



Agenda Item Summary

File ID: 19-0058

DEPT-5

Meeting Date: 11/20/2018

PLACEMENT: Departmental

TITLE:

IMPACT FEE INTERLOCAL AGREEMENT WITH THE CITY OF STUART

EXECUTIVE SUMMARY:

Martin County and the City of Stuart have been working together for more than two years to revise the Interlocal Agreement for collection and allocation of Impact Fees. Both parties are in agreement and the Interlocal is being brought to both entities for adoption.

DEPARTMENT: Administration

PREPARED BY: **Name:** Taryn G. Kryzda
Title: County Administrator

REQUESTED BY: Taryn G. Kryzda

PRESET:

PROCEDURES: None

BACKGROUND/RELATED STRATEGIC GOAL:

1. Agreement/Contract drafted by: City of Stuart Manager, Growth Management Staff and County Legal Staff.
2. Parties to the Agreement/Contract: City of Stuart and Martin County.
3. Purpose of the Agreement/Contract: Establish a mechanism for the City to collect impact fees on behalf of the County, establish the County Impact Fee rates, and to have the ability to modify the impact fees under particular circumstances.
4. New/Renewal/Modified: Modified, original agreement was provided in 2000.
5. Duration: In effect until terminated.
6. Benefits to Martin County: Projects being constructed within the City of Stuart boundaries can pay all of their fees related to the project in one place. Otherwise, the individual would be required to pay City of Stuart fees and Martin County impact fees at two different locations.
7. Cost to Martin County (annual and potential total): The City of Stuart is able to retain a three percent (3%) administration fee, the dollar amount would vary dependent upon the total of the impact fee(s) to be paid.

Martin County (County) and the City of Stuart (City) in the year 2000 entered into an Interlocal Agreement (ILA) for collection of the County's impact fees. The ILA established the following:

- The City would be designated as the collecting agent within the incorporated limits of the City

- The County Impact Fees were modified based upon the type of fee and the ability to be applied to facilities or infrastructure to accommodate an increase in capacity within the incorporated area of the City
- The City could eliminate or adjust an impact fee which is applicable within a municipality based upon evidence that the municipality is providing all or a portion of the facilities or infrastructure for which the impact fee was imposed
- The City would remit to the County the impact fees they collect with an accounting of such for the County to be able to reconcile the type of fee and collected amount

The City had been collecting the impact fees and remitting them to the County from the time the ILA was established until October 2016. Since the initiation of the original ILA, the County has updated its Impact Fee Schedule several times. With the most recent update, the City had a consultant look at the County's impact fee calculation methodology, and determined, in their opinion, there were 'flaws', and the City discontinued remitting the impact fees to the County until there could be an agreement among the parties to address any issues. The City and County were asked by each of their respective Boards to have staff work together, engage both consultants, and develop a solution. Staff began meeting immediately trying to address and resolve the issues.

An impact fee is a fee that is imposed by a local government on a new or proposed development project to pay for all or a portion of the costs of providing public services to that new development. Impact fees are separated into categories: Roads (Transportation and Pedestrian), Public Buildings, Law Enforcement, Fire Rescue, Parks (Active Parkland, Beach Access, and Conservation/Open Space) and Libraries.

Growth Management (GMD) staff have been working with the City to develop a revised fee schedule for County impact fees to be reduced due to the ability of the County to utilize those fees appropriately for capacity projects within City boundaries and based upon the facilities that the City provides within the municipal boundaries.

Comparison of Fees

The new ILA is proposing reductions for Roads, Public Buildings, Law Enforcement, Fire Rescue, and Parks (active parkland and conservation lands). The City provides facilities or services for these purposes as reflected in the Whereas Clauses of the draft ILA. Based upon an Economic Development Strategy Report for the City, the Roads Impact Fee has the most significant reduction and restriction on the location of the projects where the impact fees can be programmed.

The following chart provides proposed reduction percentages:

Impact Fee Type (Service/Facility)	Current Reduction to Impact Fees paid in the City	Proposed Reduction to Fees in revised Interlocal
Roads	97%	50%
Bike/Pedestrian	3%	100%
Public Buildings	67.6%	33%
Law Enforcement	100%	50%
Fire Rescue/EMS	6%	10%
Active Parkland	0	0

Beach Facilities	6%	100%
Conservation	24%	50%
Libraries	100%	100%

The County's consultant has reviewed the recommendations being made in the proposed reductions and is comfortable with the percentages shown based upon the economic report that was performed in cooperation with the Department of Economic Opportunity. The changes in the Fee Schedule over the years and the differences in the current and proposed ILA impact fee modifications, making a true comparison of the actual impact fee payment is difficult and challenging. However a comparison of the amounts is still instructive to this discussion. GMD staff has developed a comparison of impact fee calculations that a development in the City of Stuart would pay currently and would pay if the proposed ILA is approved.

Currently Paid Under Existing IA:

Currently, if a 50,000 sq. feet commercial building project is developed in the City, the City impact fees are \$109,540.50, the County fee would be \$298,882.00 for a total payment of \$408,422.50 in impact fees. A single family residential unit (based on 2,301 & over square footage) in the City would pay \$11,354.83 in impact fees. If the same unit is built in the County, the impact fees are \$10,872.92. In addition, regardless of the jurisdiction, school impacts fees would be \$5,756.12.

Proposed to Pay Under Revised ILA:

A 50,000 sq. feet commercial development would require County impact fees of \$285,040.50. If this commercial development occurred in the City, the development would pay City impact fees of \$109,540.50 + \$285,040.50 for a total of \$394,581.00. A single family residential unit (based on 2,301 & over square footage), a builder in the City would pay \$8,370.16 in impact fees. If the same unit is built in the County, the impact fees are \$10,872.92. School impact fees would be \$5,756.12 for either.

To summarize calculations as previously stated:

Type of Development	City Impact Fees	County Impact Fees in City using <u>current</u> adjustments	Total	County (Unincorporated Area) Impact Fees
50,000 Commercial retail	\$109,540.50	\$298,882.00	\$408,422.50	\$324,231.50
Single Family 2301+ SF	\$2,143.43	\$9,211.40	\$11,354.83	\$10,872.92
Type of Development	City Impact Fees	County Impact Fees in City using <u>proposed</u> adjustments	Total	County (Unincorporated Area) Impact Fees
50,000 Commercial retail	\$109,540.50	\$285,040.50	\$394,581.00	\$324,231.50
Single Family 2301+ SF	\$2,143.43	\$6,226.73	\$8,370.16	\$10,872.92

NOTE: Figures above do not reflect the 3% administrative fee that comes out before fees are remitted to the County.

Currently, development in the City pays City and County impact fees resulting in a higher total impact fee payment. The ILA as proposed will slightly reduce that disparity. It will also assist the City in its efforts to diversify its local economy and its efforts to encourage housing development.

- ○ ○ ○ ○ The City unanimously approved the revised ILA on November 13, 2018 at their regular scheduled Commission meeting which would have been held on November 12, 2018 but due to Veteran's Day holiday, their regular Monday meeting was moved to the next day, Tuesday November 13, 2018. Prior to the City Commission's approval, City Manager, David Dyess, sent a letter to the County indicating that the ILA being presented to the Board is the same document that will be presented to the City Commission for approval. Both parties are anxious to get the ILA approved so the City can then release the impact fees that have been collected by the City to date that should be remitted to the County. The City Commission approved the release of those funds as part of their agenda item.

ISSUES:

Having Interlocal Agreements between governmental agencies is a benefit for both parties, as it provides specific actions and abilities for the parties. However, there should be on-going modifications to these agreements over time, as circumstances change.

LEGAL SUFFICIENCY REVIEW:

The ILA presented has been reviewed and modified by the County's legal department.

RECOMMENDED ACTION:

RECOMMENDATION

Move that the Board adopt the Impact Fee Interlocal Agreement between Martin County and the City of Stuart.

ALTERNATIVE RECOMMENDATIONS

None

FISCAL IMPACT:

RECOMMENDATION

Once the proposed ILA is approved, the City has agreed to remit to the County the impact fees that the City has collected and not remitted to the County since October 2016. Those impact fees will then be programmed into the County's budget and allocated accordingly.

ALTERNATIVE RECOMMENDATIONS

None

DOCUMENT(S) REQUIRING ACTION:

☐ Budget Transfer / Amendment ☐ Chair Letter

☒ Contract / Agreement

☐ Grant / Application

☐ Notice

☐ Ordinance

☐ Resolution

☐ Other: