data show their effect."*

Figure 19: Street Impact Fee Schedule

Input Variables

Average Miles per Trip	3.20
Impact Fee Share of CIP	$1,673,075
Vehicle Miles of Travel (VMT) Increase Over Ten Years	25,050
Capital Cost per VMT	$66.79

Development Type	*Avg Wkdy Veh Trip Ends*	*Trip Rate Adjustment*	*Trip Length Adjustment*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
Residential (per housing unit) by Square Feet of Finished Living Space							
1000 or less	4.05	61%	121%	**$638**	$651	($13)	-2%
1001 to 1600	6.55	61%	121%	**$1,033**	$651	$382	59%
1601 to 2200	8.23	61%	121%	**$1,298**	$1,063	$235	22%
2201 to 2800	9.51	61%	121%	**$1,500**	$1,063	$437	41%
2801 or more	10.22	61%	121%	**$1,612**	$1,063	$549	52%
Nonresidential (per 1,000 Square Feet of Floor Area)							
Industrial	6.97	50%	73%	**$543**	$620	($77)	-12%
Commercial	42.70	33%	66%	**$1,987**	$2,900	($913)	-31%
Institutional	15.43	33%	73%	**$794**			
Office and Other Services	11.03	50%	73%	**$860**	$1,400	($540)	-39%

Funding Strategy for Street Improvements

The ten-year plan for street improvements has a growth cost of approximately $1.67 million to be funded by impact fees. As shown in Figure 20, cumulative impact fee revenue is approximately equal to the growth cost of improvements over the next ten years. Revenue projections shown below assume implementation of the proposed street impact fees and the development projections described in Appendix A. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the impact fee revenue. Given strong economic incentives for locating close to customers, most Commercial, Institutional, and Office/Other Services will typically follow residential development and choose to locate in Hailey, even if the City continues to impose impact fees. For "foot loose" industrial development (i.e. employers that have multiple options on where to locate), impact fees can hinder economic development efforts, but the table below indicates industrial development will only contribute $11,000 towards street improvements over the next ten years.

Figure 20: Projected Growth Costs and Fee Revenue

Ten-Year Cost of Street Improvements

Growth Share => $1,673,075

Transportation Impact Fee Revenue

	Year	*Average-Size Residential* $1,265 per housing unit	*Industrial* $543 per 1000 Sq Ft	*Commercial* $1,987 per 1000 Sq Ft	*Institutional* $794 per 1000 Sq Ft	*Office & Other Services* $860 per 1000 Sq Ft
		Hsg Units	*KSF*	*KSF*	*KSF*	*KSF*
Base	2014	3,651	300	380	690	410
Year 1	2015	3,742	300	380	690	430
Year 2	2016	3,836	300	390	690	440
Year 3	2017	3,932	310	400	700	450
Year 4	2018	4,030	310	410	700	470
Year 5	2019	4,131	310	420	710	490
Year 6	2020	4,234	310	430	710	500
Year 7	2021	4,340	310	450	710	520
Year 8	2022	4,448	310	460	720	540
Year 9	2023	4,559	320	470	720	560
Year 10	2024	4,673	320	480	730	570
Ten-Yr Increase		1,022	20	100	40	160
Projected Revenue =>		$1,293,000	$11,000	$199,000	$32,000	$138,000
					Total Projected Revenues (rounded) =>	$1,673,000

Fee Implementation and Administration

Capital improvements and development impact fees must be evaluated and updated at least every five years to comply with Idaho's enabling legislation. Some jurisdictions make annual adjustments for inflation using the Engineering News Record (ENR) Construction Cost Index published by McGraw-Hill Companies. This index could be applied to the adopted impact fee schedule. If cost estimates or demand indicators change significantly, the City should redo the fee calculations.

Fees must be spent within eight years of when they are collected, with the expenditures limited to growth-related system improvements or debt service on growth-related infrastructure, as specified in the impact fee study. General practice is aggregate first in, first out accounting (rather than project-specific tracking) with impact fees and accrued interest maintained in a separate fund that is not comingled with other revenues. In Idaho, an annual report is mandatory, indicating impact fee collections, expenditures, and fund balances by type of infrastructure.

Service Areas

To ensure a substantial benefit to new development paying impact fees, the City of Hailey has evaluated collection and expenditure zones for public facilities that may have distinct benefit or service areas. In the City of Hailey, impact fees for parks and paths, fire apparatus, and street improvements will benefit new development throughout the entire incorporated area. TischlerBise recommends one citywide service area for Hailey impact fees.

Cost of CIP Preparation Attributable to Impact Fee Determination

As stated in Idaho's enabling legislation, a surcharge on the collection of development impact fees may be used to fund the cost of preparing the CIP that is attributable to the impact fee determination. Because development fees must be updated at least every five years, this cost was allocated to the projected increase in service units over five years. As shown in Figure 21, proportionate share factors based on functional population were used to allocate the cost of CIP preparation by development category.

Figure 21: Surcharge for Cost of CIP Preparation

Input Variables

Cost of CIP related to DIF =>	$49,400	
Proportionate Share	73%	27%
	Population	Jobs
Five-Year Increase in Service Units	1,079	388
	Cost per Person	*Cost per Job*
	$33	$34

Residential (per housing unit)

Sq Ft Range	*Persons per Hsg Unit*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
1000 or less	0.95	$31	$69	($38)	-55%
1001 to 1600	1.77	$58	$69	($11)	-16%
1601 to 2200	2.32	$76	$69	$7	10%
2201 to 2800	2.74	$90	$69	$21	30%
2801 or more	2.97	$98	$69	$29	42%

Nonresidential (per 1,000 square feet of building)

Type	*Jobs per 1,000 Sq Ft*	*Proposed Fee*	*Current Fee*	Increase / (Decrease)	% Change
Industrial	2.31	$78	$50	$28	56%
Commercial	2.00	$68	$50	$18	36%
Institutional	0.98	$33	$50	($17)	-34%
Office & Other Services	3.32	$112	$50	$62	124%

Development Categories

Proposed impact fees for residential development are by square feet of finished living space, excluding unfinished basement and garage floor area. Appendix A provides further documentation of demographic data by size threshold.

The four general nonresidential development categories in the proposed impact fee schedule can be used for all new construction within Hailey. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and job density (i.e. jobs per 1,000 square feet of floor area), as documented in Appendix A. "Industrial" includes the processing or production of goods, along with warehousing, transportation, communications, and utilities. "Commercial" includes retail development and eating/drinking places. "Institutional" development includes public and quasi-public buildings such as schools, daycare, and churches. "Office & Other Services" includes offices, business services, lodging, and personal services such as health care.

An applicant may submit an independent study to document unique demand indicators for a particular development. The independent study must be prepared by a professional engineer or certified planner and use the same type of input variables as those in Hailey's impact fee study. For residential development, impact fees are based on average persons per housing unit and average weekday vehicle trip ends per housing unit. For nonresidential development, impact fees are based on average weekday vehicle trips ends per 1,000 square feet of floor area, and the average number of jobs per 1,000 square

feet of floor area. The independent fee study will be reviewed by City staff and can be accepted as the basis for a unique fee calculation. If staff determines the independent fee study is not reasonable, the applicant may appeal the administrative decision to Hailey's elected officials for their consideration.

Credits and Reimbursements

A general requirement that is common to impact fee methodologies is the evaluation of credits. A revenue credit may be necessary to avoid potential double payment situations arising from one-time impact fees plus on-going payment of other revenues that may also fund growth-related capital improvements. The determination of revenue credits is dependent upon the impact fee methodology used in the cost analysis.

Policies and procedures related to site-specific credits should be addressed in the ordinance that establishes the impact fees. Project-level improvements, required as part of the development approval process, are not eligible for credits against impact fees. If a developer constructs a system improvement included in the fee calculations, it will be necessary to either reimburse the developer or provide a credit against the fees in the area that benefits from the system improvement. The latter option is more difficult to administer because it creates unique fees for specific geographic areas. Based on national experience, TischlerBise recommends a jurisdiction establish a reimbursement agreement with the developer that constructs a system improvement. The reimbursement agreement should be limited to a payback period of no more than ten years and the City should not pay interest on the outstanding balance. The developer must provide sufficient documentation of the actual cost incurred for the system improvement. The City should only agree to pay the lesser of the actual construction cost or the estimated cost used in the impact fee analysis. If the City pays more than the cost used in the fee analysis, there will be insufficient fee revenue. Reimbursement agreements should only obligate the City to reimburse developers annually according to actual fee collections from the benefiting area.

The supporting documentation for each type of impact fee illustrates the types of infrastructure considered to be system improvements. Site specific credits or developer reimbursements for one type of system improvement does not negate an impact fee for other system improvements.

OTHER MECHANISMS

Although development agreements and general obligation bonds are not revenue sources, they are a means to provide growth-related infrastructure. A development agreement specifies improvements to be made the developer, with the costs typically passed along to future buyers or renters in the new development. Bonds are a financing mechanism, whereby Hailey borrows funds to complete a capital improvement and then makes debt service payments to retire the obligation over time.

DEVELOPMENT AGREEMENTS

The Idaho Land Use Handbook states, "cities and counties have broad and express statutory authority to enter into contracts of all types and to engage in other actions in fulfillment of their police powers" (page 66, Givens Pursley LLP 2013). TischlerBise recommends that development agreements be used to address the need for site-specific improvements, such as the geographic expansion of the water distribution system or wastewater collection system. Development agreements are also suitable for neighborhood parks and open space; often requiring these public amenities to be perpetually maintained by a homeowners association. Street improvements are the other major infrastructure need commonly addressed in a development agreement. However, these are fairly rare in Hailey because rezones are not common.

GENERAL OBLIGATION BONDS FOR LIBRARY AND POLICE STATION

According to the City Budgeting Manual published by the Association of Idaho Cities, General Obligation (GO) bonds are backed by the full faith and credit of the local government, with repayment from property tax levies. These bonds must receive two-thirds supermajority voter approval and are appropriated for major public facilities, such as a new library and police station. As shown above in Figure 2, the proposed library expansion and new police station are the two most expensive growth-related projects in Hailey's FY15 CIP. If GO bonds are approved, a debt service methodology could be used to recover the growth share of the police station cost from impact fees.

LOCAL IMPROVEMENT DISTRICT (LID) FOR STREETS

Also, the City Budgeting Manual published by the Association of Idaho Cities states that a resolution of the governing board is sufficient to create a LID, following the procedures set out in Idaho Code Title 50, Chapter 17. A LID may issue bonds and there is no requirement for a popular vote. LIDS are not limited to ad-valorem assessments and TischlerBise highly recommends exploration of other cost allocation methods. For example, allocating the cost of street improvements to the land area of each parcel within the City would provide an economic incentive for infilling and redeveloping vacant and under-utilized properties.

As a broad-based revenue, a LID is ideal for funding the non-growth share of intersection improvements identified in Hailey's 2007 Transportation Master Plan (see Table 6). Also, a LID will provide funding for improvements that benefit existing development, including the following projects from the FY15 CIP:

- Snow storage (land and improvements)
- 3rd Ave sidewalks and missing sidewalk connections
- Reconstructing streets (S Woodside Industrial Park and NE Woodside)

Appendix A: Demographics and Development Projections

Appendix A provides the population, housing unit, jobs and nonresidential floor area data for the 2015 development impact fee studies. To evaluate the demand for growth-related infrastructure from various types of development, TischlerBise also prepared documentation of average weekday vehicle trip generation rates and demand indicators by size of dwelling. These metrics (explained further below) are the "service units" or demand indicators that will be used to update Hailey's impact fees.

Development impact fees must be proportionate by type of development and based on the need for growth-related improvements. The demographic data and development projections discussed below will be used to demonstrate proportionality and the anticipated need for additional infrastructure. All land use assumptions and projected growth rates are consistent with Hailey's Comprehensive Plan. In contrast to the Comprehensive Plan, which is more general and has a long-range horizon, development impact fees require more specific quantitative analysis and have a short-range focus. Typically, impact fee studies look out five to ten years, with the expectation that fees will be periodically updated (e.g. every 5 years). Infrastructure standards will be calibrated using fiscal year 2014-15 data. In the City of Hailey the fiscal year begins on October 1st.

Summary of Growth Indicators

Key development projections for the City of Hailey are housing units and nonresidential floor area, as shown in Figure A1. These projections will be used to estimate development fee revenue and to indicate the anticipated need for growth-related infrastructure. The goal is to have reasonable projections without being overly concerned with precision. Because impact fees methods are designed to reduce sensitivity to development projections in the determination of the proportionate-share fee amounts, if actual development is slower than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the City will receive an increase in fee revenue, but will also need to accelerate infrastructure improvements to keep pace with the actual rate of development.

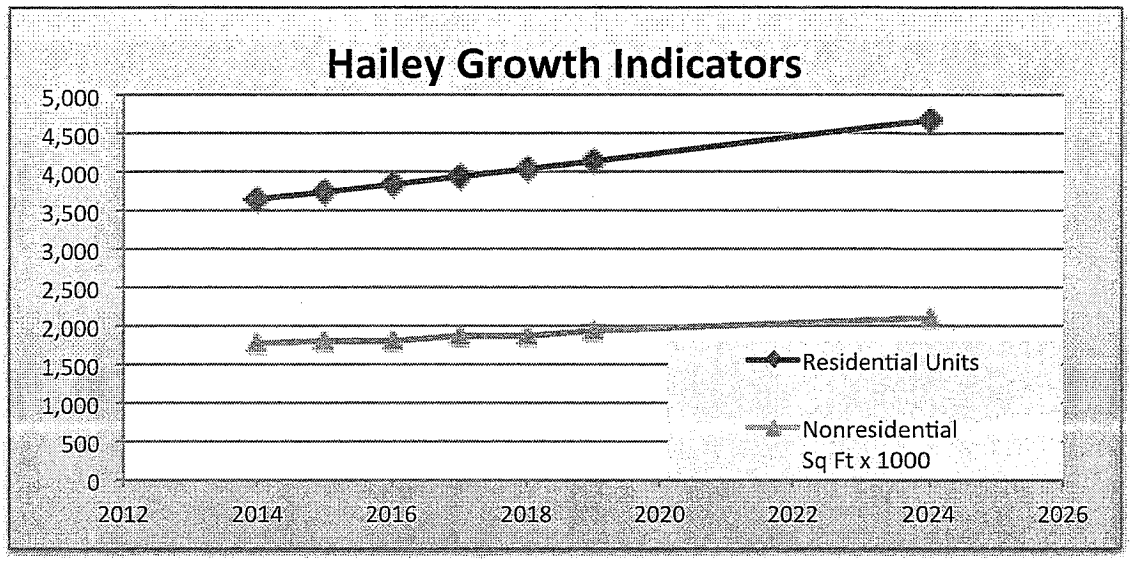
The housing unit projection was derived from the low-range population growth rate (2.5% per year) from Section 5 in the 2010 Comprehensive Plan. Conversion of year-round residents to housing units assumes 2.25 persons per housing unit, as documented below (see Figure A2 and related text). During the next five years, the impact fee study assumes an average increase of 96 housing units per year.

The projected increase in floor area is based on growth rates from the 2010 Hailey Comprehensive Plan and the 2015 Blaine County Community Profile. The Blaine County Community Profile expects overall jobs to increase by 0.6% per year, with office and health care jobs expected to increase by 3.4% annually (see Table 3). TischlerBise used the conservative overall job growth rate of 0.6% for Industrial and Institutional jobs and the more optimistic rate of 3.4% annually for Office & Other Services. For Commercial jobs, TischlerBise assumed the residential growth rate of 2.5% per year. Current estimates of floor area by type of nonresidential development are discussed below (see Figures A3-A4 and related text). Over the next five years, Hailey expects an average increase of 30,000 square feet of nonresidential floor area per year. The weighted average job increase is 1.6% per year.

Figure A1: Summary of Development Projections and Growth Rates

Hailey, Idaho

	Year							2014 to 2019 Average Annual	
	2014	*2015*	*2016*	*2017*	*2018*	*2019*	*2024*	*Increase*	*Compound Growth Rate*
Residential Units	3,651	3,742	3,836	3,932	4,030	4,131	4,673	96	2.5%
Nonresidential Sq Ft x 1000	1,780	1,800	1,820	1,860	1,890	1,930	2,100	30	1.6%



Residential Development and Persons per Housing Unit

According to the U.S. Census Bureau, Hailey increased by an average of 97 housing units per year from 2000 to 2010, which is an average annual compound growth rate of 3.3%. Consistent with the nationwide decline in development activity during the Great Recession, residential construction slowed significantly from 2008 to 2010, thus decreasing the growth rate in housing units during the past decade. Given the lingering lull in construction activity, Hailey only expects to increase by an average of 71 housing units from 2010 to 2020, which is less than the actual increase during the previous decade.

The 2010 census did not obtain detailed information using a "long-form" questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which is limited by sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses). Part of the rationale for deriving fees by bedroom range, as discussed further below, is to address this ACS data limitation. Because townhouses generally have fewer bedrooms than detached units, fees by bedroom range ensure proportionality and facilitate construction of affordable units.

If Hailey's elected officials make a legislative policy decision to *not* impose fees by dwelling size, TischlerBise will recommend that fees be imposed for two residential categories. As shown Figure A2, dwellings with a single unit per structure (detached and attached) average 2.46 persons per housing

unit. Dwellings in structures with two or more units average 1.62 year-round residents per unit. This category includes duplexes, which have two dwellings on a single land parcel. According to the latest available data, the overall average is 2.25 year-round residents per housing unit and 2.38 persons per household.

According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. Development fees often use per capita standards and persons per housing unit, or persons per household, to derive proportionate-share fee amounts. TischlerBise recommends that fees for residential development in the City of Hailey be imposed according to the number of year-round residents per housing unit.

Figure A2: Year-Round Persons per Unit by Type of Housing

2013 Five-Year Estimate by Type of Housing

Units in Structure	*Persons*	*House-holds*	*Persons per Household*	*Housing Units*	***Persons per Housing Unit***	*Housing Mix*	*Vacancy Rate*
Single Unit*	6,462	2,564	2.52	2,622	2.46	75%	2%
2+ Units	1,440	754	1.91	888	1.62	25%	15%
Subtotal	7,902	3,318	2.38	3,510	2.25		5%
Group Quarters	56						
TOTAL	7,958						

** Single unit includes detached and attached (zero mobile homes).*

Source: Tables B25024, B25032, B25033, and B26001.

Five-Year Estimates, 2013 American Community Survey, U.S. Census Bureau.

JOBS AND NONRESIDENTIAL DEVELOPMENT

In addition to data on residential development, the calculation of impact fees requires data on nonresidential development. TischlerBise uses the term "jobs" to refer to employment by place of work. In Figure A3, gray shading indicates the four nonresidential development prototypes the will be used by TischlerBise to derive average weekday vehicle trips, Vehicle Miles of Travel (VMT) and nonresidential floor area. Current floor area estimates for industrial, commercial, institutional, and office/other services, are derived using national averages of square feet per job (see Trip Generation, Institute of Transportation Engineers, 2012). For future industrial development, Light Industrial (ITE code 110) is a reasonable proxy with an average 433 square feet per job. The prototype for future commercial development is an average-size Shopping Center (ITE code 820). Commercial development (i.e. retail and eating/drinking places) is assumed to average 500 square feet per job. For institutional development, such as pubic buildings, schools and churches, floor area in Hailey is based on education and government jobs, assuming an average of 1,018 square feet per job. The prototype for institutional development is an Elementary School (ITE 520). For office and other services, an average-size Office (ITE 710) is the prototype for future development, averaging of 301 square feet per job.

Figure A3: Average Weekday Vehicle Trip Ends

ITE Code	*Land Use / Size*	*Demand Unit*	*Wkdy Trip Ends Per Dmd Unit**	*Wkdy Trip Ends Per Employee**	*Emp Per Dmd Unit*	*Sq Ft Per Emp*
110	Light Industrial	1,000 Sq Ft	6.97	3.02	2.31	433
130	Industrial Park	1,000 Sq Ft	6.83	3.34	2.04	489
140	Manufacturing	1,000 Sq Ft	3.82	2.13	1.79	558
150	Warehousing	1,000 Sq Ft	3.56	3.89	0.92	1,093
254	Assisted Living	bed	2.66	3.93	0.68	na
320	Motel	room	5.63	12.81	0.44	na
520	Elementary School	1,000 Sq Ft	15.43	15.71	0.98	1,018
530	High School	1,000 Sq Ft	12.89	19.74	0.65	1,531
540	Community College	student	1.23	15.55	0.08	na
550	University/College	student	1.71	8.96	0.19	na
565	Day Care	student	4.38	26.73	0.16	na
610	Hospital	1,000 Sq Ft	13.22	4.50	2.94	340
620	Nursing Home	1,000 Sq Ft	7.60	3.26	2.33	429
710	General Office (avg size)	1,000 Sq Ft	11.03	3.32	3.32	301
760	Research & Dev Center	1,000 Sq Ft	8.11	2.77	2.93	342
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	42.70	na	2.00	500

* *Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).*

Figure A4 indicates 2011 estimates of jobs and nonresidential floor area within Hailey. Job estimates, by type of nonresidential, are from Hailey's Work Area Profile from the U.S. Census Bureau's online web application known as OnTheMap. The number of jobs in Hailey is based on quarterly workforce reports supplied by employers. With 3,273 jobs and an overall average of 515 square feet per job, Hailey had almost 1.69 million square feet of nonresidential building space in 2011. Floor area estimates are derived from the number of jobs by type of nonresidential development and average square feet per job ratios, as discussed on the previous page.

Figure A4: Jobs and Floor Area Estimates

	2011 Jobs (1)		*Sq Ft per Job (2)*	*2011 Estimated Floor Area*	*Jobs per 1000 Sq Ft*
Industrial (3)	680	21%	433	294,000	2.31
Commercial (4)	696	21%	500	348,000	2.00
Institutional (5)	661	20%	1,018	673,000	0.98
Office & Other (6)	1,236	38%	301	372,000	3.32
TOTAL	3,273	100%	515	1,687,000	1.94

(1) Jobs in 2011 from Work Area Profile, OnTheMap, U.S. Census Bureau web application.
(2) Derived from data in Trip Generation, published by the Institute of Transportation Engineers, 2012.
(3) Major sectors are Construction, Manufacturing, and Transportation/Warehousing.
(4) Major sectors are Retail and Accommodation/Food Services.
(5) Major sectors are Educational Services and Public Administration.
(6) Major sectors are Professional/Scientific/Technical Services and Health Care.

Detailed Land Use Assumptions

Demographic data shown in Figure A5 are key inputs for Hailey's impact fee update. Cumulative data are shown at the top and projected annual increases, by type of development, are shown at the bottom of the table.

Given the expectation that impact fees are updated every five years, TischlerBise did not evaluate long-term demographic trends such as declining household size (i.e. the average number of persons in an occupied dwelling). The projected increase in housing units through 2030 assumes a constant ratio of 2.25 persons per housing unit.

Figure A5: Annual Demographic Data

Hailey, Idaho	*FY14-15*	*FY15-16*	*FY16-17*	*FY17-18*	*FY18-19*	*FY19-20*	*FY24-25*	*FY30-31*
Begins Oct 1st	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2024*	*2030*
	Base Yr	*1*	*2*	*3*	*4*	*5*	*10*	*16*
Total Population								
City of Hailey	8,214	8,420	8,630	8,846	9,067	9,294	10,515	12,194
Housing Units								
City of Hailey	3,651	3,742	3,836	3,932	4,030	4,131	4,673	5,420
Persons per Hsg Unit	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Jobs in City of Hailey								
Industrial	692	696	701	705	709	713	735	762
Commercial	750	768	787	807	827	848	959	1,113
Institutional	673	677	681	685	689	693	714	741
Office & Other	1,366	1,413	1,461	1,511	1,562	1,615	1,909	2,333
Total Jobs	3,481	3,554	3,630	3,708	3,787	3,869	4,317	4,949
Jobs to Housing Ratio	0.95	0.95	0.95	0.94	0.94	0.94	0.92	0.91
Nonresidential Floor Area (square feet in thousands)								
Industrial	300	300	300	310	310	310	320	330
Commercial	380	380	390	400	410	420	480	560
Institutional	690	690	690	700	700	710	730	750
Office & Other	410	430	440	450	470	490	570	700
Total KSF	1,780	1,800	1,820	1,860	1,890	1,930	2,100	2,340
Avg Sq Ft Per Job	511	506	501	502	499	499	486	473
Avg Jobs per KSF	1.96	1.97	1.99	1.99	2.00	2.00	2.06	2.11
							2014-2024	
Annual Increases	7/14-7/15	7/15-7/16	7/16-7/17	7/17-7/18	7/18-7/19	7/19-7/20	***Avg Anl***	
Total Population	205	210	216	221	227	232	230	
Housing Units	91	94	96	98	101	103	102	
Jobs	73	76	78	79	82	86	84	
Industrial KSF	0	0	10	0	0	0	2	
Commercial KSF	0	10	10	10	10	10	10	
Institutional KSF	0	0	10	0	10	0	4	
Office & Other KSF	20	10	10	20	20	10	16	
Total Nonres KSF/Yr =>	20	20	40	30	40	20	32	

CUSTOMIZED TRIP GENERATION RATES PER HOUSING UNIT

As an alternative to simply using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip generation rates, using local demographic data. Key independent variables needed for the analysis (i.e. vehicles available, housing units, households and persons) are available from American Community Survey data for Hailey. Customized average weekday vehicle trip generation rates by type of housing are shown in Figure A6. A vehicle trip end represents a vehicle either entering or exiting a development, as if a traffic counter were placed across a driveway. The custom trip generation rates for Hailey are lower than national averages. For example, single-unit residential development in Hailey is expected to produce 8.71 average weekday vehicle trip ends per dwelling, which is lower than the national average of 9.57 (see ITE code 210).

Figure A6: Residential Trip Generation Rates by Type of Housing

Hailey, Idaho

	Vehicles Available (1)	Households (2) Single Unit per Structure	Households (2) 2+ Units per Structure	Households (2) Total	Vehicles per Household by Tenure
Owner-occupied	4,610	2,090	224	2,314	1.99
Renter-occupied	1,766	474	530	1,004	1.76
TOTAL	6,376	2,564	754	3,318	1.92
Housing Units (6) =>		2,622	888	3,510	

Units per Structure	Persons (3)	Trip Ends (4)	Vehicles by Type of Housing	Trip Ends (5)	Average Trip Ends	Trip Ends per Housing Unit
Single Units	6,462	16,776	4,997	28,882	22,829	8.71
2+ Units	1,440	4,932	1,379	5,725	5,329	6.00
TOTAL	7,902	21,708	6,376	34,607	28,158	**8.02**

(1) Vehicles available by tenure from Table B25046, American Community Survey, 2013.
(2) Households by tenure and units in structure from Table B25032, American Community Survey, 2013.
(3) Persons by units in structure from Table B25033, American Community Survey, 2013.
(4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2012). For single unit housing (ITE 210), the fitted curve equation is EXP(0.91*LN(persons)+1.52). To approximate the average population of the ITE studies, persons were divided by 12 and the equation result multiplied by 12. For 2+ unit housing (ITE 220), the fitted curve equation is (3.47*persons)-64.48.
(5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2012). For single unit housing (ITE 210), the fitted curve equation is EXP(0.99*LN(vehicles)+1.81). To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 19 and the equation result multiplied by 19. For 2+ unit housing (ITE 220), the fitted curve equation is (3.94*vehicles)+293.58.
(6) Housing units from Table B25024, American Community Survey, 2013.

Demand Indicators by Dwelling Size

Impact fees must be proportionate to the demand for infrastructure. Because averages per housing unit, for both persons and vehicle trips, have a strong, positive correlation to the number of bedrooms, TischlerBise recommends residential fee schedules that increase by dwelling size. Custom tabulations of demographic data by bedroom range can be created from individual survey responses provided by the U.S. Census Bureau, in files known as Public Use Micro-data Samples (PUMS). PUMS files are only available for areas of at least 100,000 persons, with the City of Hailey included in Public Use Micro-data Area (PUMA) 01000 that includes the following seven counties: Blaine, Elmore, Jerome, Minidoka, Gooding, Lincoln, and Camas. As shown in Figure A7, TischlerBise derived trip generation rates and average persons per housing unit by bedroom range, from un-weighted PUMS data. The recommended multipliers by bedroom range (shown below) are for all types of housing units, adjusted to the control totals for Hailey. As shown above, Hailey averages 8.02 weekday vehicle trip ends (see Figure A6) and 2.25 persons per housing unit (see Figure A2).

Figure A7: Vehicle Trip Ends and Persons by Bedroom Range

Hailey, ID

Bedrooms	Persons (1)	Trip Ends (2)	Vehicles Available (1)	Trip Ends (3)	Average Trip Ends	Housing Units (1)	Recommended Multipliers (4): Trip Ends per Housing Unit	Recommended Multipliers (4): Persons per Housing Unit	Housing Mix
0-1	56	190	48	286	238	53	4.40	1.12	9%
2	241	716	225	1,321	1,018	145	6.88	1.76	25%
3	548	1,512	454	2,646	2,079	245	8.31	2.37	43%
4+	369	1,055	284	1,663	1,359	130	10.24	3.01	23%
Total	1,214	3,472	1,011	5,916	4,694	573	8.02	2.25	

(1) American Community Survey, Public Use Microdata Sample for ID PUMA 01000 (2013 1-Year unweighted data).
(2) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2012). For single unit housing (ITE 210), the fitted curve equation is EXP(0.91*LN(persons)+1.52). To approximate the average population in the ITE studies, persons were divided by 2 and the equation result multiplied by 2.
(3) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2012). For single unit housing (ITE 210), the fitted curve equation is EXP(0.99*LN(vehicles)+1.81). To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 4 and the equation result multiplied by 4.
(4) Recommended multipliers are scaled to make the average values for PUMA 01000 match the average values for Hailey, derived from American Community Survey 2013 5-Year data.

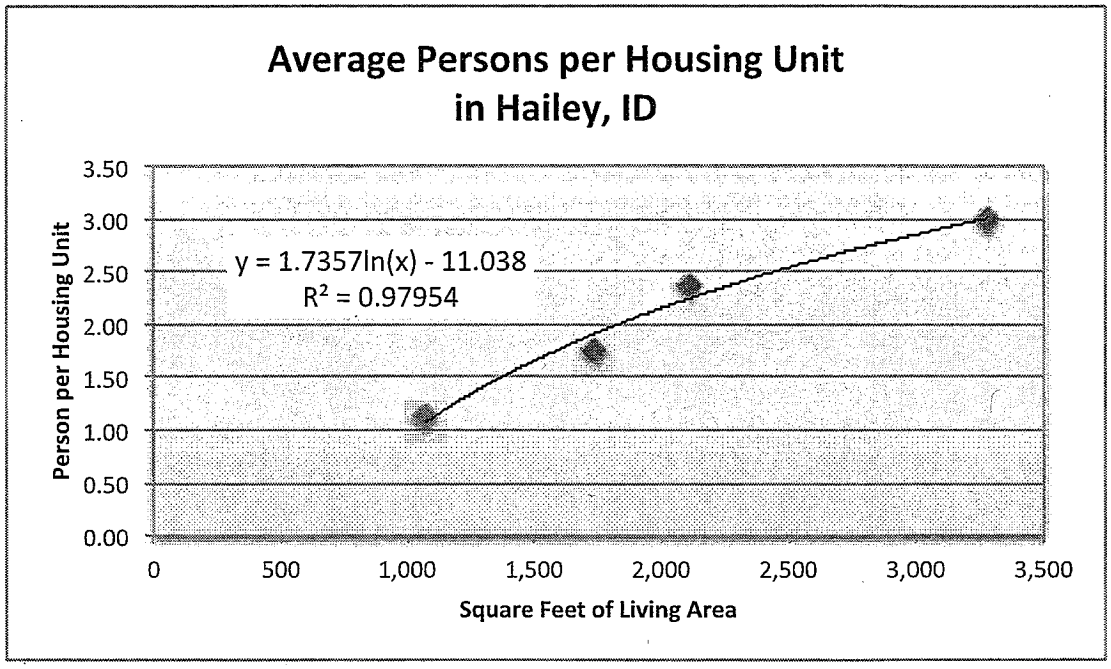
Average floor area and number of persons by bedroom range are plotted in Figure A8, with a logarithmic trend line derived from four actual averages for the area that includes Hailey. Using the trend line formula shown in the chart, TischlerBise derived the estimated average number of persons, by dwelling size, using 600 square feet intervals. For the purpose of impact fees, TischlerBise recommends a minimum fee based on a unit size of 1000 square feet and a maximum fee for units 2801 square feet or larger. According to the U.S. Census Bureau's Survey of Construction microdata for Mountain West states, the average size of all two-bedroom single-family housing units (both detached and attached) constructed in 2013 was 1,744 square feet of finished living space. This same source indicates an average of 2,115 and 3,283 square feet of finished living space for three and four-or-more bedroom housing units, respectively.

The U.S. Census Bureau also publishes summary tables for multifamily housing units, indicating 1,076 square feet of floor area for units constructed in 2013 in the West census region. As shown in the upper-right of the table below, the lowest floor area range (1000 square feet or less) has an estimated average of 0.95 persons per housing unit. This is consistent with the fact that 44% of multifamily units constructed during 2013 in the West Region were either efficiencies or one-bedroom units suitable for a single-person household.

Figure A8: Persons by Square Feet of Living Space

U.S. Census Bureau 2013 Survey of Construction is the data source for average square feet of dwellings. Average persons per housing unit is from 2013 ACS PUMS for the area that includes Hailey.

Actual Averages per Hsg Unit			Fitted-Curve Values	
Bedrooms	*Square Feet*	*Persons*	*Sq Ft Range*	*Persons*
0-1	1,076	1.12	1000 or less	0.95
2	1,744	1.76	1001 to 1600	1.77
3	2,115	2.37	1601 to 2200	2.32
4+	3,283	3.01	2201 to 2800	2.74
			2801 or more	2.97



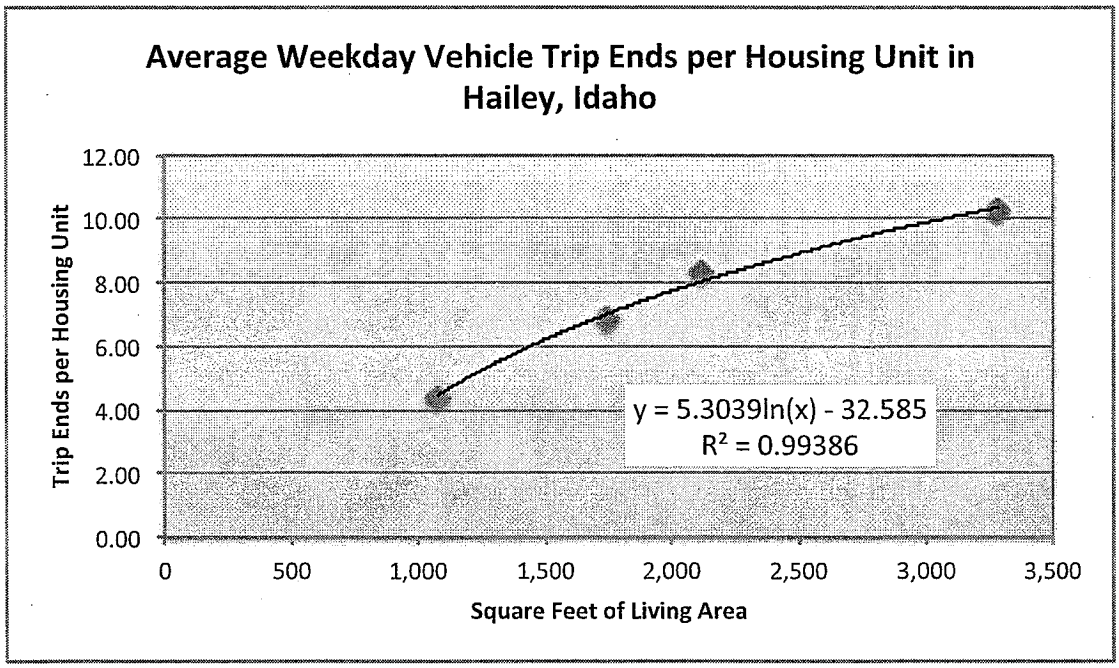
To derive average weekday vehicle trip ends by house size, TischlerBise combined demographic data derived from U.S. Census Bureau PUMS files with floor area from derived from the Survey of Construction microdata file. Average floor area and weekday vehicle trip ends, by bedroom range, are plotted in Figure A9, with a logarithmic trend line derived from four actual averages for the area that includes Hailey. TischlerBise used the trend line formula to derive estimated trip ends by dwelling size, in 600 square feet intervals.

The average-size, three-bedroom unit is within the size range of 1601 to 2200 square feet and has a fitted-curve value of 8.23 vehicle trip ends on an average weekday. A small apartment unit of 1,000 square feet or less would pay 49% of the transportation impact fee paid by an average-size dwelling. A large unit of 2801 square feet or more would pay 124% of the transportation impact fee paid by an average size unit. If Hailey implements a "one-size-fits-all" approach, small units will be required to pay more than their proportionate share while large units will pay less than their proportionate share. Average fees for all dwelling sizes makes small units less affordable and essentially subsidizes larger units.

Figure A9: Vehicle Trips by Dwelling Size

U.S. Census Bureau 2013 Survey of Construction is the data source for average square feet of dwellings. Average persons per housing unit is from 2013 ACS PUMS for the area that includes Hailey.

Actual Averages per Hsg Unit			*Fitted-Curve Values*	
Bedrooms	*Square Feet*	*Trip Ends*	*Sq Ft Range*	*Trip Ends*
0-1	1,076	4.40	1000 or less	4.05
2	1,744	6.88	1001 to 1600	6.55
3	2,115	8.31	1601 to 2200	8.23
4-5	3,283	10.24	2201 to 2800	9.51
			2801 or more	10.22



AGENDA ITEM SUMMARY

DATE: 10/03/2016 **DEPARTMENT:** Admin **DEPT. HEAD SIGNATURE:** HD

SUBJECT: Adoption of 5-Year Development Impact Fee Study conducted by TischlerBise. w/ Resolution 2016-130

AUTHORITY: ☐ ID Code 67-8210 ☐ IAR _____ ☐ City Ordinance/Code _____
(IFAPPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

The City of Hailey is required to update its Development Impact Fee Analyses every five years. Our last update was in 2012. The current update was begun over a year ago; the City Council reviewed the first draft of the report in August 2015. The council's comments were incorporated into the report directly after that meeting.

Concurrently, we have been working on an Annexation Study. Our goal has been to make sure annexation fees and development impact fees are different, without overlap of the fee structure, so we have used the same financial information and different methodologies. The attached May 27, 2016 Development Impact Fee Report utilizes updated financial information consistent with the annexation study, and methodologies recommended by TischlerBise for development impact fees under Idaho law.

Dwayne Guthrie of TischlerBise will be present to discuss both studies with the council. The goal of the Development Impact Fee Study is to set an updated fee for the next five years. The process involves two steps:

1. Adopt a Resolution amending Hailey's Comprehensive Plan to include the new DIF Study. The amendment received a favorable recommendation by:

- the Development Impact Fee Advisory Commission on August 1, 2016, after proper notice and public hearing.
- the Hailey Planning and Zoning Commission on August 22, 2016, after proper notice and public hearing.

The matter was noticed for tonight's meeting on September 14, 2016 for adopting by Resolution.

2. Revise the ordinance governing Development Impact Fees to include the new fee schedule, and any other ordinance updates deemed necessary at this time. This matter is handled in the next agenda item.

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IFAPPLICABLE)

_X__	City Attorney	___	Treasurer	___	Clerk
_X___	Administrator	_X_	Community Development	___	Mayor

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Motion to adopt Resolution 2016-130, authorizing an amendment to the Hailey Comprehensive Plan Part 5, Capital Improvement Plan, by replacing Appendix E, the 2012 Capital Development Impact Report with the 2016 TishlerBise report, "Development Impact Fees".

ACTION OF THE CITY COUNCIL:

Date 10/3 - Council approved