



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

| <b>Fiscal Years</b>                                | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2008</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Capital Expenditures</b>                        | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |
| <b>External Revenues</b>                           | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |
| <b>Program Income (County)</b>                     | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |
| <b>In-Kind Match (County)</b>                      | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |
| <b>NET FISCAL IMPACT</b>                           | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |
| <b># ADDITIONAL FTE<br/>POSITIONS (Cumulative)</b> | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  | <u>-0-</u>  |

Item Included In Current Budget?    Yes \_\_\_\_\_    No

Budget Account No.: Fund \_\_\_\_\_ Agency \_\_\_\_\_ Org. \_\_\_\_\_ Object  
Reporting Category \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

**C. Departmental Fiscal Review:**

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Administration Comments:**

|       |                         |
|-------|-------------------------|
| _____ | _____                   |
| OFMB  | Contract Administration |

**B. Legal Sufficiency:**

\_\_\_\_\_  
Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
Department Director

**This summary is not to be used as a basis for payment.**

Attachment C

**INTRODUCTION**

The county's impact fee system assesses fees in the unincorporated area and all 37 municipalities. This revenue source is a major

vehicle for funding the various capital facilities which the county provides. Table 1 shows the revenues produced by the various fees for three fiscal years.

TABLE 1  
IMPACT FEE REVENUE  
PALM BEACH COUNTY  
(\$000)

|                  | FY00-01 | FY01-02 | FY02-03 | TOTAL   |
|------------------|---------|---------|---------|---------|
| PARKS            | 11,937  | 15,182  | 15,098  | 42,217  |
| PUBLIC BUILDINGS | 2,288   | 3,446   | 3,076   | 8,810   |
| LAW ENFORCEMENT  | 979     | 981     | 1,038   | 2,998   |
| FIRE RESCUE      | 931     | 2,671   | 3,267   | 6,869   |
| LIBRARY          | 2,087   | 2,124   | 1,955   | 6,166   |
| SCHOOLS          | 8,991   | 11,163  | 12,270  | 32,424  |
| ROADS            | 31,404  | 44,920  | 48,454  | 124,778 |
| TOTAL ALL FEES   | 58,617  | 80,487  | 85,158  | 224,262 |

Source: Impact Fee Report for Fiscal Years 2001, 2002, and 2003

### IMPACT FEE REVIEW COMMITTEE

The Impact Fee Review Committee is established by Sec. 11 of Article 17, Decision Making, Administrative and Enforcement Bodies, of the Unified Land Development Code (ULDC). The Committee's purpose is to oversee the county's impact fee system and to report its findings to the Board of County Commissioners (BCC).

The members of the Committee are listed in Exhibit 1, attached.

### POWERS AND DUTIES

The powers and duties of the Impact Fee Review Committee are established by Article 17.11 of the ULDC as follows:

**B. Powers and Duties.** The Impact Fee Review Committee shall have the following powers and duties under the provisions of this Code:

1. To submit reports to the Board of County Commissioners whenever the County conducts a full review of the impact fee system relating to:
  - a. The implementation of Art. 13, Impact Fees;
  - b. Actual levels of service for the impact fees exacted in Art. 13, Impact Fees;
  - c. The collection, encumbrance, and expenditure of all impact fees collected pursuant to Art. 13, Impact Fees;
  - d. The validity of the assumptions in the technical memoranda used to support the impact fee schedules in Art. 13, Impact Fees; and
  - e. Any recommended amendment to Art. 13, Impact Fees.
2. To review amendments to Art. 13, Impact Fees, prior to their consideration by the Board of County Commissioners.
3. To perform such other duties as the Board of County Commissioners deems appropriate.

The Committee completed its review of the existing impact fee implementation system and examined proposed updates and revisions

to the technical memorandum and the ordinance. The Committee reviewed the following information provided by staff:

- Article 13, Impact Fees, Unified Land Development Code
- 2005 Update of Impact Fees Prepared For Palm Beach County By James C. Nicholas, PhD, June 30, 2005
- Impact Fee Report for FY2001, 2002 and 2003
- Summary Report of Impact Fee Credit
- Capital Improvement Program 2005-2011
- Scope of Work, consultant's Contract for Update and Development of Impact Fees
- Staff and Consultant Input at Meetings

## **FINDINGS AND RECOMMENDATIONS**

### **IMPLEMENTATION**

**FINDING #1:** The Committee found that the implementation of the impact fee system is generally in accordance with Article 13.

### **ACTUAL LEVELS OF SERVICE FOR IMPACT FEES EXACTED**

Existing levels of service are used to calculate the impact fees. The formula, generally, is as follows:

TOTAL CAPITAL COST = COST TO PROVIDE EXISTING LEVEL OF SERVICE

CREDITS = CREDIT FOR BONDS, GRANTS, TAX PAYMENTS AND ALL OTHER REVENUE DESIGNATED FOR CAPITAL PROJECTS

TOTAL CAPITAL COST / TOTAL POPULATION = PER CAPITA COST

TOTAL CREDITS / TOTAL POPULATION = PER CAPITA CREDITS

PER CAPITA COST X PERSONS PER HOUSEHOLD = COST PER UNIT

PER CAPITA CREDITS X PERSONS PER HOUSEHOLD = CREDITS PER UNIT

COST PER UNIT - CREDITS PER UNIT = NET COST (IMPACT FEE)

**FINDING #2:** The Committee found that the county-wide levels of service used to calculate impact fees are based on existing level of services.

### **COLLECTION, ENCUMBRANCE, AND EXPENDITURE OF ALL IMPACT FEES COLLECTED**

Overall, the Committee found that the impact fees are being collected, encumbered, and expended properly. The Impact Fee Coordinator reviews proposed impact fee expenditures for compliance with the ordinance prior to a proposed project being presented to the BCC for approval.

**FINDING #3:** The county is currently spending impact fee monies which were collected primarily in 2002, 2003, and 2004. The Committee found some of this delay is necessary because funds have to build up in the accounts before enough is accumulated to pay for a capital project.

**RECOMMENDATION:** Impact Fee funds collected by the county should be spent as soon as reasonably possible.

### **VALIDITY OF ASSUMPTIONS IN THE TECHNICAL MEMORANDUM**

The Committee expended a great deal of effort and hours in its detailed review of Dr. Nicholas' "2005 Update of Impact Fees Prepared For Palm Beach County" (technical memorandum, methodology

or impact fee report). The technical memorandum establishes the total cost of providing the capital facilities for which impact fees are imposed, an essential starting point for a fair impact fee system. The Committee was very concerned that this document is as accurate as possible. The Committee findings are as follows:

**FINDING #4:** The Committee found that population estimates, occupancy rates, and outstanding indebtedness all appear to be accurately reported in the methodology.

**RECOMMENDATION:** The Committee recommends approval of the methodology.

#### **TOTAL IMPACT FEES**

**FINDING #5:** The methodology calculates total impact fees that are 18% higher than the current levels for residential and 16% - 18% higher than the current levels for non-residential uses. The summary provided by staff shows a total proposed increase of \$1,240 over the existing residential impact fees, from \$8,521 to \$10,030 for an average single-family residence of between 1,400 and 1,999 sq. ft.

Nevertheless, the county is not legally required to impose these fees at their full level. It is completely within the purview of the Board of County Commissioners to impose the fees at a lower level.

**RECOMMENDATION:** The Committee recommends the proposed adjustments to fire rescue, parks, library, roads, public buildings, law enforcement and school impact fees as calculated in the report "2005 Update of Impact Fees", Prepared for Palm Beach County by Dr. James C. Nicholas, June 30, 2005. The Committee recommends the increases be implemented 90 days after BCC adoption of the methodology. Exhibit II contains a summary of this recommendation.

#### **Text Amendments**

**FINDING #6:** The Committee reviewed several text amendments to Article 13 as proposed by the Impact Fee Coordinator's Office. The proposed amendments are in the areas of findings of errors and omissions in the calculation and assessment of impact fees, and impact fee remittances by municipal collection agents.

**RECOMMENDATION:** The Committee recommends approval of the text amendments as proposed by the Impact Fee Coordinator's Office with one exception. The Committee recommends the Impact Fee Coordinator's Office charge simple interest at the statutory rate to any municipality that fails to remit impact fees by the 25<sup>th</sup> calendar day of the month following the month in which impact fees are collected. The Impact Fee Coordinator had proposed the imposition of the penalty only if the municipality failed to remit collected impact fees for two consecutive months or three months in any calendar year in accordance with Article 13. Exhibit III contains the complete language of the Impact Fee Review Committee's recommendation on the text amendments.

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EXHIBIT 1

IMPACT FEE REVIEW COMMITTEE  
MEMBERS

|  |                          |
|--|--------------------------|
| Sam McLendon, Town Council<br>Town of Palm Beach                 | Municipal Representative |
| Ron Edwards, City Councilman<br>Town of Lantana                  | Municipal Representative |
| E. Llwyd Ecclestone III, Developer<br>Ecclestone Signature Homes | Business Community       |
| Joseph Pollock, Vice President<br>Kimley-Horn & Associates, Inc. | Business Community       |
| Arnold Broussard   | At-Large                 |

Bruce Malasky

Alternate - Business

Dennis Thomas

Alternate - At-Large

