



CITY OF FARMINGTON

CAPITAL IMPROVEMENTS ADVISORY COMMITTEE AGENDA

Chair - Jasper Welch

DATE	TIME	PLACE
April 6, 2010	4:00 pm	City Hall Executive Conference Room

Meeting Purpose:

City Council (CC) remanded the Proposed Parks and Recreation Impact Fee back to the CIAC with recommendations. Staff has outlined a new proposal based on CC recommendations for CIAC review. CIAC recommendations will then be forwarded back to CC for approval.

- 1. Call to Order**
- 2. Approval of minutes from meeting of June 11, 2008**
- 3. Discussion and review of staff's proposed fee range based on CC recommendations**
- 4. CIAC Recommendation To Council**
- 5. Adjournment**

Park Impact Fee - Proposed Fee Range

Zone*	Minimum Lot Size	Year 1 (7/1/2010)	Year 2 (2011)	Year 3 (2012)	Y4 (2013)	Y5 (2014)
RE-2, Residential Estate 2		\$504	\$588	\$672	\$756	\$840
RA, Rural Agricultural		\$487	\$568	\$650	\$731	\$812
RE-1, Residential Estate 1		\$470	\$549	\$627	\$706	\$784
RE-20 Residential Estate 20		\$454	\$529	\$605	\$680	\$756
SF-10, Single-family 10		\$437	\$510	\$582	\$655	\$728
SF-7 Single-family 7		\$420	\$490	\$560	\$630	\$700
SF-5, Single-family 5		\$403	\$470	\$538	\$605	\$672
SF-A Single-family Attached		\$386	\$451	\$515	\$580	\$644
MF-L, Multi-family Low Density		\$370	\$431	\$493	\$554	\$616
MF-M, Multi-family Medium Density		\$353	\$412	\$470	\$529	\$588
MF-H, Multi-family High Density		\$336	\$392	\$448	\$504	\$560
SF-MH, Single-family Mobile Home	- N/A -					

*Residential zones are listed in descending order from most restrictive to least restrictive

Year 1 recommendation: 60% increase	Year 2 recommendation: 70% increase	Year 3 recommendation: 80% increase	Year 4 recommendation: 90% increase	Year 5 recommendation: 100% increase
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** CIAC initially recommended a fee of \$700 per dwelling (\$1669 per lot is what we can legally charge at present for a recreation space fee, per lot, in the state of New Mexico). When looking at Year 5 fees for the most restrictive zone/lowest density per lot per zone, the fee is almost half. Therefore our proposal at its highest cost is still half of what we can charge.

PUBLIC HEARING/RESOLUTION NO. 2008-1291/PARKS AND RECREATION
IMPACT FEE AND PARKS IMPACT FEE CAPITAL IMPLEMENTATION PLAN

Community Development Director Michael Sullivan announced that the purpose for tonight's discussion is to receive comments on the proposed Parks Impact Fee Capital Implementation Plan and the Parks and Recreation Impact Fee. He also noted that the Council is being asked to consider adopting Resolution No. 2008-1291 approving the programming of funds for the 2008-2013 Parks and Recreation Impact Fee and Parks Impact Fee Capital Implementation Plan, pursuant to the State Development Fees Act. Providing background information, he explained that the Capital Improvements Advisory Committee ("CIAC") is recommending that the Parks and Recreation Impact Fee be increased to \$700 per dwelling unit and that the fee be phased-in over a five year period of time. Furthermore, he stated that, following much debate, CIAC is recommending that a single-fee per dwelling unit and per service area be implemented in an effort to simplify administration of the program.

In response to inquiry from Councilor Sandel, Associate Planner Martin Lucero explained in detail how the proposed fees were computed and how the three approved service areas were determined. Following lengthy discussion, Councilor Sharpe suggested that staff be directed to explore the possibility of imposing a Parks and Recreation Impact Fee that is based on the square footage of any structure to be constructed within a service area. There were no objections from the Council.

Acknowledging the fact that the monies collected through the Parks and Recreation Impact Fee can only be used for new park development, Councilor Fischer questioned whether the legislation will cause undue hardship on the Parks and Recreation Department. In response, Mr. Sullivan noted that the monies could be used for new construction within an existing park.

Following further discussion, Councilor Sharpe stated that he could support the proposed \$700 fee but would prefer a fee that is based on the square footage of new structures.

The Mayor called for comments from the public.

Addressing the Council on behalf of CIAC, Don Becker pointed out that City parks are open and available to the general public at all times, regardless of where their residence is located. He stated that CIAC did not believe that it is fair to cause homeowners to pay higher fees because their house is larger than their neighbors.

There being no further comment, a motion was made by Councilor Sharpe, seconded by Councilor Fischer to table Resolution No. 2008-1291 to the September 9, 2008 regular City Council meeting to afford staff the opportunity to draft an amendment that implements a Parks and Recreation Impact Fee that is based on the square footage of new residential structures, and upon voice vote the motion carried unanimously.

Aug. 26, 2008

- (4) Resolution No. 2008-1291 approving the programming of funds for the 2008-2013 Parks and Recreation Impact Fee and Parks Impact Fee Capital Implementation Plan, pursuant to the State Development Fees Act.

Reminding the Council that this item was tabled at the August 26, 2008 regular City Council meeting, City Attorney Jay Burnham pointed out that the proposed resolution authorizes staff to publish a notice of intent to adopt an ordinance that amends the Unified Development Code to include a Parks and Recreation Impact Fee. He requested adoption of Resolution No. 2008-1291 with an amendment to the final paragraph to state that adoption of the proposed ordinance will be considered at a regular City Council meeting to be held in October.

In response to previous direction from the Council, Community Development Director Michael Sullivan reported that staff has reviewed the legalities of implementing a parks and recreation impact fee that is based upon the square footage of a house to be constructed within a subdivision. He stated that staff is recommending that a minimum and a maximum amount be established since there is not a direct correlation between the size of the house and the use of a park. Capital Improvements Advisory Committee ("CIAC") member Greg Mills contended that it will be disingenuous to impose a fee that is based on the initial square footage because the City is not authorized to collect such fees for additions to existing structures. He stated that he supports the implementation of an across-the-board flat fee and requested that CIAC be allowed to reconsider any recommendation that deviates from that fee structure.

Councilor Sharpe explained that the purpose for considering a sliding-scale fee is to minimize the financial impact on smaller, more affordable homes. He suggested that it may be prudent to implement a fee structure that is based on the zone designation for each lot since a denser area would generate more money for park development.

Following brief discussion, a motion was made by Councilor Sharpe, seconded by Councilor Darnell to table indefinitely Resolution No. 2008-1291 and to remand the proposed Parks and Recreation Impact Fee to the Capital Improvements Advisory Committee for reconsideration, and upon voice vote the motion carried unanimously.

Sept. 9, 2008

**MINUTES
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE**

June 11, 2008 - 4:00 P.M.

The Capital Improvements Advisory Committee met in a regular session on June 11, 2008, at 4:00 p.m., in the Executive Conference Room, 800 Municipal Drive, Farmington, New Mexico.

Members Present: Chairman: Jasper Welch
 Members: Greg Mills
 Richard Cheney
 Don Becker
 Roberta Lamoreux

Members Absent: None

Also Present: Community Development Director Michael Sullivan
 Associate Planner, Com. Dev. Martin Lucero
 PRCA Director, City of Farmington Jeff Bowman
 Associate Planner, Com. Dev. Fran Fillerup
 Administrative Aide Mellisa Popa

Call to Order: The meeting was called to order at 4:07 p.m. by Chairman Welch and there being a quorum, the following proceedings were duly had and taken.

Presentation of the Agenda: Agenda was approved as presented.

Approval of Minutes: Motion was made by Mr. Mills, seconded by Ms. Lamoreux to approve the minutes of May 28, 2008. Motion passed by unanimous voice vote.

DISCUSSION:

Capital Improvement Plan

Mr. Lucero referenced the approval of the Capital Improvement Plan that was set forth February 20, 2008, asking the Committee for a reaffirmation. Mr. Lucero stated that a correction was made to the plan by removing FY 2008 because the year would be over in fourteen days. Mr. Sullivan asked Mr. Lucero if the main change to the plan is on page 9. Mr. Lucero responded the tables are on page 8 and 9. Motion was made by Mr. Cheney, seconded by Mr. Mills to approve the

Capital Improvement Plan as presented by Staff. Motion passed with unanimous voice vote.

DISCUSSION:

Impact Fee and Capital Improvement Study Plan

Mr. Lucero asked the Committee to indicate what areas need to be reviewed or discussed. Mr. Lucero referenced page 4 of the Impact Fee and Capital Improvement Study Plan, noting the change based on recommendation of the Capital Improvement Committee to assess the fee by a single fee schedule for all residential unit-types. Mr. Lucero added on page 5, under Comparative Park Impact Fees, fees average about \$825.00 per single family dwelling, not including Albuquerque. Mr. Lucero added on page 5, under Potential Total Revenue, starts with 2009 through 2012. The phase in was not affected. Mr. Lucero stated if the fees were instituted at the rate of \$950.00 for the projected 672 housing units, the City would raise approximately \$ 638,400.00 by 2012.

Mr. Welch asked why Albuquerque was excluded in the Comparative Park Impact Fees. Mr. Lucero references page 18, stating that Albuquerque bases their fees on the square footage. Mr. Welch asked if there were any additional changes made to the impact fees. Mr. Lucero stated table I on page 15, and table J on page 16 were adjusted regarding the way calculations were being made as well as the cost. Mr. Lucero stated the City obtained appraisals on sales of land, over a five year period of time taking out lots that were smaller than five acres, any lots sold larger than eighty acres and calculated the average for the three service areas. Mr. Lucero stated this allowed us to take out some of the lots that were driving the cost per acre up. Mr. Lucero references table J on page 16, stating the labor costs were included per acre for development. Mr. Lucero stated the labor shows estimated future cost as well as the estimated cost based on historical figures. Mr. Lucero stated for the two different comparisons, one price per household was \$1,600.00 and the second was \$1,200.00, depending on the average for three different service areas. Mr. Lucero stated area three is the most expensive. Mr. Sullivan added that the cost of labor for installation of park improvements is equivalent to the cost of the improvements allowing for some variation. Mr. Lucero referenced page 17, stating the proposed impact fee is

\$950.00. Mr. Lucero stated the phase-in would start at \$665.00 starting in 2009 (Table K shows this fee starting in 2010). Mr. Welch asked if there were any questions from the Committee based on the new information given by Mr. Lucero. Mr. Welch asked if there was a motion made to reconsider the Park Impact Fees. Motion was made by Ms. Lamoreux, seconded by Mr. Welch to approve the Park Impact Fee as presented by Staff. Motion passed with unanimous voice vote.

DISCUSSION:

A lively discussion followed once Mr. Cheney expressed his dislike of impact fees. Mr. Cheney gave a few examples of homes in the area and the amount that they are paying for property taxes. Mr. Cheney stated he would like to see Farmington as a leader not a follower in the area of new ideas for impact fees suggesting that fees should go into a fund. Mr. Cheney stated the impact fees could come from the property tax and have the first year property tax go into an impact fund. Mr. Cheney expressed his concern for the amount of taxes that are already being paid for new construction. Mr. Welch asked where the paid property tax goes. Mr. Cheney stated it goes to the County, school system, college, and a small amount to the City. Mr. Cheney stated he would like innovative ways to help keep housing affordable. Ms. Lamoreux stated she feels that parks add value to a subdivision. Ms. Lamoreux stated that the people who benefit from the parks should be paying the impact fee.

Mr. Cheney asked if Ms. Lamoreux if she would like to have her home next to a park. Ms. Lamoreux responded that she does not know if she would or not, but feels that parks are indeed important.

Mr. Cheney asked Mr. Lucero what the cost per house was for developing a park. Mr. Lucero responded \$1,660.00 per unit. Mr. Cheney stated if there is an impact fee for parks there will soon be fees for water and sewer. Mr. Mills stated utility already charges for repair and replacements. Mr. Cheney stated he thinks parks are important but keeping the cost of housing down is more important. Mr. Becker stated he has concerns the impact fee is the same for a 5000 square foot house verses a much smaller home. Mr. Lucero responded this was discussed in

December to allow a waiver for affordable housing based on federal guidelines of the state for what is considered affordable housing. Mr. Sullivan stated that there is no new construction in Farmington that would qualify. Mr. Becker stated he is not against impact fees but would like it to be fair. Mr. Becker stated that for park impact fees it should be based on square feet to accommodate affordable housing. Mr. Lucero stated that the average home size in Farmington is approximately 1800 square feet. It will be the decision of the Committee to decide if the impact fee is based on square footage or by unit.

Mr. Becker stated as part of planned developments we seem to be building smaller homes and trying to save money. Mr. Becker stated that planning and zoning asks for landscaping and it adds to the costs, and he would like to see a way to save money on affordable housing. Mr. Lucero stated he would be glad to recalculate based on square footage. Mr. Cheney stated he feels there is not a way to make impact fees fair and equitable. Ms. Lamoreux stated it is hard to make everyone happy.

Mr. Welch thought a statement should be made to City Council that any fees will add to the cost of housing and that they consider the fees and exactions for new developments as parks are a part of that. Mr. Welch stated a square foot assessment would be a fair way to implement impact fees. The Committee needs to be prepared to have an alternative idea if the Committee chooses to vote against the Staff recommendations. Mr. Sullivan stated Staff is trying to keep impact fees simple with recommending fewer service areas, and having one fee for all service areas. Mr. Becker stated if a person moves into the City and chooses to buy a used home they would not pay an impact fee. Mr. Becker suggested that an impact fee be charged on every home bought in the City. Mr. Sullivan stated that New Mexico state law does not allow that.

Mr. Welch stated if you develop new parks in the City, how will the cost be allocated. He stated the Committee should be prepared to have an alternative suggestion for City Council if the Committee chooses to vote against Staffs proposal. Ms. Lamoreux asked if two criteria's could work, based on square

footage. She feels the more complex, the system, the harder it will be to regulate.

Motion was made by Ms. Lamoreux, seconded by Mr. Mills to accept the Staff recommendations as proposed. Mr. Welch asked if the Committee had comments.

Mr. Mills stated he feels that the impact fee is being phased in too high, and would like to see it take place over five years. Mr. Lucero stated it could be phased in over five years. Ms. Lamoreux stated she has already stated how she feels about the impact fees. Mr. Cheney stated he will vote no, because the City could find other ways to raise the funds for the parks. Mr. Becker stated he will vote no based on the fact it would be against affordable housing. Mr. Welch stated he would support the proposal because simple is better, although he feels phasing in over a five year period would be better. Motion failed on a (2-3) vote.

Motion was made by Mr. Cheney, seconded by Mr. Mills to leave the impact fees at \$157.95 multi-family and \$ 192.82 for single-family units. Mr. Becker stated he will vote no to this motion because it is too low. Mr. Welch asked when the present impact fee was put in place. Mr. Lucero stated 1981. Mr. Welch asked if the impact fee has remained the same for 25 years. Mr. Lucero responded yes.

Mr. Sullivan stated if a five year phase-in were imposed, he would like to suggest an amount of \$ 570.00 as the starting point. Mr. Sullivan stated that would figure into the \$950.00 over the five year period.

Mr. Bowman stated if the City's financial situation stays the same as this year, the impact fee will be the only source of funds for new parks. Ms. Lamoreux stated she will vote no to keeping impact fees the same. Mr. Mills stated he would vote no because fees are currently too low. He likes the idea of phasing in over five years. Mr. Becker stated the Home Builders Association may be more accepting of the idea of phasing in over five years and feels parks are important. Motion failed on a (1-4) vote.

Mr. Cheney asked how much it costs to develop a new park. Mr. Lucero responded it costs approximately \$1,669.00 per unit to develop. Motion made by

Mr. Cheney to set impact fees at \$1,700.00 per unit. Motion failed for lack of a second.

Mr. Lucero stated if the fee was adjusted for inflation it would be approximately \$583.00 to start, adjusting at 60% for the first year, moving up from there. Mr. Becker asked what year the fee would start. Mr. Lucero responded 2009. Mr. Mills asked what the percent of increase per year will be. Mr. Lucero stated it would be unpredictable, approximately 4 to 6 percent.

Mr. Welch stated the Committee may be ready to suggest a compromise. Mr. Welch proposed that the fee could start at \$ 583.00 and increase 5% per year. Ms. Lamoreux asked what would be the best way for the Home Builders Association to accept the amount of fee and proposed increase. Mr. Mills responded that he feels the fee is similar to a tax and hard to accept. Mr. Welch suggested phasing in by starting in 2009 at 60% for year 1, 70% for year 2, and by 2013 arriving at \$700.00. Mr. Welch stated this would be for a single-unit, and would not address Mr. Becker's concern for square footage. Mr. Becker stated he could figure out the square footage. Mr. Welch asked if the City has a provision where you can take a fee or exaction and lean the property and it would not be paid until the property sells. Mr. Welch stated it would help with the affordability for the home because once the property sells, the City would get the fee.

Motion made by Mr. Mills, seconded by Ms. Lamoreux for the park impact fee to increase 60% in year 2009 for a fee of \$420.00, 70% in year 2010 for a fee of \$490.00, 80% in year 2011 for a fee of \$ 560.00, 90% for year 2012 for a fee of \$630.00, and capping out in year 2013 at \$700.00. Motion passed on a (4-1) vote.

Mr. Sullivan stated Staff would like to discuss other impact fees at the next meeting. Mr. Sullivan stated City Council has expressed the need to explore implementing other impact fees.

Mr. Welch asked Mr. Sullivan what is the proper procedure for resigning from the Capital Improvements Advisory Committee. Mr. Sullivan stated the Committee Member would need to speak with the Mayor.

ADJOURNMENT

There being no further business, the Capital Improvements Advisory Committee meeting of June 11, 2008 was adjourned at 5:45 p.m.

Mellisa Popa, Administrative Aide

Jasper Welch, Chairman