
DRAFT REPORT

October 12, 2021

**City of Mountain Home, Idaho
Impact Fee Study and
Capital Improvement Plans**

Prepared for

City of Mountain Home
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Mountain Home, ID
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Section I.

Introduction

This report regarding impact fees for the City of Mountain Home, Idaho is organized into the following sections:

- An overview of the report’s background and objectives;
- A definition of impact fees and a discussion of their appropriate use;
- An overview of land use and demographics;
- A step-by-step calculation of impact fees under the Capital Improvement Plan (CIP) approach;
- A list of implementation recommendations; and
- A brief summary of conclusions. Each section follows sequentially.

Background and Objectives

The City of Mountain Home, Idaho (City) hired Galena Consulting to calculate impact fees for the City’s Police, Fire, Parks and Streets Departments.

This document presents impact fees based on the City’s demographic data and infrastructure costs before credit adjustment; calculates the City’s monetary participation; examines the likely cash flow produced by the recommended fee amount; and outlines specific fee implementation recommendations. Credits can be granted on a case-by-case basis; these credits are assessed when each individual building permit is pulled.

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. The Idaho Code defines an impact fee as “... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development.”¹

Purpose of impact fees. The Impact Fee Act includes the legislative finding that “... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho.”²

Idaho fee restrictions and requirements. The Impact Fee Act places numerous restrictions on the calculation and use of impact fees, all of which help ensure that local governments adopt impact fees that are consistent with federal law.³ Some of those restrictions include:

- Impact fees shall not be used for any purpose other than to defray system improvement costs incurred to provide additional public facilities to serve new growth;⁴
- Impact fees must be expended within 8 years from the date they are collected. Fees may be held in certain circumstances beyond the 8-year time limit if the governmental entity can provide reasonable cause;⁵
- Impact fees must not exceed the proportionate share of the cost of capital improvements needed to serve new growth and development;⁶
- Impact fees must be maintained in one or more interest-bearing accounts within the capital projects fund.⁷

¹ See Section 67-8203(9), Idaho Code. “System improvements” are capital improvements (i.e., improvements with a useful life of 10 years or more) that, in addition to a long life, increase the service capacity of a public facility. Public facilities include: parks, open space and recreation areas, and related capital improvements; and public safety facilities, including law enforcement, fire, emergency medical and rescue facilities. See Sections 67-8203(3), (24) and (28), Idaho Code.

² See Section 67-8202, Idaho Code.

³ As explained further in this study, proportionality is the foundation of a defensible impact fee. To meet substantive due process requirements, an impact fee must provide a rational relationship (or nexus) between the impact fee assessed against new development and the actual need for additional capital improvements. An impact fee must substantially advance legitimate local government interests. This relationship must be of “rough proportionality.” Adequate consideration of the factors outlined in Section 67-8207(2) ensure that rough proportionality is reached. See *Banbury Development Corp. v. South Jordan*, 631 P.2d 899 (1981); *Dollan v. City of Tigard*, 512 U.S. 374 (1994).

⁴ See Sections 67-8202(4) and 67-8203(29), Idaho Code.

⁵ See Section 67-8210(4), Idaho Code.

⁶ See Sections 67-8204(1) and 67-8207, Idaho Code.

⁷ See Section 67-8210(1), Idaho Code.

In addition, the Impact Fee Act requires the following:

- Establishment of and consultation with a development impact fee advisory committee (Advisory Committee);⁸
- Identification of all existing public facilities;
- Determination of a standardized measure (or service unit) of consumption of public facilities;
- Identification of the current level of service that existing public facilities provide;
- Identification of the deficiencies in the existing public facilities;
- Forecast of residential and nonresidential growth;⁹
- Identification of the growth-related portion of the Police, Fire, Parks and Streets Capital Improvement Plans;¹⁰
- Analysis of cash flow stemming from impact fees and other capital improvement funding sources;¹¹
- Implementation of recommendations such as impact fee credits, how impact fee revenues should be accounted for, and how the impact fees should be updated over time;¹²
- Preparation and adoption of a Capital Improvement Plan pursuant to state law and public hearings regarding the same;¹³ and
- Preparation and adoption of a resolution authorizing impact fees pursuant to state law and public hearings regarding the same.¹⁴

How should fees be calculated? State law requires the City to implement the Capital Improvement Plan methodology to calculate impact fees. The City can implement fees of any amount not to exceed the fees as calculated by the CIP approach. This methodology requires the City to describe its service areas, forecast the land uses, densities and population that are expected to occur in those service areas over the 10-year CIP time horizon, and identify the capital improvements that will be needed to serve the forecasted growth at the planned levels of service, assuming the planned levels of service do not exceed the current levels of service.

⁸ See Section 67-8205, Idaho Code.

⁹ See Section 67-8206(2), Idaho Code.

¹⁰ See Section 67-8208, Idaho Code.

¹¹ See Section 67-8207, Idaho Code.

¹² See Sections 67-8209 and 67-8210, Idaho Code.

¹³ See Section 67-8208, Idaho Code.

¹⁴ See Sections 67-8204 and 67-8206, Idaho Code.

Only those items identified as growth-related on the CIP are eligible to be funded by impact fees.¹⁵ This list and cost of capital improvements constitutes the capital improvement element to be adopted as part of the City’s individual Comprehensive Plan.¹⁶

The City intending to adopt an impact fee must first prepare a capital improvements plan.¹⁷ To ensure that impact fees are adopted and spent for capital improvements in support of the community’s needs and planning goals, the Impact Fee Act establishes a link between the authority to charge impact fees and certain planning requirements of Idaho’s Local Land Use Planning Act (LLUPA). The local government must have adopted a comprehensive plan per LLUPA procedures, and that comprehensive plan must be updated to include a current capital improvement element.¹⁸ This study considers the planned capital improvements for the ten-year period from 2021 to the end of 2030 that will need to be adopted as an element the City’s Comprehensive Plan.

Once the essential capital planning has taken place, impact fees can be calculated. The Impact Fee Act places many restrictions on the way impact fees are calculated and spent, particularly via the principal that local governments cannot charge new development more than a “proportionate share” of the cost of public facilities to serve that new growth. “Proportionate share” is defined as “. . .that portion of the cost of system improvements . . . which reasonably relates to the service demands and needs of the project.”¹⁹ Practically, this concept requires the City to carefully project future growth and estimate capital improvement costs so that it prepares reasonable and defensible impact fee schedules.

The proportionate share concept is designed to ensure that impact fees are calculated by measuring the needs created for capital improvements by development being charged the impact fee; do not exceed the cost of such improvements; and are “earmarked” to fund growth-related capital improvements to benefit those that pay the impact fees.

There are various approaches to calculating impact fees and to crediting new development for past and future contributions made toward system improvements. The Impact Fee Act does not specify a single type of fee calculation, but it does specify that the formula be “reasonable and fair.” Impact fees should take into account the following:

¹⁵ As a comparison and benchmark for the impact fees calculated under the Capital Improvement Plan approach, Galena Consulting also calculated the City’s current level of service by quantifying the City’s current investment in capital improvements for each impact fee category, allocating a portion of these assets to residential and nonresidential development, and dividing the resulting amount by current housing units (residential fees) or current square footage (nonresidential fees). By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

¹⁶ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁷ See Section 67-8208, Idaho Code.

¹⁸ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁹ See Section 67-8203(23), Idaho Code.

- Any appropriate credit, offset or contribution of money, dedication of land, or construction of system improvements;
- Payments reasonably anticipated to be made by or as a result of a new development in the form of user fees and debt service payments;
- That portion of general tax and other revenues allocated by the City to growth-related system improvements; and
- All other available sources of funding such system improvements.²⁰

Through data analysis and interviews with the City, Galena Consulting identified the share of each capital improvement needed to serve growth. The total projected capital improvements needed to serve growth are then allocated to residential and nonresidential development with the resulting amounts divided by the appropriate growth projections from 2021 to 2031. This is consistent with the Impact Fee Act.²¹ Among the advantages of the CIP approach is its establishment of a spending plan to give developers and new residents more certainty about the use of the particular impact fee revenues.

Other fee calculation considerations. The basic CIP methodology used in the fee calculations is presented above. However, implementing this methodology requires a number of decisions. The considerations accounted for in the fee calculations include the following:

- Allocation of costs is made using a service unit which is “a standard measure of consumption, use, generation or discharge attributable to an individual unit²² of development calculated in accordance with generally accepted engineering or planning standards for a particular category of capital improvement.”²³ The service units chosen by the study team for every fee calculation in this study are linked directly to residential dwelling units and nonresidential development square feet.²⁴
- A second consideration involves refinement of cost allocations to different land uses. According to Idaho Code, the CIP must include a “conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, agricultural and industrial.”²⁵ In this analysis, the study team has chosen to use the highest level of detail supportable by available data and, as a result, in this study, every impact fee is allocated between aggregated residential (i.e., all forms of residential housing) and nonresidential development (all nonresidential uses including retail, office, agricultural and industrial).

²⁰ See Section 67-8207, Idaho Code.

²¹ The impact fee that can be charged to each service unit (in this study, residential dwelling units and nonresidential square feet) cannot exceed the amount determined by dividing the cost of capital improvements attributable to new development (in order to provide an adopted service level) by the total number of service units attributable to new development. See Sections 67-8204(16), 67-8208(1)(f) and 67-8208(1)(g), Idaho Code.

²² See Section 67-8203(27), Idaho Code.

²³ See Section 67-8203(27), Idaho Code.

²⁴ The construction of detached garages alongside residential units does not typically trigger the payment of additional impact fees unless that structure will be the site of a home-based business with significant outside employment.

²⁵ See Section 67-8208(1)(e), Idaho Code.

Current Assets and Capital Improvement Plans

The CIP approach estimates future capital improvement investments required to serve growth over a fixed period of time. The Impact Fee Act calls for the CIP to “. . . project demand for system improvements required by new service units . . . over a reasonable period of time not to exceed 20 years.”²⁶ The impact fee study team recommends a 10-year time period based on the City’s best available capital planning data.

The types of costs eligible for inclusion in this calculation include any land purchases, construction of new facilities and expansion of existing facilities to serve growth over the next 10 years at planned and/or adopted service levels.²⁷ Equipment and vehicles with a useful life of 10 years or more are also impact fee eligible under the Impact Fee Act.²⁸ The total cost of improvements over the 10 years is referred to as the “CIP Value” throughout this report. The cost of this impact fee study is also impact fee eligible for all impact fee categories. Each fee category was charged its pro-rated percentage of the cost of the impact fee study.

The forward-looking 10-year CIPs for Mountain Home’s Police, Fire, Parks and Streets Departments each include some facilities that are only partially necessitated by growth (e.g., facility expansion). The study team met with the City to determine a defensible metric for including a portion of these facilities in the impact fee calculations. A general methodology used to determine this metric is discussed below. In some cases, a more specific metric was used to identify the growth-related portion of such improvements. In these cases, notations were made in the applicable section.

Fee Calculation

In accordance with the CIP approach described above, we calculated fees for each department by answering the following seven questions:

1. **Who is currently served by the City?** This includes the number of residents as well as residential and nonresidential land uses.
2. **What is the current level of service provided by the City?** Since an important purpose of impact fees is to help the City *achieve* its planned level of service²⁹, it is necessary to know the levels of service it is currently providing to the community.
3. **What current assets allow the City to provide this level of service?** This provides a current inventory of assets used by the City, such as facilities, land and equipment. In addition, each asset’s replacement value was calculated and summed to determine the total value of the Police, Fire, Parks and Streets current assets.

²⁶ See Section 67-8208(1)(h).

²⁷ This assumes the planned levels of service do not exceed the current levels of service.

²⁸ The Impact Fee Act allows a broad range of improvements to be considered as “capital” improvements, so long as the improvements have useful life of at least 10 years and also increase the service capacity of public facilities. See Sections 67- 8203(28) and 50-1703, Idaho Code.

²⁹ This assumes that the planned level of service does not exceed the current level of service.

4. **What is the current investment per residential and nonresidential land use?** In other words, how much of each service provider's current assets' total value is needed to serve current residential households and nonresidential square feet?
5. **What future growth is expected in the City?** How many new residential households and nonresidential square footage will the City serve over the CIP period?
6. **What new infrastructure is required to serve future growth?** For example, how many new engines will be needed by the City of Mountain Home Fire Department within the next ten years to achieve the planned level of service of the City?³⁰
7. **What impact fee is required to pay for the new infrastructure?** We calculated an apportionment of new infrastructure costs to future residential and nonresidential land- uses for the City. Then, using this distribution, the impact fees were determined.

Addressing these seven questions, in order, provides the most effective and logical way to calculate impact fees for the City. In addition, these seven steps satisfy and follow the regulations set forth earlier in this section.

Growth Relation

In Mountain Home, as in any local government, not all capital costs are associated with growth. Some capital costs are for repair and replacement of facilities e.g., standard periodic investment in existing facilities such as roofing. These costs *are not* impact fee eligible. Some capital costs are for betterment of facilities, or implementation of new services (e.g., development of an expanded training facility). These costs *are generally not entirely* impact fee eligible. Some costs are for expansion of facilities to accommodate new development at the current level of service (e.g., purchase of new fire station to accommodate expanding population). These costs *are* impact fee eligible.

Because there are different reasons why the City invests in capital projects, the study team categorized all projects listed in each CIP:

- **Growth.** To determine if a project is solely related to growth, we asked “Is this project designed to maintain the current level of service as growth occurs?” and “Would the City still need this capital project if it weren't growing at all?” Growth projects are only necessary to maintain the City's current level of service as growth occurs. It is thus appropriate to include 100 percent of their cost in the impact fee calculations.
- **Repair & Replacement.** We asked “Is this project related only to fixing existing infrastructure?” and “Would the City still need it if it weren't growing at all?” Repair and Replacement projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.

³⁰ This assumes the planned level of service does not exceed the current level of service.

- **Upgrade.** We asked, “Would this project improve the City’s current level of service?” and “Would the City still do it even if it weren’t growing at all?” Upgrade projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.
- **Mixed.** Mixed projects by their very definition are partially necessitated by growth, but also include an element of repair, replacement and/or upgrade. In this instance, a cost amount between 0 and 100 percent should be included in the fee calculations. Although the need for these projects is triggered by new development, they will also benefit existing residents.

Projects that are 100 percent growth-related were determined by our study to be necessitated solely by growth. Alternatively, some projects can be determined to be “mixed,” with some aspects of growth and others aspects of repair and replacement. In these situations, only a portion of the total cost of each project is included in the final impact fee calculation.

It should be understood that growth is expected to pay only the portion of the cost of capital improvements that are growth-related. The City will need to plan to fund the pro rata share of these partially growth-related capital improvements with revenue sources other than impact fees within the time frame that impact fees must be spent. These values will be calculated and discussed in Section VII of this report.

Exhibits found in Sections III through VI of this report detail all capital improvements planned for purchase over the next ten years by the City.

Section II. Land Uses

As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2021 through 2031 for the City. These projections were based on current growth estimates from the U.S. Census and the American Community Survey; the 2016 Mountain Home Comprehensive Plan; building permit history; and recommendations from City Staff.

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee's annual review is to account for these inconsistencies. As each CIP is tied to the City's land use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The following Exhibit II-1 presents the current and future population for the City.

**Exhibit II-1.
Population, Mountain Home, Idaho**

	2021	2031	Net Increase	Percentage Increase
City Population	14,684	21,736	7,052	48%

Mountain Home currently has approximately 14,684 persons residing within the existing City limits. Over the next ten years, we expect the City to grow by approximately 7,052 persons, or by 48 percent.

The following Exhibit II-2 presents the current and future number of residential units and nonresidential square feet for the City. We expect the City to have 9,057 residential households and 4.8 million nonresidential square feet by 2031 based on existing growth rates.

Exhibit II-2.
Current and Future Land Uses, Mountain Home, Idaho

	2021	2031	Net Growth	Net Growth in Square Feet	Percent of Total Growth in SF
Population	14,684	21,736	7,052		
Residential (in units)	6,497	9,057	2,559	4,645,098	75%
<i>Single-Family</i>	5,295	7,381	2,086	4,171,631	67%
<i>Multi-Family</i>	1,202	1,675	473	473,467	8%
Nonresidential (in square feet)	3,248,673	4,808,829	1,560,156	1,560,156	25%
<i>Non-Residential</i>	3,248,673	4,808,829	1,560,156	1,560,156	25%
			Total Square Footage Growth =	6,205,255	100%

As shown above, Mountain Home is expected to grow by approximately 2,559 residential units and 1,560,156 nonresidential square feet over the next ten years. Seventy-five percent of this growth is attributable to residential land uses, while the remaining twenty-five percent is attributable to nonresidential growth. These growth projections will be used in the following sections to calculate the appropriate impact fees for the City.

Section III.

Police Department

In this section, we calculate impact fees for the City of Mountain Home Police Department following the seven-question method outlined in Section I of this report.

1. Who is currently served by the City of Mountain Home Police Department?

As shown in Exhibit II-2, the Police Department currently serves 6,497 residential units and approximately 3.25 million square feet of nonresidential land use found within Mountain Home.

2. What is the current level of service provided by the Police Department?

The Mountain Home Police Department currently provides a level of service of 1.97 sworn officers per 1,000 Mountain Home residents. This was calculated by dividing 29 current officers by the current population of 14,684/1,000. As the City grows, additional infrastructure and equipment will be needed to achieve the Department's planned level of service.

3. What current assets allow the Mountain Home Police Department to provide this level of service?

The following Exhibit III-1 displays the current assets of the Mountain Home Police Department.

**Exhibit III-1.
Current Assets – Mountain Home Police Department**

Type of Capital Infrastructure	Square Feet	Replacement Value
Facilities		
Police Department Building	9,075	\$ 4,537,500
PD Evidence Storage	640	\$ 256,000
3 Additional Storage Shed(s)	320	\$ 192,000
4.5 acre PD Shooting Range		\$ 196,020
Vehicles		
40 Patrol Vehicles		\$ 2,000,000
2 Traffic Motorcycles		\$ 60,000
1 Mirage Range Trailer		\$ 25,000
Equipment		
Weapon Inventory		\$ 102,600
PD Telephone System		\$ 40,000
43 Portable Radio(s)		\$ 150,500
Records Management System		\$ 250,000
Drager		\$ 16,000
Server(s)		\$ 148,000
Video Recording System		\$ 10,000
Radio Scrambler		\$ 20,000
Robot		\$ 13,000
	10,035	\$ 8,016,620
Plus Impact Fee Study		\$ 8,000
Plus Impact Fee Fund Balance		\$ 390
TOTAL CURRENT INVESTMENT		\$ 8,024,620

As shown above, the Police Department currently owns approximately \$8 million of eligible current assets. These assets are used to provide the Department’s current level of service.

4. What is the current investment per residential unit and nonresidential square foot for the Mountain Home Police Department?

The City has already invested \$968 per residential unit and \$0.53 per nonresidential square foot in order to provide the current level of service. This figure is derived by allocating the value of the Police Department’s current assets between the current number of residential units and nonresidential square feet.

We will compare our final impact fee calculations with these figures to determine if the two results will be similar; this represents a “check” to see if future residents will be paying for infrastructure at a level commensurate with what existing residents have invested in infrastructure.

5. What future growth is expected in Mountain Home?

As shown in Exhibit II-2, the City of Mountain Home is expected to grow by 7,052 people, 2,559 residential units and 1.56 million square feet of nonresidential land use over the next ten years.

6. What new infrastructure is required to serve future growth?

The following Exhibit III-2 displays the capital improvements needed to support growth by the Mountain Home Police Department over the next ten years.

**Exhibit III-2.
Mountain Home Police Department CIP 2021-2030**

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	Amount to Include in Fees	Amount from Other Sources
Facilities					
Additional Space To Accommodate 10 Growth Related Officers	3,460	\$ 1,730,172	100%	\$ 1,730,172	\$ -
Vehicles					
Replace 32 Patrol Vehicles		\$ 1,600,000	0%	\$ -	\$ 1,600,000
10 Additional Patrol Vehicles for Growth		\$ 500,000	100%	\$ 500,000	\$ -
Equipment					
Replace 108 Weapons		\$ 108,000	0%	\$ -	\$ 108,000
Replace 43 Radios		\$ 64,500	0%	\$ -	\$ 64,500
Weaponry For 10 Growth Related Officers		\$ 10,000	100%	\$ 10,000	\$ -
Radios - One For Officer And 1 For Every 10 Vehicles		\$ 18,000	100%	\$ 18,000	\$ -
	SUBTOTAL	\$ 4,030,672		\$ 2,258,172	\$ 1,772,500
Plus Cost of Capital-Related Research					
Impact Fee Study		\$ 8,000	100%	\$ 8,000	\$ -
Minus Current Impact Fee Fund Balance					
		\$ (390)		\$ (390)	\$ -
	TOTAL	\$ 4,038,282		\$ 2,265,782	\$ 1,772,500

If the Mountain Home Police Department were to continue the current level of service through 2031, an additional 14 officers would need to be hired. As the City has determined that it will not likely have sufficient General Fund revenues to fund these 14 positions, a more conservative assumption of 10 officers has been identified.

As shown above, the total cost of the Mountain Home Police Department’s Capital Improvement Plan from 2021-2030 is approximately \$4.04 million. \$2.27 million of this amount is directly related to supporting the 10 new officer positions and related support staff need to continue the current level of service of 1.97 officers per 1,000 residents. This includes office space, parking, and ancillary equipment. The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. The current balance in the existing Police Impact Fee Fund is a negative amount and must be repaid to the General Fund.

The remaining \$1.77 million in the CIP is the price for the Police Department to replace existing vehicles and equipment, and purchase patrol vehicles for additional growth-related officers. Patrol vehicles do not last 10 years in the Mountain Home Police Department and therefore are not impact-fee eligible. The Police Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67-8207(I)(iv)(2)(h).

The City is planning for the construction of a 3,000 square foot facility that will serve both the Police and Fire Department for training. This facility was not included in the Capital Improvement Plan at this time as more research is needed on the location, cost, and total funding plan. This facility may be added to the CIP in future years and would be partially impact fee eligible.

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit III-3 takes the projected future growth from Exhibits II-2 and the growth-related CIP from Exhibit III-2 to calculate impact fees for the Mountain Home Police Department.

**Exhibit III-3.
Mountain Home Police Department Fee Calculation**

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$ 2,265,782
Distribution of Future Land Use Growth	
Residential	75%
Nonresidential	25%
Future Assets by Land Use	
Residential	\$ 1,696,108
Nonresidential	\$ 569,674
Future Land Use Growth	
Residential	2,559
Nonresidential	1,560,156
Impact Fee per Unit	
Residential	\$ 663
Nonresidential	\$ 0.37

As shown above, we have calculated impact fees for the Mountain Home Police Department at \$663 per residential unit and \$0.37 per nonresidential square foot. Fees not to exceed these amounts are recommended for the Department. The Department cannot assess fees greater than the amounts shown above. The Department may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference.

Section IV.

Fire Department

The Mountain Home Fire Department not only provides services within the City's boundaries, it also provides its services on contract to the Mountain Home Rural Fire District. The Department and the District utilize the same capital infrastructure for response. However, a decision has been made by the City of Mountain Home to analyze the assessment of impact fees to new development within the City alone and to rely on the District to complete their own analysis.

1. Who is currently served by the Mountain Home Fire Department?

As shown in Exhibit II-2, the Mountain Home Fire Department currently serves 14,684 people; 6,497 residential units and approximately 3.25 million square feet of nonresidential land use within their combined boundaries.

2. What is the current level of service provided by the Mountain Home Fire Department?

Mountain Home' Fire Department provides a level of service of a 90 percent fractile response time of 4 minutes and 12 seconds to its residents. As the City grows, additional infrastructure and equipment will be needed to sustain the Department's current level of service.

3. What current assets allow the Mountain Home Fire Department to provide this level of service?

The following Exhibit IV-2 displays the current assets of the Mountain Home Fire Department.

**Exhibit IV-1.
Current Assets – Mountain Home Fire Department**

Type of Capital Infrastructure	Acres	Square Feet	Replacement Value
Facilities			
Fire Station #1	0.22	6,200	\$ 3,107,700
Fire Station #2	0.24	1,350	\$ 683,400
Fire Station #3	0.24	1,200	\$ 608,400
Fire Training Facility	0.35	2,000	\$ 812,250
Apparatus/Vehicles			
4 Structure Engine(s)			\$ 3,000,000
1 Tower Truck(s)			\$ 1,500,000
2 Squad(s)			\$ 120,000
Equipment			
32 SCBA(s) with Extra Bottle per Unit			\$ 310,000
1 Filling Station(s)			\$ 40,000
1 Extractor			\$ 15,000
1 Repeater/Antennae			\$ 46,000
	1.05	10,750	\$ 10,242,750
Plus Impact Fee Study			\$ 8,000
Plus Impact Fee Fund Balance			\$ 30,148
TOTAL CURRENT INVESTMENT			\$ 10,280,898

As shown above, the Mountain Home Fire Department currently owns approximately \$10.3 million of eligible current assets. These assets are used to provide the current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

The Mountain Home Fire Department has already invested \$1,241 per residential unit and \$0.68 per nonresidential square foot. This figure is derived by allocating the value of the Fire Department and District’s current assets between the current number of residential units and nonresidential square feet.

We will compare our final impact fee calculations with these figures to determine if the two results will be similar; this represents a “check” to see if future residents will be paying for infrastructure at a level commensurate with what existing residents have invested in infrastructure.

5. What future growth is expected in the Mountain Home Fire Department?

As shown in Exhibit II-2, the City of Mountain Home is expected to grow by approximately 2,559 residential units and 1.56 million square feet of nonresidential land use over the next ten years.

More important than the number of new development units is their location. Fire stations are sited to ensure travel times are within desired service levels. As areas outside of the core of the city grow, additional stations are added to fill the service response gaps.

6. What new infrastructure is required to serve future growth?

The following Exhibit IV-2 displays the capital improvements planned for purchase by the Mountain Home Fire Department over the next ten years.

Exhibit IV-2. Mountain Home Fire Department CIP 2021-2030

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	R.F.D. Share	City Share	Amount to Include in Fees	Amount from Other Sources
Facilities							
New Fire Station	10,000	\$ 2,500,000	100%		\$ 2,500,000	\$ 2,500,000	\$ -
New Substation	2,700	\$ 675,000	100%	\$ 337,500	\$ 337,500	\$ 337,500	\$ -
Apparatus/Vehicles							
2 Structure Engine(s) (New)		\$ 1,500,000	100%		\$ 1,500,000	\$ 1,500,000	\$ -
2 Structure Engine(s) (Replacement)		\$ 1,500,000	0%		\$ 1,500,000	\$ -	\$ 1,500,000
1 Squad Vehicle (New)		\$ 60,000	100%		\$ 60,000	\$ 60,000	\$ -
2 Squad Vehicles (Replacement)		\$ 120,000	0%		\$ 120,000	\$ -	\$ 120,000
Equipment							
12 SCBA(s) with Extra Bottle per Unit		\$ 120,000	100%		\$ 120,000	\$ 120,000	\$ -
1 Thermal Imager		\$ 40,000	100%		\$ 40,000	\$ 40,000	\$ -
1 Filling Station		\$ 40,000	100%		\$ 40,000	\$ 40,000	\$ -
		SUBTOTAL		\$ 337,500	\$ 6,217,500	\$ 4,597,500	\$ 1,620,000
Plus Cost of Capital-Related Research							
Impact Fee Study		\$ 8,000	100%		\$ 8,000	\$ 8,000	\$ -
Minus Current Impact Fee Fund Balance							
					\$ (30,148)	\$ (30,148)	\$ -
		TOTAL		\$ 337,500	\$ 6,195,352	\$ 4,575,352	\$ 1,620,000

As shown above, the Mountain Home Fire Department plans to purchase approximately \$6.5 million in stations, apparatus and equipment over the next ten years, \$4.6 million of which is impact fee eligible. The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. The current balance in the existing Fire Impact Fee Fund is subtracted from the total growth-related CIP, leaving \$4.6 million to be collected from impact fees over the next ten years.

These new assets will allow the Mountain Home Fire Department to sustain the current level of service in the future. The commencement and completion dates for the Fire Department's growth-related capital infrastructure depend on the timing and pace of the projected growth.

The Mountain Home Rural Fire District is anticipated to share in half of the cost of the new substation and would include that portion in their CIP. The remaining approximately \$1.6 million is the price for the non-growth related costs to replace existing apparatus, vehicles and other equipment. Replacement of existing capital is not eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h).

The City is planning for the construction of a 3,000 square foot facility that will serve both the Police and Fire Department for training. This facility was not included in the Capital Improvement Plan at this time as more research is needed on the location, cost, and total funding plan. This facility may be added to the CIP in future years and would be partially impact fee eligible.

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit IV-3 takes the projected future growth from Exhibit II-2 and the growth-related CIP from Exhibit IV-2 to calculate impact fees for the Mountain Home Fire Department.

**Exhibit IV-3.
Mountain Home Fire Department Fee Calculation**

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$ 4,575,352
Distribution of Future Land Use Growth	
Residential	75%
Nonresidential	25%
Future Assets by Land Use	
Residential	\$ 3,424,994
Nonresidential	\$ 1,150,358
Future Land Use Growth	
Residential	2,559
Nonresidential	1,560,156
Impact Fee per Unit	
Residential	\$ 1,338
Nonresidential	\$ 0.74

As shown above, we have calculated impact fees for the Mountain Home Fire Department at \$1,338 per residential unit and \$0.74 per nonresidential square foot. Fees not to exceed these amounts are recommended for the District. The Department cannot assess fees greater than the amounts shown above. The Department/District may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference.

Section V. Parks Department

In this section, we calculate impact fees for the Mountain Home Parks Department following the seven-question method outlined in Section I of this report.

1. Who is currently served by the Mountain Home Parks Department?

As shown in Exhibit II-2, the Parks Department currently serves 6,497 residential units. More importantly for the Parks Department, Mountain Home currently serves 14,684 residents.

2. What is the current level of service provided by the Mountain Home Parks Department?

Mountain Home' Parks Department currently provides a level of service of 8.52 acres of developed parks per 1,000 population.

3. What current assets allow the Mountain Home' Parks Department to provide this level of service?

The following Exhibit V-1 displays the current assets of the Mountain Home' Parks Department.

Exhibit V-1.
Current Assets – Mountain Home Parks Department

Type of Capital Infrastructure	Size of Park (acres)	Replacement Value
Paths & Trails		
Walking Path	2.5 Miles	2,000,000
Community Garden located Near the walking path 3rd st	3.00	\$ 350,000
<i>subtotal</i>	<i>3.00</i>	<i>\$ 2,350,000</i>
Neighborhood & Pocket Parks		
Claire Wetherell	0.25	\$ 208,750
Colonial	1.00	\$ 285,000
Don Etter Park	1.25	\$ 318,750
Memorial Park	0.15	\$ 105,250
Ridgecrest Park	4.00	\$ 640,000
Rolling Hills #2	1.00	\$ 385,000
Rolling Hills #1	1.00	\$ 385,000
Rosewood	1.00	\$ 435,000
Silverstone 1	1.00	\$ 235,000
Silverstone 2	1.00	\$ 335,000
Stonetree	0.25	\$ 358,750
UnderPass	5.00	\$ 1,675,000
<i>subtotal</i>	<i>16.90</i>	<i>\$ 5,366,500</i>
Community Parks		
Basque Park	1.25	leased/P&R Maintain
Carl Miller	4.80	\$ 3,168,000
Happy Tails Dog Park	0.30	\$ 360,500
Legacy Park	40.00	\$ 12,400,000
Optimist Park	40.00	\$ 16,400,000
Railroad Park	5.00	\$ 2,175,000
Richard Aguirre Park	8.30	\$ 8,290,500
Southside Dog Park (New in development 2021)	1.25	\$ 443,750
<i>subtotal</i>	<i>100.90</i>	<i>\$ 43,237,750</i>
Special Use Park Facilities		
City Swimming Pool OLD		\$ 3,000,000
Youth Baseball Fields	4.25	\$ 148,750
<i>subtotal</i>	<i>4.25</i>	<i>\$ 3,148,750</i>
Undeveloped Parks (\$35,000 per acre land cost only)		
Southside soccer complex	13.00	\$ 2,455,000
Burt Landon Park	83.00	\$ 4,205,000
Dump Closure Trail System	129.63	\$ 6,537,050
<i>subtotal</i>	<i>225.63</i>	<i>\$ 13,197,050</i>
Vehicles and Equipment		<i>\$ 98,751</i>
		\$ 67,398,801
Plus Impact Fee Study		\$ 8,000
Plus Impact Fee Fund Balance		
TOTAL CURRENT INVESTMENT		\$ 67,406,801

As shown above, the Mountain Home' Parks Department currently owns approximately \$67.4 million of eligible current assets. These assets are used to provide the Department's current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

The Mountain Home Parks Department has already invested \$10,375 per residential unit based on the value of the current assets divided by the number of existing residential units. Parks assets are only allocated to residential land uses since they are the primary users of Parks infrastructure.

We will compare our final impact fee with this figure to determine if the two results will be similar; this represents a "check" to see if future City residents will be paying for infrastructure at a level commensurate with what existing City residents have invested in infrastructure.

5. What future growth is expected in the Mountain Home Parks Department?

As shown in Exhibit II-2, the City of Mountain Home is expected to grow by approximately 7,052 residents and 2,559 residential units over the next ten years.

6. What new infrastructure is required to serve future growth?

The following Exhibit V-2 displays the capital improvements planned for purchase by the Mountain Home Parks Department over the next ten years.

**Exhibit V-2.
Mountain Home Parks Department CIP 2021-2030**

Type of Capital Infrastructure	Acres	CIP Value	Growth Portion	Amount to Include in Fees	Amount from other Sources
Parks Amenities - New/Expanded					
Amenities to support growth including trails, playgrounds, courts, etc.		\$ 2,000,000	100%	\$ 2,000,000	\$ -
Recreation Center		\$ 3,000,000	33%	\$ 990,000	\$ 2,010,000
Pickleball Courts		\$ 250,000	50%	\$ 125,000	\$ 125,000
Parks Improvements/Maintenance					
Updated Tennis Courts		\$ 750,000	50%	\$ 375,000	\$ 375,000
Restrooms in Parks (1 per year)		\$ 250,000	50%	\$ 125,000	\$ 125,000
Splash Pad @ Rail Road Park in Partner ship w/URA		\$ 854,000	0%	\$ -	\$ 854,000
Planning to Build NEW Pool 2022 w/Funding from LWCF 50/50 Match		\$ 3,000,000	0%	\$ -	\$ 3,000,000
Equipment and Vehicles					
Various Equipment and Vehicles		\$ 1,373,383	0%	\$ -	\$ 1,373,383
		SUBTOTAL		\$ 3,615,000	\$ 7,862,383
Plus Cost of Capital-Related Research					
Impact Fee Study		\$ 8,000	100%	\$ 8,000	\$ -
Minus Current Impact Fee Fund Balance					
		\$ -		\$ -	
		TOTAL		\$ 3,623,000	\$ 7,862,383

As shown above, the Mountain Home Parks Department plans to purchase approximately \$11.5 million in capital improvements over the next ten years, \$3.6 million of which is impact fee eligible. The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP.

To continue the current level of service, 60 new acres of parks would need to be developed. This number is unsustainable from a maintenance perspective, however. In addition, the City has a policy objective to reduce the amount of potable water used to irrigate parks. Therefore, instead of acquiring acreage and greening up traditional parks, the city will focus its efforts on amenities like trails, playgrounds, courts, etc. The commencement and completion dates for the Parks Department’s growth-related capital infrastructure depend on the timing and pace of the projected growth.

The remaining approximately \$7.9 million is the price for the Department to make facility and park upgrades and replacements. None of these capitals are eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h).

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit V-3 takes the projected future growth from Exhibit II-2 and the growth-related CIP from Exhibit V-2 to calculate impact fees for the Mountain Home Parks Department.

Exhibit V-3. Mountain Home Parks Department Fee Calculation

Impact Fee Calculation	
Amount to Include in Fee Calculation ⁽¹⁾	\$ 3,623,000
Distribution of Future Land Use Growth ⁽²⁾	
Residential	100%
Nonresidential	0%
Future Assets by Land Use	
Residential	\$ 3,623,000
Nonresidential	\$ -
Future Land Use Growth ⁽²⁾	
Residential	2,559
Nonresidential	-
Impact Fee per Unit	
Residential	\$ 1,416
Nonresidential	\$ -

As shown above, we have calculated impact fees for the Mountain Home Parks Department at \$1,416 per residential unit. The Department cannot assess fees greater than the amounts shown above. The Department may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference.

We are pleased to report the fees displayed in Exhibit V-3 are significantly lower than the current investment of \$10,375 identified earlier in this section. This indicates future growth is only paying its proportionate share of future infrastructure purchases.

Section VI.

Streets, Bridges and Intersections

In this section, we calculate impact fees for the Mountain Home Streets Department following the seven-question method outlined in Section I of this report.

1. Who is currently served by the Mountain Home Streets Department?

As shown in Exhibit VI-1, the Streets Department currently serves 14,684 residents. These residents live in 5,295 single-family units averaging 2,000 square feet each, and 1,202 multifamily units averaging 1,000 square feet each. In addition, the City’s streets system serves approximately 3.2 million square feet of nonresidential land use.

Unlike police, fire, and parks fee calculations in which fees are calculated for residential units and nonresidential square feet, roadway fees are calculated for residential and nonresidential land uses based on street and facility usages generated by each land use type. Exhibit VI-1 below shows the specific allocation of existing and projected square feet for Mountain Home by land use type over the next ten years.

Exhibit VI-1.
Mountain Home Growth Projections by Square Feet and Land Use – 2021-2030

	2021	2031	Net Growth	Net Growth in Square Feet ⁽¹⁾	Percent of Total Growth in SF
Population	14,684	21,736	7,052		
Residential (in units)	6,497	9,057	2,559	4,645,098	75%
<i>Single-Family</i>	5,295	7,381	2,086	4,171,631	67%
<i>Multi-Family</i>	1,202	1,675	473	473,467	8%
Nonresidential (in square feet)	3,248,673	4,808,829	1,560,156	1,560,156	25%
<i>Non-Residential</i>	3,248,673	4,808,829	1,560,156	1,560,156	25%
			Total Square Footage Growth =	6,205,255	100%

Based on this distribution of square feet, we calculate trip generation based on rates from the Institute of Transportation Engineers’ *Trip Generation Manual*. The trip generation rates estimate the number of p.m. peak hour trips generated by particular land uses. Peak hour trips are appropriate for this calculation because street infrastructure is sized to provide a specific level of service during peak usage hours. Since peak hour trips will be used to distribute infrastructure costs, peak hour estimates should be employed.

Exhibit VI-2 below presents trip generation rates for land uses in the City of Mountain Home.

**Exhibit VI-2.
Trip Generation Rates by Land Use Category**

Land Use
Residential
Single Family Units (*1.43)
Multi-Family Units (*0.76)
Nonresidential per 1,000 sf
Nonresidential (*2.2)

Notes:

Reflects weekday traffic generation patterns, weekday p.m. peak hour trip rate formula.

Source: International Transportation Engineering *Trip Generation Manual, 10th Edition*, supplemented by current trip generation factors utilized by the City of Nampa and the Ada County Highway District.

2. What is the current level of service provided by the Mountain Home Streets Department?

The Mountain Home street system currently operates at a level of service “C”, which means that while many streets are increasingly congested, they are not yet at capacity. Additional streets infrastructure is needed to sustain and not worsen the current level of service as growth occurs and vehicle trips increase.

3. What current assets allow Mountain Home Streets Department to provide this level of service?

The following Exhibit VI-3 displays the current assets of the Mountain Home Streets Department.

**Exhibit VI-3.
Current Assets – Mountain Home Streets Department**

Type of Capital Infrastructure	Replacement Value
Roadways - 166 Lane Miles	664,000,000
Signalized/Roundabout Intersections - 3 intersections	1,800,000
Equipment and Vehicles	1,760,000
Maintenance Facility	421,500
	\$ 667,981,500
Plus Impact Fee Study	\$ 8,000
Plus Impact Fee Fund Balance	\$ 50,892
TOTAL CURRENT INVESTMENT	\$ 668,040,392

As shown above, Mountain Home Streets Department currently owns approximately \$668 million of eligible current assets. These assets are used to provide the Department’s current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

By dividing the total replacement value of the current capital assets of the Mountain Home Streets Department by the number of current households and non-residential square feet whose owners have invested in these assets, we can determine that the City has invested \$61,058 per existing single-family residential unit; \$32,688 per existing multi-family residential unit; and \$94.02 per non-residential square foot.

We will compare our final impact fee with this figure to determine if the two results will be similar; this represents a “check” to see if future City residents will be paying for infrastructure at a level commensurate with what existing City residents have invested in infrastructure.

5. What future growth is expected in the Mountain Home Streets Department?

As shown in Exhibit II-2, the City of Mountain Home is expected to grow by approximately 2,086 single-family residential units; 473 multifamily residential units; and 1,560,156 non-residential square feet.

6. What new infrastructure is required to serve future growth?

Exhibit VI-4 identifies the capital improvement plan for the Mountain Home Streets Department for the next ten years.

**Exhibit VI-4.
Mountain Home Streets Department CIP 2021-2030**

	Estimated Construction Year	Total Cost	Percent Attributed to Growth	Contributions & Exactions	Amount from Impact Fees	Amount from Other City Sources
Roadway Projects						
N 6th E - Widening	2023	\$ 300,000	40%	\$ -	\$ 120,000	\$ 180,000
N 10th E - Widening	2024	\$ 300,000	40%	\$ -	\$ 120,000	\$ 180,000
W 5th N - Widening	2026	\$ 650,000	70%	\$ -	\$ 455,000	\$ 195,000
North Haskett - Widening	2027	\$ 300,000	70%	\$ -	\$ 210,000	\$ 90,000
SW Autumn - New Road	2028	\$ 4,000,000	100%	\$ -	\$ 4,000,000	\$ -
Marathon Way - Widening	2029	\$ 300,000	100%	\$ -	\$ 300,000	\$ -
Intersection Projects (could be roundabout or signal; priorities may change based on warrant analysis)						
American Legion & E 8th N - Roundabout	2023	\$ 1,350,000	80%	\$ -	\$ 1,080,000	\$ 270,000
City View Dr - Traffic Signal	2025	\$ 400,000	100%	\$ -	\$ 400,000	\$ -
NW Elmcrest & Marathon Way - Roundabout/Widening	2026	\$ 1,450,000	90%	\$ -	\$ 1,305,000	\$ 145,000
Airbase Rd & N Haskett - Traffic Signal	2027	\$ 600,000	70%	\$ -	\$ 420,000	\$ 180,000
Hwy 51 & Smith Rd - Traffic Signal	2030	\$ 1,500,000	100%	\$ -	\$ 1,500,000	\$ -
Equipment						
Truck w/Plow & Sander		\$ 250,000	100%	\$ -	\$ 250,000	\$ -
Paint Machine		\$ 20,000	80%	\$ -	\$ 16,000	\$ 4,000
Pedestrial Lights		\$ 30,000	60%	\$ -	\$ 18,000	\$ 12,000
SUBTOTAL		\$11,450,000		\$0	\$10,194,000	\$1,256,000
Plus Cost of Capital-Related Research						
Impact Fee Study		\$ 8,000	100%	\$ -	\$ 8,000	\$ -
Minus Current Impact Fee Fund Balance						
		\$ (50,892)			\$ (50,892)	
TOTAL		\$11,407,108		\$0	\$10,151,108	\$1,256,000

Of a list of 8 roadway projects, 5 intersection projects and equipment purchases totaling almost \$11.45 million, \$10.19 million is impact fee eligible; and the remaining \$1.26 million will come from revenue sources from all city taxpayers. The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. The current balance in the existing Streets Impact Fee Fund is subtracted from the total growth-related CIP, leaving \$10.15 million to be collected from impact fees over the next ten years.

7. What impact fee is required to pay for the new capital improvements?

As noted above, the calculation of roadway impact fees is based on the projected number of trips each land-use type will generate in the next ten years. Using the current land use by square foot within Mountain Home found in Exhibit VI-1, and the trip generation figures from Exhibit VI-2, total current trips can be distributed to each land use. Exhibit VI-5 below displays the projected trip generation distribution.

**Exhibit VI-5.
Mountain Home New Trip Distribution by Weighted Trip Generation**

Land Use	New Development	Weighted Trip Generation Factor	Percent Distribution
Residential			
Single Family Units (*1.43)	2,086	2,975	44%
Multi-Family Units (*0.76)	473	362	5%
Nonresidential per 1,000 sf			
Nonresidential (*2.2)	1,560	3,426	51%
Total		6,763	100%

As shown above, the number of daily trips in Mountain Home is expected to increase by approximately 6,763 trips by 2031. 44% of those trips will be for single-family residential uses; 5% will be for multi-family residential uses; 51% will be from all non-residential uses.

Exhibit VI-6 below uses the growth-related CIP from Exhibit VI-4 and the weighted trip generation figures from Exhibit VI-5 to calculate streets impact fees for the City of Mountain Home.

**Exhibit VI-6.
Mountain Home Streets Department Fee Calculation**

Impact Fee Calculation	
Capital Improvement Plan Value	\$10,151,108
Future Land Use Percentages	
Single Family	44%
Multifamily	5%
Non-Residential	51%
Allocated Value by Land Use Category	
Single Family	\$4,465,491
Multifamily	\$542,655
Non-Residential	\$5,142,962
10-Year Growth	
Single Family (total dwelling units)	2,086
Multifamily (total dwelling units)	473
Non-Residential (in square feet)	1,560,156
Impact Fee by Land Use (rounded)	
Single Family (per dwelling unit)	\$2,141
Multifamily (per dwelling unit)	\$1,146
Non-Residential (per square foot)	\$3.30

The impact fees in each land use category are significantly less than what existing users have paid into the asset inventory.

Section VII. Summary

The following Exhibit VII-1 summarizes the calculated Impact Fees for the City of Mountain Home.

Exhibit VII-1. City of Mountain Home Impact Fee Summary

TOTAL IMPACT FEE		Current Fees	% Change	\$ Change
Police Fees				
Residential	\$ 663	\$ 272	144%	\$ 391
Nonresidential	\$ 0.37	\$ 0.13	181%	\$ 0.24
Fire Fees				
Residential	\$ 1,338	\$ 566	137%	\$ 773
Nonresidential	\$ 0.74	\$ 0.28	163%	\$ 0.46
Parks Fees				
Residential	\$ 1,416	\$ -		\$ 1,416
Nonresidential	\$ -	\$ -		\$ -
Streets Fees				
Single-Family	\$ 2,141	\$ 313	585%	\$ 1,828
Multi-Family	\$ 1,146	\$ 313	267%	\$ 833
Non-Residential	\$ 3.30	\$ 0.15	2098%	\$ 3.15
TOTAL IMPACT FEE			<u>% Change</u>	<u>\$ Change</u>
Single-Family	\$ 5,558	\$ 1,150	383%	\$ 4,407
Multi-Family	\$ 4,563	\$ 1,150	297%	\$ 3,413
Non-Residential	\$ 4.40	\$ 0.56	686%	\$ 3.84

A comparison of the proposed fees to similar fees in Twin Falls, Boise, Nampa, Caldwell, Meridian, Middleton, Eagle, Star, Kuna and Emmett is provided in Exhibit VII-2:

**Exhibit VII-2.
Impact Fee Comparisons**

	City of Mountain Home <i>DRAFT</i>	City of Boise <i>DRAFT</i>	City of Nampa/ Nampa Fire District <i>DRAFT</i>	Unincorporated Ada County <i>DRAFT</i>	City of Meridian/ Meridian Fire District <i>2500 sf as example non-res averaged psf</i>	City of Caldwell/ Caldwell Fire District <i>adopted 2020</i>	Garden City/ North Ada Fire District <i>adopted 2019</i>	City of Eagle/ Eagle Fire District <i>adopted 2020</i>	City of Kuna/ Kuna Fire District <i>adopted 2019</i>	City of Star/ Star Fire District <i>adopted 2019</i>	City of Middleton/ Middleton Fire District <i>adopted 2019</i>	Twin Falls/ Twin Falls Fire District <i>adopted 2021</i>	City of Emmett <i>adopted 2021</i>	Gem County/ Gem Fire District <i>adopted 2021</i>
Police														
per Residential Unit	\$ 663	\$ 518	\$ 923		\$ 152	\$ 97	\$ -	\$ 111	\$ 90	\$ -	\$ 367	\$ 180	\$ 731	
per Non-Residential sf	\$ 0.37	\$ 0.77	\$ 0.41		\$ 0.24	\$ 0.05	\$ -	\$ 0.04	\$ 0.04	\$ -	\$ 0.15	\$ 0.09	\$ 0.39	
Sheriff														
per Residential Unit				\$ 666										\$ 277
per Non-Residential sf				\$ 0.29										\$ 0.11
Jail														
per Residential Unit	\$ -	\$ 715		\$ 715	\$ 715		\$ 715	\$ 715	\$ 715	\$ 715				
per Non-Residential sf	\$ -	\$ 0.31		\$ 0.31	\$ 0.31		\$ 0.31	\$ 0.31	\$ 0.31	\$ 0.31				
Coroner's Office														
per Residential Unit	\$ -	\$ 88		\$ 88	\$ 88		\$ 88	\$ 88	\$ 88	\$ 88				
per Non-Residential sf	\$ -	\$ 0.04		\$ 0.04	\$ 0.04		\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04				
Fire/Fire District														
per Residential Unit	\$ 1,338	\$ 2,049	\$ 1,671	\$ 799	\$ 693	\$ 649	\$ 647	\$ 897	\$ 824	\$ 829	\$ 849	\$ 657	\$ 1,555	\$ 1,407
per Non-Residential sf	\$ 0.74	\$ 0.96	\$ 0.67	\$ 0.37	\$ 0.64	\$ 0.32	\$ 0.32	\$ 0.36	\$ 0.41	\$ 0.39	\$ 0.42	\$ 0.33	\$ 0.83	\$ 0.56
				<i>(average of districts)</i>										
EMS														
per Residential Unit	\$ -	\$ 181		\$ 181	\$ 181		\$ 181	\$ 181	\$ 181	\$ 181			\$ 401	\$ 401
per Non-Residential sf	\$ -	\$ 0.08		\$ 0.08	\$ 0.08		\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08			\$ 0.16	\$ 0.16
Parks														
per residential unit	\$ 1,416	\$ 3,850	\$ 2,341	\$ -	\$ 2,098	\$ 1,190	\$ -	\$ 1,446	\$ 939	\$ 2,050	\$ 2,204	\$ 1,560	\$ -	\$ -
Streets														
per single-family residential unit	\$ 2,141	\$ 3,433	\$ 3,008	\$ 3,433	\$ 3,433	exacted	\$ 3,433	\$ 3,433	\$ 3,433	\$ 3,433	\$ 2,572	\$ 1,385	\$ 2,853	\$ 7,326
per multi-family residential unit	\$ 1,146	\$ 1,682	\$ 1,474	\$ 1,682	\$ 1,682	exacted	\$ 1,682	\$ 1,682	\$ 1,682	\$ 1,682	\$ 2,572	\$ 742	\$ 1,655	\$ 4,249
per retail/commercial sf	\$ 3.30	\$ 8.04	\$ 7.44	\$ 8.04	\$ 8.04	exacted	\$ 8.04	\$ 8.04	\$ 8.04	\$ 8.04	\$ 2.32	\$ 3.07	\$ 6.88	\$ 17.67
per office sf	\$ 3.30	\$ 3.98	\$ 3.50	\$ 3.98	\$ 3.98	exacted	\$ 3.98	\$ 3.98	\$ 3.98	\$ 3.98	\$ 2.32	\$ 1.83	\$ 4.26	\$ 10.94
per industrial sf	\$ 3.30	\$ 1.37	\$ 1.21	\$ 1.37	\$ 1.37	exacted	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.37	\$ 0.09	\$ 0.56	\$ 1.53	\$ 3.92
TOTAL														
per single-family residential unit	\$ 5,558	\$ 10,833	\$ 7,943	\$ 5,882	\$ 7,360	\$ 1,936	\$ 5,064	\$ 6,871	\$ 6,270	\$ 7,296	\$ 5,992	\$ 3,782	\$ 5,540	\$ 9,411
per multi-family residential unit	\$ 4,563	\$ 9,082	\$ 6,408	\$ 4,131	\$ 5,609	\$ 1,936	\$ 3,313	\$ 5,120	\$ 4,519	\$ 5,545	\$ 5,992	\$ 3,139	\$ 4,342	\$ 6,334
per retail/commercial sf	\$ 4.40	\$ 10.20	\$ 8.52	\$ 9.12	\$ 9.35	\$ 0.37	\$ 8.79	\$ 8.87	\$ 8.92	\$ 8.86	\$ 2.89	\$ 3.49	\$ 8.26	\$ 18.50
per office sf	\$ 4.40	\$ 6.14	\$ 4.58	\$ 5.07	\$ 5.29	\$ 0.37	\$ 4.73	\$ 4.81	\$ 4.86	\$ 4.80	\$ 2.89	\$ 2.25	\$ 5.64	\$ 11.77
per industrial sf	\$ 4.40	\$ 3.54	\$ 2.29	\$ 2.46	\$ 2.68	\$ 0.37	\$ 2.12	\$ 2.20	\$ 2.25	\$ 2.19	\$ 0.66	\$ 0.98	\$ 2.91	\$ 4.75

City Participation

Because not all the capital improvements listed in the CIPs are 100 percent growth-related, the City would assume the responsibility of paying for those portions of the capital improvements that are not attributable to new growth. These payments would come from other sources of revenue including all of those listed in Idaho Code 67-8207(iv)(2)(h).

To arrive at this participation amount, the expected impact fee revenue and any shared facility amount need to be subtracted from the total CIP value. Exhibit VII-3 divides the City’s participation amount into two categories: the portion of purely non-growth-related improvements, and the portion of growth-related improvements that are attributable to repair, replacement, or upgrade, but are not impact fee eligible.

It should be noted that the participation amount associated with purely non-growth improvements is discretionary. The City can choose not to fund these capital improvements (although this could result in a decrease in the level of service if the deferred repairs or replacements were urgent). However, the non-growth-related portion of improvements that are impact fee eligible *must* be funded in order to maintain the integrity of the impact fee program.

Exhibit VII-3.

City of Mountain Home Participation Summary, 2021-2030

	Required	Discretionary	Total	
Police	\$ -	\$ 1,772,500	\$ 1,772,500	Discretionary: vehicle/equipment replacement
Fire	\$ -	\$ 1,620,000	\$ 1,620,000	Discretionary: vehicle/equipment replacement
Parks	\$ 2,635,000	\$ 5,227,383	\$ 7,862,383	Required: Rec. Center and Courts; Discretionary: Splash Pad, Pool, and equipment replacement
Streets	\$ 1,256,000	\$ -	\$ 1,256,000	Required: non growth portion of widening projects/equipment replacement
TOTAL	\$ 3,891,000	\$ 8,619,883	\$12,510,883	

\$ 389,100 <-- Annual amount required over 10-year CIP period

\$ 1,251,088 <-- Annual amount required and discretionary over 10-year CIP period

The City would be *required* to contribute \$3.89 million to fund the non-growth portion of partially impact fee eligible items over the 10 year period, or an average of \$389,100 per year. These contributions would fund the non-growth portions of the Recreation Center, courts and restrooms and the non-growth portion of the streets projects. The City could choose to fund the discretionary infrastructure of \$8.6 million for additional capital improvements over the 10-year period. While City has the option to fund these capital improvements over the 10-year period, these payments are not required.

Implementation Recommendations

As City Council evaluates whether or not to adopt the Capital Improvement Plans and impact fees presented in this report, we also offer the following information for your consideration. Please note that this information will be included each individual impact fee enabling ordinance.

Capital Improvements Plan. Should the Advisory Committee recommend this study to City Council and should City Council adopt the study, the City should revise its existing Capital Improvement Plans using the information in this study. A revised capital improvement plan would then be presented to the City for adoption as an element of the Comprehensive Plan pursuant to the procedures of the Local Land Use Planning Act.

Impact Fee Ordinance. Following adoption of the Capital Improvement Plan, City Council should review the proposed Impact Fee Ordinance for adoption as reviewed and recommended by the Advisory Committee.

Advisory Committee. The Advisory Committee is in a unique position to work with and advise City Council to ensure that the capital improvement plans and impact fees are routinely reviewed and modified as appropriate.

Impact fee service area. Some municipalities have fee differentials for various city zones under the assumption that some areas utilize more or less current and future capital improvements. The study team, however, does not recommend the City assess different fees by dividing the areas into zones. The capital improvements identified in this report inherently serve a system-wide function.

Specialized assessments. If permit applicants are concerned they would be paying more than their fair share of future infrastructure purchases, the applicant can request an individualized assessment to ensure they will only be paying their proportional share. The applicant would be required to prepare and pay for all costs related to such an assessment.

Donations. If the City receives donations for capital improvements listed on the CIP, they must account for the donation in one of two ways. If the donation is for a non- or partially growth-related improvement, the donation can contribute to the City's General Fund participation along with more traditional forms, such as revenue transfers from the General Fund. If, however, the donation is for a growth-related project in the CIP, the donor's impact fees should be reduced dollar for dollar. This means that the City will either credit the donor or reimburse the donor for that portion of the impact fee.

Grants. If a grant is expected and regular, the growth-related portion of that grant amount should be reflected upfront in the fee calculations, meaning that the impact fees will be lower in anticipation of the contribution. If the grant is speculative or uncertain, this should not be reflected up-front in the fee calculations since the entity cannot count on those dollars as it undergoes capital planning.

The rational nexus is still maintained because the unexpected higher fund balance, due to the receipt of a grant, is deducted from the calculations as a "down payment on the CIP" when the fee study is updated.

Credit/reimbursement. If a developer constructs or contributes all or part of a growth-related project that would otherwise be financed with impact fees, that developer must receive a credit against the fees owed for this category or, at the developer's choice, be reimbursed from impact fees collected in the future.³⁷ This prevents "double dipping" by the City.

The presumption would be that builders/developers owe the entirety of the impact fee amount until they make the City aware of the construction or contribution. If credit or reimbursement is due, the governmental entity must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement.³⁸

Impact fee accounting. The City should maintain Impact Fee Funds separate and apart from the General Fund. All current and future impact fee revenue should be immediately deposited into this account and withdrawn only to pay for growth-related capital improvements of the same category. General Funds should be reserved solely for the receipt of tax revenues, grants, user fees and associated interest earnings, and ongoing operational expenses including the repair and replacement of existing capital improvements not related to growth.

Spending policy. The City should establish and adhere to a policy governing their expenditure of monies from the Impact Fee Fund. The Fund should be prohibited from paying for any operational expenses and the repair and replacement or upgrade of existing infrastructure not necessitated by growth. In cases when *growth-related capital improvements are constructed*, impact fees are an allowable revenue source as long as only new growth is served. In cases when new capital improvements are expected *to partially replace existing capacity and to partially serve new growth*, cost sharing between the General Fund or other sources of revenue listed in Idaho Code 67-8207(I)(iv), (2)(h) and Impact Fee Fund should be allowed on a pro rata basis.

Update procedures. The City is expected to grow rapidly over the 10-year span of the CIPs. Therefore, the fees calculated in this study should be updated annually as the City invests in additional infrastructure beyond what is listed in this report, and/or as the City's projected development changes significantly. Fees can be updated on an annual basis using an inflation factor for building material from a reputable source such as McGraw Hill's Engineering News Record. As described in Idaho Code 67-8205(3)(c)(d)(e), the Advisory Committee will play an important role in these updates and reviews.

³⁷ See Section 67-8209(3), Idaho Code.

³⁸ See Section 67-8209(4), Idaho Code.

To: Mayor Sykes, Members of the Mountain Home City Council
 From: Members of the Mountain Home Development Impact Fee Advisory Committee
 Date: October 14, 2021
 Re: Development Impact Fee Advisory Committee Recommendation on Impact Fees

The members of the Mountain Home Development Impact Fee Advisory Committee were appointed to provide input and advice on data points critical to the calculation of proposed impact fees for Mountain Home Police, Fire, Parks and Streets. We have reviewed all land use/growth projections; existing capital assets; existing service levels; existing capacity and/or deficiencies; capital infrastructure needed to support projected growth; proportional share of each growth-related capital item; and trip generation values included in Galena Consulting’s report.

The Committee believes impact fees are an appropriate funding tool for the capital infrastructure required to serve growth, rather than increasing property taxes or reducing levels of service. The Committee unanimously recommends the City adopt the fees set forth in the report dated October 12, 2021 for Police, Fire and Streets.

The Committee recommends that the proposed Parks impact fee of \$1,416 for all residential development units be revised to acknowledge that smaller number of residents in multi-family units would create a smaller demand for parks, as well as the fact that the City currently requires developers of multi-family units to provide recreational and open space amenities in excess of what single-family developers are asked to provide. The Committee proposes breaking out single-family and multi-family parks fees according to the weighted demands used in the Streets calculations. The resulting Parks fees would be as follows:

Impact Fee Calculation	
Amount to Include in Fee Calculation ⁽¹⁾	\$ 3,623,000
Distribution of Future Land Use Growth ⁽²⁾	
Single Family	89%
Multi Family	11%
Future Assets by Land Use	
Single Family	\$ 3,230,432
Multi Family	\$ 392,568
Future Land Use Growth ⁽²⁾	
Single Family	2,086
Multi Family	473
Impact Fee per Unit	
Single Family	\$ 1,549
Multi Family	\$ 830