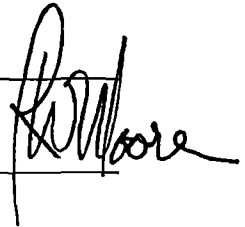


**MEMORANDUM**  
FROM  
**LEE COUNTY**  
**ECONOMIC DEVELOPMENT OFFICE**

DATE: January 22, 2013

TO: Board of County Commissioners

FROM: JAMES MOORE, EXECUTIVE DIRECTOR



RE: Horizon Council Recommendation for Impact Fee 2-Year Suspension

On behalf of the Horizon Council, below are background and a recommendation on the suspension of impact fees for two years:

The Horizon Council has closely followed the County's proposals regarding impact fees during the past several years.

As background, in 2011, the County considered adjustments to the Road Impact Fees, and proposed an average 27% reduction in Road Impact Fees. The Horizon Council adopted three (3) recommendations on May 20, 2011, and forwarded these recommendations to the County Commission. The full text of the recommendations is attached, and basically included:

1. A recommendation of approval of the 27% reduction.
2. A recommendation that, for a 2-year period, the County charge less than 100% of the adopted rate schedule, so that the road impact fees charged by the County did not exceed the median fee charged by other counties with which Lee County competes for new business.
3. A recommendation to review the School Impact Fee ordinance to determine if similar reductions to those fees were also appropriate.

The County Commission followed Recommendations #1 and #3 above, but declined to follow Recommendation #2.

In early 2012, the County considered adjustments to School, Fire/EMS and Park Impact Fees. Further changes to Road Impact Fees were not considered by the County at that time. The Horizon Council made a series of recommendations dated February 24, 2012, to the County Commission that are shown in the attachment. Included in these recommendations was a suspension of School and Park Impact Fees for up to two (2) years, with a corresponding extension of the life of impact fee credits for a commensurate period. While the Commission adopted most of the recommendations proposed by the Horizon Council, the Commission did not authorize a suspension of School and Park Impact Fees as recommended by the Horizon Council.

**Recommendation**

On January 18, 2013, the Executive Committee of the Horizon Council discussed the current proposal to suspend all impact fees for a 2-year period. The Executive Committee acknowledged the positive impact the suspension of impact fees would have on the business and development industry, and recommends the County Commission adopt the 2-year suspension. The Executive Committee also recommends that, if the suspension is approved, existing impact fee credits should be extended for at least the length of the suspension period.

**HORIZON COUNCIL  
ROAD IMPACT FEE UPDATE BOCC RECOMMENDATION**

On May 20, 2011, the Horizon Council General Membership unanimously approved this recommendation to be sent to the BOCC for consideration at the June 14, 2011, Public Hearing. In addition, the recommendation was unanimously adopted by the Horizon Council Business Issues Task Force and the Horizon Council Executive Committee.

1. The Task Force recommended approval of the proposed changes to the Road Impact Fee Ordinance, including the overall 27% reduction in the impact fee rate schedule.
  
2. The Task Force also recommended that, for a two year period, the County charge less than 100% of the amended impact fee rate schedule. The Task Force recommended that, for this two-year period, road impact fees not exceed the median road impact fee charged by selected counties in Florida against whom Lee County generally competes for new business.
  
3. Finally, the Task Force also recommended that the County immediately conduct the same type of review and update for the School Impact Fee ordinance to determine if similar reductions in those fees are also appropriate.

## **BUSINESS ISSUES TASK FORCE**

### **Recommendations: Impact Fee Studies on Schools, Fire/EMS, Parks**

In 2011, the County Commission revisited the Road Impact Fee rate schedule and adopted a 27% reduction in the fee schedule. At the same time, the Board directed additional studies of the County's other impact fees (schools, parks, and fire/ems). These studies were released on January 30, 2012. Specific issues for discussion and possible recommendation by the Business Issues Task Force (BITF) were identified. A draft "issues paper" was circulated for comment and specific recommendations. Recommendations from the BITF are presented below for final review and consideration by the Horizon Council:

**A. School Impact Fees:** The report on School Impact Fees appears to be clear that the development community is potentially responsible for a bigger share of school capital costs because of: (1) the decrease in State funding; (2) a decrease in property values; and (3) a mandated reduction in millage rate by .25 mils. On the other hand, proposed School impact fees are a significant reduction of 5% to 25%.  
Recommendations:

- Recommend adoption of amended rate schedule.
- Recommend a suspension of School impact fees for a defined period of up to two (2) years. This recommendation is supportable based upon the enrollment projections and capacity analysis provided in the report. If a suspension of school impact fees is adopted, it is important to extend the life of school impact fee credits for a commensurate period.

**B. Fire/EMS:** The proposed conversion of methodology from a "calls-for-service" analysis to a "functional population" analysis results in greater stability over time, and is a good change. Fees for most, but not all, land uses would be reduced. Fire/EMS fees are relatively minor in the grand scheme of impact fees.  
Recommendation:

- Recommend adoption of those reductions shown in the study for certain land uses, and recommend that the increases shown for other land uses not be adopted. Alternatively, adopt recommended rate schedule in its entirety.

**C. Regional and Community Parks.** Park impact fee rates were last revised in 2005. A 2007 study was conducted and suggested significant increases, but these were not adopted by the County Commission at that time. Under the current study, Community Park fees would remain essentially unchanged and are substantially less than recommended in 2007 study. Proposed Regional Park fees vary depending on whether a "water access" component is included. Recent significant acquisitions by the County have been made with Park impact fees and through Conservation 2020, and

continued expansion of land and facilities may stress County operating budgets (which cannot be paid with impact fees). Additionally, level of service standards for parks are presently met in the County with no projections for failure, although "Desired" level of service standards for some Community Park districts may not be met.

Recommendations:

- Recommend adoption of option presented in Table 2 of the Report. This option adopts an updated fee schedule to replace the current rate schedule, but charges fees at a reduced percentage in order to keep charges from increasing.
- Recommend a suspension of Community and Regional Park impact fees for a defined period of up to two (2) years. This recommendation is supported based upon present level of service standards being met. If a suspension of park impact fees is adopted, it is important to extend the life of park impact fee credits for a commensurate period.

**D. Adoption of uniform changes to all ordinances:** When the Road impact fee schedule was updated in 2011, some other changes were made that, generally, are favorable. The BITF recommends the following uniform changes be made to the other impact fee ordinances:

- Extension of life of impact fee credits. For Road impact fees, the life of credits was extended from 10 to 20 years. School impact fees currently have a life of 10 years, and should be recommended for an extension to 20. Park and Fire/EMS credits currently have a 6-year life, and should be recommended for an extension to at least 12 years.
- Simplification of "replacement" language. An exemption from impact fees exists for the replacement of a lawfully existing use or building, but it has significant limitations. The change to the Road impact fee ordinance makes this exemption simpler and more useful, and should be adopted in the other impact fee ordinances.
- Change of time for claiming credit or exemption. Originally, a claim of exemption or the use of a credit had to be declared at time of permit *application*. The Road impact fee ordinance was changed to time of permit *issuance* and this should be applied to the other impact fee ordinances.
- Add language regarding re-establishment of credits. The Road impact fee ordinance was changed to provide that, if a permit was revoked, surrendered, etc., before building occurred, then credits would be re-established. This should also be made applicable to other impact fees.

**E. Impact Fee Credits for Costs Associated with Dedication.** An additional issue raised by the BITF was the provision of credits for the full costs of land dedication in connection with roads, school, parks, and fire/ems facilities. Under current ordinances, the costs of surveys, appraisals, and title work performed in connection with dedications is borne by the landowner. If the County was to acquire property through condemnation, these costs would fall upon the public and the landowner would be entitled to full compensation. Developers are occasionally "requested" to provide land for public purposes in exchange for impact fee credits as part of their development approvals, and are required to bear the costs of surveys, appraisals, and title work in addition to accepting impact fee credits rather than cash. To remedy this inequity, the following recommendation is made:

- Add language to all impact fee ordinances to require that impact fee credits be provided for the costs of surveys, appraisals, title work and other costs required for conveyances of land for public purposes.