# Comparison of Infrastructure Financing Associated with New Development in Forty Midwest Cities

2007

By Ben R. Londeree

In general, development/impact taxes/fees and exactions recapture &/or prepay some of the costs to the city for providing off-site In infrastructure required by new development.

They are **<u>not</u>** fees for services (plan reviews, inspections, connections, etc.) or supplies (meters, tap kits, etc.) provided by the city.

# Excise Taxes – Taxing Power

Development Fee
Excise Tax
Equity Buy In (Replacement cost - grants - depreciation - previous payments - future payments)
Tap Fee or Connection Fee (in excess of actual connection cost to city)
Traffic Generation Assessment
Trip Generation Fee (trips/day or peak flow trips/day)
Benefit District Fee (within defined boundaries)
Plant Investment Fee

# Impact Fees – Police Powers

Impact Fee (Replacement cost - grants - previous payments - future payments)

(Highly regulated)

# Exactions

“Donations” such as right of way, traffic studies, transportation system improvements, park land, school land, extend utilities to development, oversizing infrastructure, bus passes, on-site code requirements, etc.)  Some are specifically required and some may be negotiated.

## Prorated Off-Site Infrastructure Replacement Costs for 2,000 sq. ft. Home in Columbia, MO

| Service | 2001 | 2010 [1] |
|---|---|---|
| Schools | $12,112.00 | $17,294.00 |
| Streets & Sidewalks | $4,332.00 | $9,570.00 (3) |
| Sanitary Sewers | $1,358.00 | $1,939.00 |
| Water | $1,951.00 | $2,786.00 |
| Parks[2] | $1,574.00 | $2,247.00 |
| Stormwater[2] | $515.00 | $735.00 |
| Fire | $371.00 | $530.00 |
| Library | $603.00 | $861.00 |
| Electric[2] | $7,021.00 | $10,024.00 |
| Police/Jails[2] | $151.00 | $216.00 |
| Other Municipal Bldgs.[2] | $340.00 | $485.00 |
| Solid Waste | ? | ? |
| Total | $30,177.00 | $46,687.00 |
| Total less schools | $18,065.00 | $28,393.00 |

Compiled by Ben R. Londeree, 6/18/2014. Based on previous studies by the compiler published in the Columbia Daily Tribune, 11/3/2002, p. 3D and 3/13/2005, p. 3D

[1]Adjusted for inflation through June 2010: Producer Price Index for public construction & for highway projects

[2]Based on a limited national sample

[3]Public cost of building the roads or traffic congestion and accidents if not built.

# Methodology

- Criteria for inclusion – at least one
- 1. Large MO city
- 2. At least 15% growth 1990-2005
- 3. Big 12 Community
- 4. City with Div. IA univ. (state abutting MO)

# Methodology

- 1. Internet survey
- 2. Results to CEO for feedback
- 3. Follow-up letter
- 4. Numerous phone calls!!!!
- 5. Data analyses
- 6. Presentation of results

http://www.gocolumbiamo.com/Council/Commissions/downloadfile.php?id=12946 or search for Comparison of Infrastructure Financing Associated with New Development in Forty Midwest Cities

**Development Fees for A Single Family House with 2,000 Square Feet, 2 1/2 Baths on A Lot of 10,000 Square Feet, Developer Exactions, and Stormwater Controls In Forty Midwest Cities**

| Community | 1990 pop. | 2005 pop. | Change | Road Fee | Water Fee | Sewer Fee | Park Fee | Other * | Exactions^ | Stormwater# |
|---|---|---|---|---|---|---|---|---|---|---|
| Fayetteville, AR | 42,099 | 66,655 | 58% | | $ 363.00 | $ 985.00 | | $ 312.00 | R,W,S,P | 100 yr det. |
| Boulder, CO | 83,312 | 91,685 | 10% | $ 1,978.04 | $ 9,710.00 | $ 2,225.00 | $ 1,793.85 | $ 4,349.46 | R,W,S,P,St | $2,730.00 |
| Champaign, IL | 63,502 | 71,568 | 13% | | | $ 1,697.50 | | | R,W,S,P | 100 yr. det. |
| Evanston, IL | 73,233 | 75,,236 | 3% | | | | | | R,W,S,P,H | 100 yr. det. |
| Urbana, IL | 36,344 | 38,533 | 6% | | | $ 1,697.50 | | | R,W,S | 50 yr. det. |
| Ames, IA | 47,198 | 52,263 | 11% | | | | | | R,W,S | 100 yr. det. |
| Iowa City, IA | 59,738 | 62,887 | 5% | | | $ ~500.00 | | $ 5,928.70 | R,W,P | Reg./mo. |
| Lawrence, KS | 65,608 | 81,816 | 25% | | $ 1,350.00 | $ 1,310.00 | | | R,W,S | Reg./mo. |
| Lenexa, KS | 34,034 | 43,434 | 28% | $ 316.80 | $ 3,610.00 | $ 3,501.00 | $ 410.00 | | P,St | $905.00 |
| Manhattan, KS | 37,712 | 48,668 | 29% | | | | | | R,W,S,+ | Reg./mo. |
| Olathe, KS | 63,352 | 111,334 | 76% | $ 2,187.00 | $2,400.00 | $2,745.00 | $ 520.00 | | W,S | 10 yr. det. |
| Overland Park, KS | 111,790 | 164,811 | 47% | $ 2,150.00 | $ 3,610.00 | $ 3,501.00 | | | R | Var 100 yr det |
| Lexington, KY (@) | 225,366 | 268,080 | 19% | $ 1,110.00 | | $~1,313.00 | $ ~846.00 | | R,S,P,St | $ ~1052.00 |
| Louisville, KY | 269,063 | 556,429 | 107% | | | | | | R large only | |
| Belton, MO | 18,150 | 24,140 | 33% | $ 809.01 | $ 2,857.00 | $ 500.00 | | | R,W,S | 100 yr. det. |
| Blue Springs, MO | 40,153 | 53,094 | 32% | | | | | | R,W,S,P | 100 yr. det. |
| Chesterfield, MO | 37,991 | 47,020 | 24% | $ 887.89 | | $ 1,072.00 | | | R,W,S | 100 yr. det. |
| Columbia, MO | 69,101 | 91,814 | 33% | $ 300.00 | $ 400.00 | $ 500.00 | | | R,W,S, | 100 yr. det. |
| Hazelwood, MO | 15,324 | 25,535 | 67% | $ 887.89 | | $ 1,072.00 | | | S | 100 yr. det. |
| Independence, MO | 112,301 | 110,208 | -2% | $ 1,807.00 | | | | | St | 100 yr. det. |
| Joplin, MO | 40,961 | 47,183 | 15% | | | | | | St | $~2110.00 |
| Kansas City, MO | 435,146 | 444,965 | 2% | $ 715.00 | | | | | R | 100 yr. det. |
| Lee's Summit, MO | 46,418 | 80,338 | 74% | $ 1,001.00 | $ 2,734.00 | $~ 756.00 | | | R,W,S | var. detention |
| Liberty, MO | 20,459 | 29,042 | 42% | $ 1,500.00 | $ 2,225.00 | $ 925.00 | | | R,W,S | 10 yr. det. |
| O'Fallon, MO | 18,698 | 69,694 | 273% | | $ 2,500.00 | $ 2,500.00 | | | R,P | var. detention |
| Raymore, MO | 5,592 | 15,530 | 178% | $ 1,500.00 | $ 1,956.00 | $ 1,956.00 | | | R,W,S,P | 100 yr. det. |
| St. Charles, MO | 54,555 | 62,304 | 14% | | | | | | R,W,S | 100 yr. det. |
| St. Louis, MO | 396,685 | 347,181 | -12% | | | | | | | Reg./mo. |
| Springfield, MO | 140,494 | 150,298 | 7% | | | | | | R | 100 yr. det. |
| Wildwood, MO > | 32,884 | 34,831 (X3) | 18% | $ 887.89 | | $ 1,072.00 | | | R,W,S,P | 100 yr. det. |
| Lincoln, NE | 191,972 | 239,213 | 25% | $ 2,466.00 | $ 1,261.00 | $ 624.00 | $ 334.00 | | R?,P | 100 yr. det. |
| Norman, OK | 80,071 | 101,719 | 27% | | $ 850.00 | $ 2,450.00 | $ 150.00 | | R,W,S,P | 100 yr. det. |
| Stillwater, OK | 36,676 | 40,906 | 12% | $ 350.00 | $ ~141.50 | $ ~387.00 | | | R,W,S | 100 yr. det. |
| (cont.) | | | | | | | | | | |

## Development Fees for A Single Family House with 2,000 Square Feet, 2 1/2 Baths on A Lot of 10,000 Square Feet, Developer Exactions, and Stormwater Controls In Forty Midwest Cities (cont.)

| Community | 1990 pop. | 2005 pop. | Change | Road Fee | Water Fee | Sewer Fee | Park Fee | Other * | Exactions^ | Stormwater# |
|---|---|---|---|---|---|---|---|---|---|---|
| Knoxville, TN | 165,121 | 180,139 | 9% | | | | | | R,W,S | 100 yr. det. |
| Memphis, TN | 610,337 | 672,277 | 10% | | | | | | R,W,S | 10 yr. det. |
| Nashville, TN | 488,374 | 549,110 | 12% | | | | | | R,W,S,P | 100 yr. det. |
| Austin, TX | 465,622 | 690,252 | 48% | | $ x 550.00 | $ x 550.00 | | | R,W,S,P | variable |
| College Station, TX | 52,456 | 72,388 | 38% | | $ 550.00 | $ 300.00 | $ 358.00 | | R,W,S,P | variable |
| Lubbock, TX | 186,206 | 209,737 | 13% | | | | | | R,W,S | Reg./mo. |
| Waco, TX | 103,590 | 120,465 | 16% | | | | | | R,W,S | 100 yr. det. |
| National ave. n=271 | | | | $ 2,305.00 | $ 2,671.00 | $ 2,588.00 | $ 2,068.00 | $ 6,183.00 | | $1,187.00 |
| by Duncan Assoc. " | | | | | | | | | | |

A blank cell means a zero.

* Other may include police, fire, library, city buildings, affordable housing, human services, parking garage, and/or education.

# yr.=year, det.=detention, reg.=regional, mo.=billed monthly to all users

x Austin has four zones with combined water and sewer taps ranging from $800 to $2,700. The example is in the desired development zone at $1,100

^ Developer responsibilities: R=off-site roads and/or on-site oversize, W=off-site water line extension and/or on-site oversize, S=off-site sewer line extension and/or on-site oversize, P=required parkland donation, St=off-site stormwater charge, +=others, and H=affordable housing

(@) Lexington/Fayette Co., KY - fees are paid/acre by developer - fees shown are per acre charge/4 to provide comparisons- also shown as exactions

> Wildwood was incorporated in 1995 - census figure in the 1990 column actually is for 2000 - the percent change was multiplied by 3 for comparison

" 2006 National Impact Fee Survey, Clancey Mullen, Duncan Associates, www.Impactfees.com

Criteria for inclusion - at least one of the following

1. Large Missouri city
2. Population growth of at least 15% from 1990 to 2005 for cities in Missouri, Kansas near to Kansas City, or Illinois near to St. Louis
3. A Big 12 community
4. Cities in states abutting Missouri with division Ia universities

Survey conducted in 2007 by Ben R. Londeree of Columbia, Missouri Londereeb@missouri.edu

Does not include exactions for any city.
Does not include stormwater fee for Columbia, MO.

| Total Fees per City<br>Descending Order | |
|---|---|
| **Community** | **Total** |
| Boulder, CO | $ 22,786.35 |
| Overland Park, KS | $ 9,261.00 |
| Lenexa, KS | $ 8,742.80 |
| Olathe, KS | $7,852.00 |
| Iowa City, IA (See text) | $6,428.70 |
| Raymore, MO | $ 5,412.00 |
| O'Fallon, MO | $ 5,000.00 |
| Lincoln, NE | $ 4,685.00 |
| Liberty, MO | $ 4,650.00 |
| Lee's Summit, MO | $ 4,491.00 |
| Lexington, KY | $ 4,321.00 |
| Belton, MO | $ 4,166.01 |
| Norman, OK | $ 3,450.00 |
| Lawrence, KS | $ 2,660.00 |
| Joplin, MO | $ 2,110.00 |
| Wildwood, MO | $ 1,959.89 |
| Hazelwood, MO | $ 1,959.89 |
| Chesterfield, MO | $ 1,959.89 |
| Independence, MO | $ 1,807.00 |
| Champaign, IL | $ 1,697.50 |
| Urbana, IL | $ 1,697.50 |
| Fayetteville, AR | $ 1,660.00 |
| College Station, TX | $ 1,208.00 |
| **Columbia, MO** | **$ 1,200.00** |
| Austin, TX | $ 1,100.00 |
| Stillwater, OK | $ 878.50 |
| Kansas City, MO | $ 715.00 |
| | |
| Average | $ 4,217.00 |
| S.D. | $ 4,330.86 |
| Median | $ 2,660.00 |
| $P_{75}$-$P_{25}$ | $ 2,961.88 |
| National ave. n=271 | $ 8,868.00 |
| by Duncan Assoc. " | |

See footnotes to previous table

| | Less than 15% Growth | 15% Or More Growth |
|---|---|---|
| Fees | 7 | 19 |
| No Fees | 9 | 5 |

# Other Comments

- 20 of 26 with fees had 1 or more equity based
- 11 of 17 with road fees were trip generation
- Most cities with fees had 2 or 3 types

| Columbia Development Fees for a 2,000 $ft^2$ Single Family Home | | | | |
|---|---|---|---|---|
| Service/Year | 2000 | 2007 | 2010 | 2014 |
| Transportation | $122.00 | $300.00 | $1,000.00 | $1,000.00 |
| Sanity Sewers | | $500.00 | $800.00 | $800.00 |
| Water | | $400.00 | $600.00 | $1,000.00 |
| Stormwater | $180.00 | $180.00 | $180.00 | $180.00 |
| Total | $302.00 | $1,380.00 | $2,580.00 | $2,980.00 |

## Duncan and Associates Impact Fee Comparisons for 2006 & 2012

| Service/Year | 2006 | 2012 | % Change |
|---|---|---|---|
| Roads (n=206) | $ 2,305.00 | $ 3,228.00 | 40% |
| Water (n=130) | $ 2,671.00 | $ 3,863.00 | 45% |
| Wastewater (n=138) | $ 2,588.00 | $ 3,725.00 | 44% |
| Drainage (n=63) | $ 1,187.00 | $ 1,476.00 | 24% |
| Parks (n=187) | $ 2,068.00 | $ 2,774.00 | 34% |
| Library (n=58) | $ 373.00 | $ 402.00 | 8% |
| Fire (n=116) | $ 367.00 | $ 512.00 | 40% |
| Police (n=91) | $ 343.00 | $ 372.00 | 8% |
| Gen. Government (n=50) | $ 962.00 | $ 1,699.00 | 77% |
| Schools (n=107) | $ 4,138.00 | $ 4,677.00 | 13% |
| Other (n=52) | $ 1,770.00 | $ 2,762.00 | 56% |
| Total (n=271) | $ 8,868.00 | $ 11,583.00 | 31% |

Duncan and Associates - www.Impactfees.com

The numbers are lower if California cities are not included.

Growth Boosts Transportation Costs by Ben R. Londeree in the March 13, 2005 issue of the Columbia Daily Tribune

http://archive.columbiatribune.com/2005/mar/20050313comm009.asp

Using trip generation and traffic engineering principles, the author showed that population growth in Columbia was creating a need for 16 lane miles/year at a cost of $14 million or $6,700 per single family dwelling unit. (now $8,054 +)