

# **Annual Report on Impact Fees**

**January 2005 – December 2005**

**Department of Impact Fees**

**Jefferson County Government**

**23 January 2006**

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## Executive Summary

### **1.1. New Fees in 2005**

The County Commission enabled three additional fee categories in calendar year 2005. The Law Enforcement impact fee was enacted on 20 January 2005 with fee collection beginning on 22 March 2005. On the 12<sup>th</sup> of May, 2006, the County Commission enacted the Parks & Recreation and Fire & EMS impact fees. Fee collection for these two categories began on 12 July 2005. The Law Enforcement impact fee is the only implemented fee with a specific fee collection boundary. Because each of the 5 incorporated municipalities maintain their own police departments, this fee is only collected within the unincorporated portion of Jefferson County. The Parks & Recreation impact fee is similar to the School impact fee in that it is only levied against new residential development. Both the Law Enforcement and the Fire & EMS impact fees are levied against new commercial uses, in addition to being levied against new residential development.

### **1.2. Fees Collected**

Jefferson County uses a fiscal year which starts in July and runs through June of the next year. The accounting of fees collected to date is based on a calendar year since this report is due to the Commission in January of each year. Thus, these values reported below span Fiscal Years 2005 and 2006 and run from January 1<sup>st</sup>, 2005 through December 31<sup>st</sup>, 2005.

**Table 1. Fees Collected – Calendar Year 2005.**

Land Use	Type	Fee Category				Grand Total
		Fire & EMS	Law	Parks & Rec	Schools	
Commercial	Com to 25K	\$1,808	\$214			\$2,022
	Manufacturing		\$272			\$272
	Office to10K		\$198			\$198
<b>Commercial Total</b>		\$1,808	\$684			\$2,492
Residential	Single Family	\$84,152	\$31,680	\$103,934	\$2,338,372	\$2,558,138
	Town Home	\$2,454	\$1,196	\$3,036	\$120,649	\$127,335
<b>Residential Total</b>		\$86,606	\$32,876	\$106,970	\$2,459,021	\$2,685,473
<b>Grand Total</b>		\$88,414	\$33,560	\$106,970	\$2,459,021	\$2,687,965

**Table 2. Fees Collected by County Tax District – Calendar Year 2005**

Land Use	Type	County	Fee Category				Grand Total
			Fire & EMS	Law	Parks & Rec	Schools	
Commercial	Comm to 25K	02 Charles Town	\$1,808	\$214			\$2,022
	Manufacturing	07 Middleway		\$272			\$272
	Office to10K	09 Shepherdstown		\$198			\$198
<b>Commercial Total</b>			<b>\$1,808</b>	<b>\$684</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,492</b>
Residential	Single Family	02 Charles Town	\$17,688	\$6,480	\$21,846	\$450,854	\$496,868
		04 Harpers Ferry	\$17,152	\$4,200	\$21,184	\$256,048	\$298,584
		06 Kabletown	\$16,080	\$7,800	\$19,860	\$573,498	\$617,238
		07 Middleway	\$9,112	\$3,000	\$11,254	\$235,364	\$258,730
		09 Shepherdstown	\$21,976	\$10,200	\$27,142	\$741,570	\$808,888
	Town Home	02 Charles Town	\$818	\$1,012	\$1,012	\$62,535	\$65,377
		09 Shepherdstown	\$818	\$184	\$1,012	\$44,742	\$46,756
<b>Residential Total</b>			<b>\$83,644</b>	<b>\$32,876</b>	<b>\$103,310</b>	<b>\$2,364,611</b>	<b>\$2,584,441</b>
<b>Grand Total</b>			<b>\$85,452</b>	<b>\$33,560</b>	<b>\$103,310</b>	<b>\$2,364,611</b>	<b>\$2,586,933</b>

**Table 3. Fees Collected by Municipal Tax District – Calendar Year 2005**

Land Use	Type	Municipal District	Fire & EMS	Law	Parks & Rec	Schools	Grand Total
Residential	Single Family	01 Bolivar Corp	\$536		\$662	\$36,238	\$37,436
		03 Charles Town Corp	\$536		\$662	\$22,963	\$24,161
		05 Harpers Ferry Corp	\$1,072		\$1,324	\$21,837	\$24,233
		<b>Single Family Total</b>	<b>\$2,144</b>		<b>\$2,648</b>	<b>\$81,038</b>	<b>\$85,830</b>
	Town Home	03 Charles Town Corp	\$818		\$1,012	\$13,372	\$15,202
	<b>Town Home Total</b>		<b>\$818</b>		<b>\$1,012</b>	<b>\$13,372</b>	<b>\$15,202</b>
<b>Residential Total</b>			<b>\$2,962</b>		<b>\$3,660</b>	<b>\$94,410</b>	<b>\$101,032</b>
<b>Grand Total</b>			<b>\$2,962</b>	<b>0.00\$</b>	<b>\$3,660</b>	<b>\$94,410</b>	<b>\$101,032</b>

### 1.3. Financial Data

**Table 4. Department of Impact Fees General Account (3111776)**

Month	Opening Balance	Deposits	Withdraws	Interest	Ending Balance
Jan	<b>\$1,030,181.17</b>	\$190,056.00	\$1,030,181.17	\$588.86	\$109,644.86
Feb	\$109,644.86	\$121,074.00	\$190,644.86	\$121.72	\$121,195.72
Mar	\$121,195.72	\$150,642.00	\$121,195.72	\$120.71	\$150,762.71
Apr	\$150,762.71	\$199,458.00	\$186,972.71	\$129.12	\$163,377.12
May	\$163,377.12	\$155,353.00	\$178,175.12	\$210.75	\$140,765.75
June	\$140,765.75	\$257,223.00	\$155,563.75	\$243.28	\$242,668.28
July	\$242,668.28	\$351,189.00	\$279,543.28	\$393.13	\$314,707.13
Aug	\$314,707.13	\$301,632.00	\$314,707.13	\$401.92	\$302,033.92
Sep	\$302,033.92	\$334,857.00	\$321,035.92	\$517.36	\$316,372.36
Oct	\$316,372.36	\$240,716.00	\$316,372.36	\$338.89	\$241,054.89
Nov	\$241,054.89	\$421,253.00	\$241,054.89	\$683.42	\$421,936.42
Dec	\$421,936.42	\$121,196.00	\$439,130.42	\$578.51	<b>\$104,580.51</b>
<b>Totals /1</b>		<b>\$2,844,649.00</b>	<b>\$3,774,577.33</b>	<b>\$4,327.67</b>	

December 2005 Outstanding credits	\$29,640.00
Jan 2005 transfers	(\$108,580.51)
08 Jan 05 Balance	<b>\$25,640.00</b>

/1 The difference between total deposits in Table 4 and total fees collected in Table 1 is \$156,684.00. This is the amount deposited by the developer of Craighill Subdivision which is located within the Municipal Corporation of Charles Town. These lots were not processed within the JCIFTS database.

**Table 5. Impact Fee Holding Accounts**

<b>Category</b>	<b>Schools</b>	<b>Law</b>	<b>Parks</b>	<b>Fire</b>
<b>Account Number</b>	<b>3107582</b>	<b>3120120</b>	<b>3122808</b>	<b>3122816</b>
<b>Balance on 01 Jan 2005</b>	<b>\$1,711,449.94</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Deposits</b>	<b>\$3,558,854.13</b>	<b>\$32,643.36</b>	<b>\$100,172.29</b>	<b>\$82,907.55</b>
<i>Of which</i>				
<i>Transferred fees</i>	\$ 3,555,456.17	\$33,600.00	\$100,000.00	\$82,772.00
<i>Transferred interest</i>	\$3,397.96	\$43.36	\$172.29	\$135.55
<b>Withdraws /1</b>	<b>(\$7,122.00)</b>			
<b>Interest Accrued – CY 2005</b>	<b>\$75,129.98</b>	<b>\$175.08</b>	<b>\$338.55</b>	<b>\$278.71</b>
<b>Balance on 31 Dec 2005</b>	<b>\$5,338,312.05</b>	<b>\$32,821.41</b>	<b>\$100,510.84</b>	<b>\$83,186.26</b>
January transfers	\$94,933.30	\$965.78	\$7,010.50	\$5,670.93
<i>Of which</i>				
<i>Transferred fees</i>	\$94,430.00	\$960.00	\$6,970.00	\$5,642.00
<i>Transferred interest</i>	\$503.30	\$5.78	\$40.50	\$28.93
<b>Final Balance 09 Jan 2006</b>	<b>\$5,433,245.35</b>	<b>\$33,787.19</b>	<b>\$107,521.34</b>	<b>\$88,857.19</b>

/1 See Section 1.4 for explanation.



## **1.4. Fees Disbursed**

An impact fee paid on 27 October 2004 was refunded on 17 March 2005. The refund was for the amount of \$7,122.00 and at the time of the fee payment, only the school impact fee was in effect. The refund was due to revocation of the building permit associated with the fee payment. Form 240, Request for Refund, was completed by the applicant and was signed by the Impact Fee Coordinator, the Sheriff, and the Director of Finance for the County. The process number for this refund was 0400261.

No fees were disbursed for any capital projects during calendar year 2005.

## **2. Annual Review**

### **2.1. Recommended Changes to Ordinances or Procedures**

The current school impact fee was calculated in 2003. The consultant who worked on all initial fee calculations, TischlerBise, had recommended that the County recalculate fees every three years in order to accommodate changes in population, total enrollment, and rising or falling costs of capital items. In December 2005 and January 2006, the Board of Education provided the Department of Impact Fees with updated enrollment and capital inventory metrics. The school impact fee has been recalculated and the results are presented in Appendix 1. It is recommended that the results of these updated calculations be incorporated into an updated School Impact Fee Ordinance with an effective date of 01 April 2006.

#### **2.1.1. Ordinance Changes During 2005**

Implementation of the first set of fees which include commercial land uses required minor modification of the Impact Fee Procedures Ordinance [2003-1]. These modifications were to clarify points relating to specific definitions of commercial land uses. These modifications were made on 20 January 2005. As detailed in section 1.1 above, three new fee categories were incorporated by ordinance in 2005: Law Enforcement [2005-1] (enacted 20 January 2005; fee collection started 22 March 2005), Parks & Recreation [2005-2] and Fire & EMS [2005-3] (both enacted on 12 May 2006; fee collection started 12 July 2005). Finally, the County Commission amended the School Impact Fee Ordinance [2003-3] on 20 October 2005 to bring the school impact fee schedule up to 100% of the calculated maximum justifiable fee. The 1.02% inflation adjustment, implemented on 1 April 2005, was incorporated into the new fee schedule. The updated school impact fee schedule took effect on 1 December 2005.

### **2.2. Proposed Changes to CIP**

The Impact Fee Coordinator recommends implementing an on-line version of the CIP forms submission process to greatly simplify the task of preparing the CIP. The Department of Impact Fees has developed an internal version of an on-line CIP and has been using this system since July. The system implements a user/roles-based security model with users being associated with one or more entities (such as specific fire departments). Individual users may be granted a specific set of roles such as data entry

(which prevents editing or deleting data). Entities may review previous CIP submissions and copy individual project or an entire past submission to a new fiscal year. The workflow from forms submission through staff review and editing, to use by the County Commission may be entirely electronic, although at every major step one maintains the ability to create printed copies of documents. Lastly, the County Commission and its staff may view financial summaries, arranged by entity, priority, or any number of parameters. These management-oriented, decision support structures are not available via the hand generated current CIP forms set.

### **2.2.1. System Implementation**

Presently, the system is available to any computer connected to the Commission’s network and which resides inside the firewall. This means that Commission staff and the Sheriff’s department are the two entities with potential access. Full implementation would mean making the system available outside the firewall. This is a minor software change to the County’s proxy server and firewall. Such a change would mean that persons granted access rights would be able to review, update, process and submit the CIP forms from any Internet connected computer. Prior to implementation, the Impact Fee Coordinator recommends that a security audit of the current system and proposed implementation scheme be initiated. Such an audit is probably within the technical expertise of the current information systems support vendor for the County Commission.

## **2.3. Identification of Fee-Fundable Capital Projects**

### **2.3.1. Schools**

The Impact Fee Coordinator is awaiting submission of the Board of Education School Capital Improvement Plan.

### **2.3.2. Law Enforcement**

There are 5 projects in the Sheriff’s FY 2007 Capital Improvement Plan which may be partially funded by impact fees. All of these projects represent expansion of the current level of service. The two remaining projects are not eligible for funding by impact fees as they each represent increases in the current standard of service (e.g. they will increase the quality of the law enforcement inventory and/or decrease the current response time). The following table details the fee-fundable projects.

**Table 6. Law Enforcement Fee-Fundable Projects**

Line #	Project Description	Current Request	Funding Potential	Category
1	Multiple equipment purchases	\$22,250	Full	Vehicles
2	Purchase of Police Cruisers	\$204,000	Partial	Vehicles
4	Blue Ridge/Shenandale substation	\$60,000	Partial	Facilities
5	Route 230/Uvilla substation	\$0	Partial	Facilities
6	New Building – Sheriff’s office	\$11,000,000	Partial	Facilities

Of the 5 fee-fundable projects, the Sheriff has specifically requested funding for one of the 6 police cruisers. **The Impact Fee Coordinator recommends release of funds for this project request.**

### 2.3.3. Parks & Recreation

Five projects are detailed in the FY 2007 Parks & Recreation CIP. Of these, 2 are eligible for funding by impact fees as they both represent expansion of the current level of service. The remaining three projects are renovations to existing infrastructure and replacements of equipment.

Neither of the two fee-fundable projects have requests for current (FY 2007) funding, thus there are no specific recommendations for fee disbursement.

### 2.3.4. Fire & EMS

Four fire companies and the Jefferson County Ambulance Authority submitted capital improvement plans for FY 2007. Of the 23 total projects, 5 projects represent expansion of the current level of service and would be eligible for funding by impact fees. The remaining projects involve renovations, replacements, or increases in the standard of service and are not eligible.

**Table 7. Fire & EMS Fee-Fundable Projects**

Line #	Entity	Project Description	Current Request	Funding Potential	Category
2	Blue Ridge	Additions to new building	\$250,000	Partial	Stations & Land
8	Citizens	Office Renovations (expansion component)	\$0	Partial	Stations & Land
4	Independent	New construction	\$0	Partial	Stations & Land
2	JCAA	Operations Center	\$800,000	Partial	Stations & Land
3	JCAA	EMS Station at Bardane	\$729,400	Partial	Stations & Land

Between March and December of 2005, the Department of Impact Fees has collected \$84,370 in Fire & EMS impact fees. None of these projects have currently allocated funds, and unless the County is willing to fund the balance of any of the above projects through the General Fund, the Impact Fee Coordinator recommends that no impact fees be disbursed for Fire & EMS projects during FY 2007. Future fee funding should depend on a more defined financial plan for any given project to ensure its successful completion.

## 2.4. Proposed Fee Boundary Districts

Presently, the only fee category which utilizes fee districts is Law Enforcement. The boundaries of these districts are coincident with the current municipal boundaries. The Law Enforcement Impact Fee Ordinance defines the fee collection district as that portion of the county which is unincorporated. As various municipalities continue to annex

portions of the county, this boundary automatically adjusts. Thus there are no specific recommendations to change fee boundaries.

## **2.5. Proposed fee schedule changes**

As discussed in section 2.1 (page 8) and in Appendix 1, it is recommended that the School Impact Fee be recalculated using the updated enrollment and capital inventory metrics which the Board of Education has provided to the Impact Fee Coordinator in December 2005 and January 2006.

All other fee categories were just implemented and involve newly-updated base demand and capital inventory metrics. No recalculation of these fee categories is warranted at this time.

It is recommended that all fee categories undergo an annual adjustment for cost-of-living. By dictate of the Impact Fee Procedures Ordinance [2003-1], the Impact Fee Coordinator must use the Quantity and Price Indexes for Gross Government Fixed Investment by Type which is published by the United States Bureau of Economic Analysis<sup>1</sup>. Consult Appendix 2 for the price indices and proposed inflation-adjusted fee schedules. These should take effect on 1 April 2005.

## **2.6. Proposed Changes to Level of Service Standards**

### **2.6.1. Overview**

West Virginia Code §7-20 requires that the County maintain, as part of its capital improvement program, level of service standards (LOS) for impact fee-applicable categories. The County maintains its LOS as the base data used to conduct impact fee calculations and these standards are documented in the report *Impact Fees* which was authored by Tischler and Associates (now TischlerBise). This document was originally produced in June of 2003 and has been subsequently modified for law enforcement, parks & recreation, and fire & EMS. Since, with the exception of the School Impact Fee, the remaining fee categories were recently recalculated it is recommended that there be no significant changes to those LOS data.

### **2.6.2. Schools**

The LOS for schools was updated in January of 2006 in order to update the school impact fee schedule. Among the school systems capital inventory, the Impact Fee Coordinator recommends *not* including the new high school within these standards. This is consistent with previous recommendations that the county refrain from using the *plan based method* of fee calculation and rely entirely on the *incremental expansion method*. The former preplans specific projects and forecasts the base demand which will be in effect at the time of project completion. The latter method relies on current capital inventories and current base demand (total population, total non-residential vehicle trips per day, or school enrollment) and excludes planned or in-progress projects.

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<sup>1</sup> Source is Table 5.8.4B, line 35.

The two problems which arise when using the plan based method are the inability to accurately forecast some base demands into the future (such as school enrollment) and uncertainty over final project costs. If either of these metrics changes for a planned project which was incorporated into a fee schedule, it creates significant questions regarding ramifications to fee payers (the potential for refunds due) or for the County (the potential of under collection of fees). For these reasons, the Impact Fee Coordinator recommends that the new high school be incorporated into a future school fee calculation once it is completed (or very nearly complete).

### **2.6.3. Law Enforcement**

No proposed changes to Level of Service Standards.

### **2.6.4. Fire & EMS**

No proposed changes to Level of Service Standards.

### **2.6.5. Parks & Recreation**

No proposed changes to Level of Service Standards. Once the Community Center at Sam Michael's park is complete, the facility will become part of the level of service for Parks & Recreation.

## **2.7. *Proposed Changes to Fee Calculation Methodology***

No proposed changes to fee calculation methodology expect to exclude use of the *plan based method* in all future fee calculations. See the discussion in 2.6.2 for details.

## **2.8. *Proposed Changes to Base Data for Fee Calculation***

### **2.8.1. Recommendations on Fee Calculation Frequency**

The Impact Fee Coordinator recommends that the County continue to recalculate each fee category at 3 year intervals, which is the general standard among many jurisdictions nationally. If there are significant changes to the capital inventory or capital costs regarding a specific fee category, the County should consider an earlier fee recalculation.

### **2.8.2. Population Base Data Estimates**

The Department of Impact Fees continues to rely on population straight-line projections of Census Bureau data as provided by TischlerBise. This approach is not necessarily accurate since it is completely insensitive to changes in the rate of growth during the projection period. The Impact Fee Coordinator recommends that the County and the five incorporated municipalities share data regarding issuance of residential building permits, going back to permits issued in 2000 and moving forward. Such a database of common records would make projecting population growth a far more accurate task, as the census-derived persons per household data for the various housing types could be applied to the data. Such a system would enable all governmental entities in Jefferson County to more accurately estimate population growth between the decennial censuses.

## Appendix 1. Proposed 2006 School Impact Fee Schedule

The school impact fee schedule was recalculated by the Impact Fee Coordinator in January 2006. This recalculated schedule is based on updated base demand (enrollment) and capital inventory data as provided by the Board of Education Impact Fee Committee in December of 2005 and January of 2006. The schedule incorporates the proposed cost of living adjustment as discussed in section 2.5 on page 11. The underlying data and fee calculations are located within Department of Impact Fees document

	<b>2006 Calculated Fee - unadjusted land values /1</b>	<b>2006 Calculated Fee</b>	<b>2006 Inflation Adjustment /2</b>
<b>Housing Type</b>			
Single Family	\$9,784	\$9,877	\$10,421
Town Home	\$7,391	\$7,444	\$7,853
Multi-family	\$5,445	\$5,484	\$5,786

/1 These values, presented in the annual report on 27 January 2006, did not include land cost adjustments. The Impact Fee Coordinator was waiting on data from the Board of Education, which did not appear in their capital inventory presented to the BOE on

/2 The Maximum justified fee for each housing type was multiplied by 1.055 as reported in Appendix 2 of the CY 2005 Impact Fee Coordinator's Annual Report.

Note that the data supplied by the Board of Education Impact Fee Committee is scheduled to be approved by the Board during their evening meeting on Thursday, 26 January 2006. This meeting occurs *after* the Impact Fee Coordinator Annual Report is presented to the County Commission.

## Appendix 2. 2006 Cost of Living Adjustments

### 2.1. Source Data

The following table is extracted from the BEA data for price indexes, years 2003 and 2004. These represent the most recent price indices and were released on 06 August, 2005. These data constitute the source for the annual inflation adjustments for the 4 impact fee categories currently in effect. As per Ordinance 2003-1, the annual inflation adjustment will be applied on 01 April 2006. This table may be viewed by directing a browser to the URL <http://www.bea.gov/bea/dn/nipaweb/SelectTable.asp>, then selecting Table 5.8.4B.

**Table 8. Price Indices and Cost of Living Adjustment**

Table Line	Fee Category	Structure Class	Price Index CY 2003	Price Index CY 2004	Differential (Inflation Adjustment)
35	School	State and Local – Educational	109.250	115.218	1.055
36	Law	State and Local – Public Safety	109.677	115.866	1.056
43	Parks	Conservation and Development	107.003	112.604	1.052
36	Fire	State and Local – Public Safety	109.677	115.866	1.056

### 2.2. Inflation Adjustment – Schools

These values are based on the January 2006 recalculated school impact fee. Because the SBA updated their school building costs in 2005, it is recommended that no inflation adjustment be made to the 2006 recalculated school impact fee.

### 2.3. Inflation Adjustment – Parks & Recreation

**Table 9. Inflation Adjustment - Parks & Recreation**

Residential Development	Impact Fee Per Dwelling Unit	
	2005	2006 Adjusted
Single Family Detached, including mobile homes	\$ 662	\$696
Townhouse/Duplex	\$ 506	\$532
Multi-family unit	\$ 498	\$524

## 2.4. Inflation Adjustment – Law Enforcement

Table 10. Inflation Adjustment - Law Enforcement

Residential Development	Impact Fee Per Dwelling Unit	
	2005	2006 Adjusted
Single Family	\$120	\$127
Town home/Duplex	\$92	\$105
Multi-family	\$90	\$105
Non Residential Development	Impact Fee per 1,000 square feet gross usable floor area	
Commercial/Shopping Center 25,000 SF or less	\$214	\$226
Commercial/Shopping Center 25,001 – 50,000 SF	\$198	\$209
Commercial/Shopping Center 50,001 – 100,000 SF	\$172	\$182
Commercial/Shopping Center 100,001 – 200,000 SF	\$148	\$156
Commercial/Shopping Center over 200,000 SF	\$127	\$134
Office/Institutional 10,000 SF or less	\$99	\$105
Office/Institutional 10,001 – 25,000 SF	\$80	\$84
Office/Institutional 25,001 – 50,000 SF	\$68	\$72
Office/Institutional 50,001 – 100,000 SF	\$58	\$61
Office/Institutional over 100,000 SF	\$49	\$52
Business Park	\$56	\$59
Light Industrial	\$30	\$32
Warehousing	\$22	\$23
Manufacturing	\$17	\$18



## 2.5. Inflation Adjustment – Fire & EMS

Table 11. Inflation Adjustment - Fire & EMS

Residential Development	Impact Fee Per Dwelling Unit	
	2005	2006 Adjusted
Single Family	\$536	\$566
Town home/Duplex	\$409	\$432
Multi-family	\$403	\$426
Non Residential Development	Impact Fee per 1,000 square feet gross usable floor area	
Commercial/Shopping Center 25,000 SF or less	\$1,808	\$1,909
Commercial/Shopping Center 25,001 – 50,000 SF	\$1,677	\$1,771
Commercial/Shopping Center 50,001 – 100,000 SF	\$1,467	\$1,549
Commercial/Shopping Center 100,001 – 200,000 SF	\$1,270	\$1,341
Commercial/Shopping Center over 200,000 SF	\$1,090	\$1,151
Office/Institutional 10,000 SF or less	\$844	\$891
Office/Institutional 10,001 – 25,000 SF	\$684	\$722
Office/Institutional 25,001 – 50,000 SF	\$583	\$616
Office/Institutional 50,001 – 100,000 SF	\$497	\$525
Office/Institutional over 100,000 SF	\$424	\$448
Business Park	\$475	\$502
Light Industrial	\$260	\$275
Warehousing	\$185	\$195
Manufacturing	\$142	\$150

## Appendix 3. 2005/2006 Cash Flow Analyses

A cash flow analysis is an important tool in the management of impact fees. The analysis may focus solely on fees collected within a specific time frame, or conduct a projection of anticipated growth, or both. In either case, the analysis takes the actual/projected growth and determines the increase in base demand units (population, students, non-residential vehicle trips, etc). These values are multiplied by the cost per demand unit from the appropriate set of fee calculations to derive the revenue by land use. When the analysis is conducted correctly for actual growth, the calculated revenue should mirror the actual fees collected, minus any interest accrued by the collected fees. The table below lists the revenues for the law enforcement impact fee, by land use category, for calendar year 2005.

It is the second component of the analysis, the capital costs breakdown, which serves as a significant tool for the overall management of the expenditure of impact fees. In a manner similar to calculating the revenue stream, the actual or projected base demand increase is multiplied by the individual capital costs for each capital category within a specific service. For example, the capital categories for Law Enforcement are: (1) Facilities, (2) Vehicles, (3) Communications Equipment, and (4) Consultant Study Costs.

What emerges from these calculations is the fee amounts collected for each of these capital categories. Ideally, spending for each of these categories would equal the fees collected and this relationship would guarantee that all capital categories are being expanded in a manner proportional to growth. Continuing with the example of law enforcement, listed below are the calculated capital costs for each of the law enforcement categories for calendar year 2006.

**Table 12. Example Cash Flow Analysis - Law Enforcement - CY 2005**

<b>2005/2006 Cash Flow Analysis</b>	
<b>Revenues</b>	<b>1/05-12/05</b>
Single Family	\$31,068
Town Home	\$1,192
Multifamily	\$0
Commercial	\$213.78
Office	\$196.74
Manufacturing	\$265.57
<b>Total</b>	<b>\$32,936</b>
<b>Capital Costs</b>	
Facilities	\$19,638
Communications	\$1,832
Vehicles	\$10,933
Consultant	\$534
<b>Total</b>	<b>\$32,937</b>

Most would recognize that it doesn't make sense to spend collected fees each year in a manner that directly mirrors the capital costs expressed in a cash flow analysis. For example, spending \$19,600 on expansion of facilities will not meaningfully expand the Sheriff's office space in any given year. However, retaining those collected fees for 5 or 6 years accrues some \$100,000 for office expansion. So the cash flow analysis is a tool which, when used over a multi-year period, does help guide the County to ensure that each capital category is addressed *over time*. The Impact Fee Coordinator recommends that the County adopt the cash flow analysis as a tool to assist in spending decisions related to fee collection over time.

**Table 13. School Cash Flow Analysis**

**School Cash Flow Analysis**

Department of Impact Fees - January 2006

**2005/2006 Residential Development - Cash Flow**

<b>Revenues /1</b>	<b>1/04-12/05</b>
Single Family	\$ 4,612,301
Town Home	\$ 719,736
Multifamily	
<b>Total</b>	<b>\$ 5,332,037</b>

**Capital Costs**

	<b>Elementary</b>	<b>Middle</b>	<b>High</b>	<b>Credit Adjust /2</b>	<b>Total</b>
School Buildings	\$ 2,575,133	\$ 1,166,667	\$ 1,071,135.73	\$ (179,924.16)	\$ 4,633,011
School Acreage	\$ 156,982	\$ 11,337	\$ 27,034.07		\$ 195,353
Portable Buildings	\$ 21,724	\$ 23,546	\$ 8,165.72		\$ 53,435
Admin/Maintenance	\$ 41,386	\$ 20,692	\$ 20,691.76		\$ 82,770
Shop	\$ 20,296.61	\$ 10,147.69	\$ 10,147.69		\$ 40,592
Indoor Equipment	\$ 160,628.65	\$ 80,309.41	\$ 80,309.41		\$ 321,247
Consultant fee	\$ 2,814.57	\$ 1,407.20	\$ 1,407.20		\$ 5,629
Credit Adjustment			\$ (179,924.16)		
<b>Total</b>	<b>\$ 2,978,964</b>	<b>\$ 1,314,105</b>	<b>\$ 1,038,967</b>		<b>\$ 5,332,037</b>

**Notes**

/1 Revenues were adjusted for the general credit on the Demand Calculations page.

/2 Credit adjustment applied only to high school - bond was for expansion and renovation of Jefferson High.

/3 Interest accrued is not figured into the revenue or capital costs schemes.

**Table 14. Law Enforcement Cash Flow Analysis**

**Law Enforcement Cash Flow Analysis**

Department of Impact Fees - January 2006

<b>Residential Development - Cash Flow</b>			/2	<b>Commercial Development - Cash Flow</b>		
<b>Revenues</b>		<b>1/05-12/05</b>		<b>1/05-6/06</b>	<b>Revenues</b>	<b>1/05-12/05</b>
Single Family	\$	31,068		\$ 60,337	Commercial	\$ 213.78
Town Home	\$	1,192		\$ 3,025	Office	\$ 196.74
Multifamily	\$	-		\$ -	Manufacturing	\$ 265.57
<b>Total</b>	<b>\$</b>	<b>32,260</b>		<b>\$ 63,362</b>	<b>Total</b>	<b>\$ 676.09</b>
<b>Capital Costs</b>					<b>Capital Costs</b>	
Facilities	\$	19,260		\$ 37,828	Facilities	\$ 378.11
Communications	\$	1,797		\$ 3,529	Communications	\$ 35.01
Vehicles	\$	10,723		\$ 21,061	Vehicles	\$ 210.06
Consultant	\$	481		\$ 945	Study	\$ 52.90
<b>Total</b>	<b>\$</b>	<b>32,260</b>		<b>\$ 63,362</b>	<b>Total</b>	<b>\$ 676.09</b>

<b>2005/2006 Cash Flow Analysis /1</b>			/2
<b>Revenues</b>		<b>1/05-12/05</b>	<b>1/05-6/06</b>
Single Family	\$	31,068	\$ 60,337
Town Home	\$	1,192	\$ 3,025
Multifamily	\$	-	\$ -
Commercial	\$	213.78	
Office	\$	196.74	
Manufacturing	\$	265.57	
<b>Total</b>	<b>\$</b>	<b>32,936</b>	<b>\$ 63,362</b>

<b>Capital Costs</b>		
Facilities	19,637.89	\$ 37,828
Communications	1,831.55	\$ 3,529
Vehicles	10,932.73	\$ 21,061
Consultant	533.87	\$ 945
<b>Total</b>	<b>32,936.04</b>	<b>\$ 63,362</b>

**Notes:**

/1 There are no reliable methods for estimating future commercial development. Thus this analysis only includes the period between Jan - Dec 2005.

/2 Projections assume 400 single family building permits per year.

**Table 15. Parks & Recreation Cash Flow Analysis**

**Parks & Recreation Cash Flow Analysis**

Department of Impact Fees - January 2006

<b>2005/2006 Residential Development - Cash Flow</b>			/1
<b>Revenues</b>	<b>5/05-12/05</b>	<b>5/05-06/06</b>	
Single Family	\$ 99,933	\$ 232,294	
Town Home	\$ 2,023	\$ 8,598	
Multifamily	\$ -	\$ -	
<b>Total</b>	<b>\$ 101,956</b>	<b>\$ 309,059</b>	
<b>Capital Costs</b>	<b>5/05-12/05</b>	<b>5/05-06/06</b>	
Parkland	\$ 46,153	\$ 109,047	
Improvements	\$ 33,650	\$ 79,505	
Vehicles and Equipment	\$ 3,850	\$ 9,097	
Sam Michael Improvements	\$ 17,165	\$ 40,556	
Consultant Study	\$ 1,138	\$ 2,688	
<b>Total</b>	<b>\$ 101,956</b>	<b>\$ 240,893</b>	

**Notes:**

/1 Projections assume 400 single family building permits per year.

## Table 16. Fire & EMS Cash Flow Analysis

### Fire & EMS Cash Flow Analysis

Department of Impact Fees - January 2006

#### Residential Development - Cash Flow

Revenues	5/05-12/05	5/05-6/06
Single Family	\$ 80,923	\$ 188,106
Town Home	\$ 1,638	\$ 6,963
Multifamily	\$ -	\$ -
<b>Total</b>	<b>\$ 82,561</b>	<b>\$ 195,069</b>

#### Capital Costs

Stations & Land	\$ 30,619	\$ 72,343
Apparatus	\$ 51,230	\$ 121,041
Communications	\$ 417	\$ 986
Consultant Study	\$ 296	\$ 699
<b>Total</b>	<b>\$ 82,561</b>	<b>\$ 195,069</b>

#### Commercial Development - Cash Flow

Revenues	5/05-12/05
Commercial	\$ 1,808.63
<b>Total</b>	<b>\$ 1,808.63</b>

#### Capital Costs

Facilities	\$ 666
Communicatio	\$ 1,115
Vehicles	\$ 9
Study	\$ 18
<b>Total</b>	<b>\$ 1,809</b>

#### 2005/2006 Cash Flow Analysis /1

/2

Revenues	5/05-12/05	5/05-6/06
Single Family	\$ 80,923	\$ 188,106
Town Home	\$ 1,638	\$ 6,963
Multifamily	\$ -	\$ -
Commercial	\$ 1,809	
Office		
Manufacturing		
<b>Total</b>	<b>\$ 84,370</b>	<b>\$ 195,069</b>

#### Capital Costs

Stations & Land	31,285	\$ 72,343
Apparatus	52,345	\$ 121,041
Communications	426	\$ 986
Consultant Study	313	\$ 699
<b>Total</b>	<b>84,370</b>	<b>\$ 195,069</b>

#### Notes:

/1 There are no reliable methods for estimating future commercial development. Thus this analysis only includes the period between Jan - Dec 2005.

/2 Projections assume 400 single family building permits per year.