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**PLANNING & ZONING
COMMISSION:**

Thomas P. Wittman, Chair
Henry Caldwell
Richard Duffy
Yvette Klinkmann
Susan Nichols
J. Christopher Stagg
Jim Woodard

VILLAGE ADMINISTRATOR:
John Avila

**DIRECTOR OF PLANNING &
COMMUNITY DEVELOPMENT:**
Patrick Nicholson

VILLAGE CLERK:
Ann Marie Wooldridge

PLANNING & ZONING COMMISSION REGULAR MEETING AGENDA

Monday, June 7, 2021 1:00 P.M.

Via Zoom TeleConference

See www.vtsv.org for information to attend the meeting
TAOS SKI VALLEY, NEW MEXICO

AGENDA

- I. CALL TO ORDER & ROLL CALL**
- II. APPROVAL OF THE AGENDA**
- III. APPROVAL OF THE MINUTES OF THE MAY 3, 2021 P&Z COMMISSION MEETING**
- IV. OLD BUSINESS**
 - A. CONSIDERATION TO RECOMMEND TO COUNCIL APPROVAL OF ORDINANCE 2021-70 UTILITY CONNECTION ORDINANCE,**
Repealing Resolution No. 2007-128 and Resolution No. 04-88, and Establishing Connection Fees for Village Water and Sewer Systems by Public Works Director, Anthony Martinez, & Village Administrator, John Avila.
- V. NEW BUSINESS**
 - A. INTRODUCTION OF DEVELOPMENT IMPACT FEE UPDATE STUDY & COMPANION CAPITAL IMPROVEMENTS ADVISORY COMMITTEE REPORT** by Willdan Financial Services, Ben Cook, Chairman of Capital Improvements Advisory Committee, & Patrick Nicholson, Director of Planning & Community Development.
- VI. MISCELLANEOUS**
 - A. Administrative Approval of Alpine Village Suites Riverside Deck**
- VII. ANNOUNCEMENT OF THE DATE, TIME, AND PLACE OF THE NEXT MEETING**
- VIII. ADJOURNMENT**



**PLANNING & ZONING COMMISSION
DRAFT MEETING MINUTES
MEETING HELD VIA ZOOM
TAOS SKI VALLEY, NEW MEXICO
MONDAY, MAY 3, 2021 1:00 P.M.**

I. CALL TO ORDER & ROLL CALL

Commission Chair Tom Wittman called the meeting to order at 1:00 p.m. Roll call was taken, and a quorum was established. All Commission members were present: Henry Caldwell, Richard Duffy, Yvette Klinkmann, Susan Nichols, Chris Stagg, Tom Wittman, and Jim Woodard. Staff members present: Planning Director Patrick Nicholson, Village Administrator John Avila, Village Clerk Ann Wooldridge, Building Inspector Jalmar Bowden, Public Works Director Anthony Martinez, and Attorney Susan Baker.

II. APPROVAL OF THE AGENDA

MOTION: To approve the agenda as presented

Motion: Commissioner Woodard **Second:** Commissioner Stagg **Passed:** 7-0

III. APPROVAL OF THE MINUTES OF THE APRIL 5, 2021 P&Z COMMISSION MEETING

MOTION: To approve the minutes as presented

Motion: Commissioner Nichols **Second:** Commissioner Woodard **Passed:** 7-0

IV. NEW BUSINESS

V. OLD BUSINESS

A. DISCUSSION: CONSIDERATION TO RECOMMEND TO COUNCIL APPROVAL OF ORDINANCE 2021-70
Utility Connection Ordinance by Village Public Works Director, Anthony Martinez

MOTION: To table this item

Motion: Commissioner Stagg **Second:** Commissioner Woodard **Passed:** 7-0

V. MISCELLANEOUS

A. Northside & TSVI Forest Health Initiatives - Bob Corroon & John Kelly

Director Nicholson said that two large landowners would be conducting forest thinning this summer.

Bob Corroon, who owns the Northside property formerly owned by the Pattisons, explained that he has obtained the required permit from NM State Forestry and is hoping to complete the project this summer. A forester and thinning crews have been hired. He has set forth four goals for the project and that is to address firewise concerns, protect the Rio Hondo, improve forest health, and improve and maintain wildlife management.

Mr. Corroon further explained that they would be harvesting approximately 188 acres(?) of forest, using chainsaws for lop and pile in parts, and a mastication machine for splintering wood to fall to the ground. Northside will be shut down this summer because of truck traffic and the presence of mastication machines. The wood will be transported to a larger mill in southern Colorado.

TSVI's John Kelly said that TSVI would be initiating similar efforts, utilizing some of the same consultants. Thinning will occur long the Highway 150 corridor, on about 100 acres. Thinning will also take place below Lift #8 continuing down to Firehouse Road. Mastication will also be used in parts, with chain saw use in other sections. TSVI has been planning with the US Forest Service on its land, but thinning will also

occur on TSVI's private land east of Lift #1 and near the VMF. Thinning will begin on the Minnesotas and will include efforts at the Williams Lake Trail Head. He said that they hope to gather some good traction this summer and get these projects done. Wood will be burned on-mountain only after the first snow in October, and they will avoid inversions which create smoke in Amizette.

B. Capital Improvements Advisory Committee update

Committee Chair Ben Cook reported that the Committee continued to meet frequently to discuss the fee schedule. They are working to make sure that the fees are equitable, and that new development pays its fair share. Evaluating residential versus commercial buildings has taken some time. The land use assumptions have been re-done and the occupancy projections adjusted. The committee will be providing recommendations soon, and they will also make recommendations regarding the ICIP and the Financial Plan. The next meeting is planned for May 12, 2021 at 3:00 p.m.

C. Administrative Permit Alpine Suites Deck Expansion

Director Nicholson described the proposed wooden deck over the creek near the entrance of Thunderbird Road. The 340 square foot deck would be cantilevered over the river. Access would be gained from the Alpine Village cobblestone patio onto the wooden deck, as an amenity for guests. Discussion took place on the footings and proximity to water line.

The Commissioners discussed whether it was appropriate to discuss an administrative variance when other projects have been required to conduct public hearings. If hearings are not held, is the Commission acting in the capacity required.

VII. ANNOUNCEMENT OF THE DATE, TIME & PLACE OF THE NEXT MEETING:

The next meeting of the Planning & Zoning Commission is scheduled for June 7, 2021 at 1:00 p.m. via Zoom. Discussion took place on the possibility of holding hybrid meetings with both in-person and with Zoom attendance.

VIII. ADJOURNMENT

MOTION: To adjourn.

Motion: Commissioner Duffy Second: Commissioner Woodard Passed: 7-0

The meeting adjourned at 1:50 p.m.

Tom Wittman, Chairperson

ATTEST: _____
Ann M. Wooldridge, Village Clerk



AGENDA ITEM TITLE: CONSIDERATION TO RECOMMEND TO COUNCIL APPROVAL OF ORDINANCE 2021-70 UTILITY CONNECTION ORDINANCE, Repealing Resolution No. 2007-128 and Resolution No. 04-88, and Establishing Connection Fees for Village Water and Sewer Systems.

DATE: June 7, 2021

PRESENTED BY: Anthony Martinez and John Avila

STATUS OF AGENDA ITEM: New Business

CAN THIS ITEM BE RESCHEDULED: Not Recommended

BACKGROUND

The Village of Taos Ski Valley is in the process of adopting system development fees (impact fees) for water and sewer in compliance with the New Mexico Development Fees Act ("the Act"), NMSA Section 5-8-1, *et. seq.* With the adoption of these impact fees, the Village will repeal Resolution No. 2007-128 and Resolution No. 04-88. Resolution No. 2007-128 previously established a combined charge for development impact fees and the cost of a hook-up to the Village's water and sewer systems.

The New Mexico Development Fees Act does not allow connection fees to be combined with system development fees. Therefore, with the adoption of revised system development fees, the Village must separately account for the cost of connection fees through the adoption of a new ordinance. Connections fees cover the cost of connecting to the existing water and sewer systems, including administrative surcharges, while development impact fees cover the costs of the expansion of these systems (capital outlay) to serve new development.

Connection fees are designed to recover all or a portion of the materials and labor cost of connecting a customer to the nearest water or sewer line, compared to system development charges which are designed to cover the costs of capital outlay for future development, such as the expansion of major system components including treatment plants and, in some cases, distribution lines.

The connection fee is related to the hydraulic capacity of the water system and represents the contributive share of the cost to operate the facilities. In other words, the amount of water the Village needs to supply its customers is directly related to their demand on the system. Customers placing a greater burden on the water system should bear a greater share of the costs for connecting to the system. As development occurs, population increases, and there is a larger demand for water. Connection fees are the only funding source the Village has to ensure a continuing supply of potable water for its customers, as well as adequate wastewater treatment for the water that was sold for consumption. In order to meet legal requirements, connection fees must have a rational basis and must be proportional, based upon the amount of use/type of use. Therefore, connection fees are generally higher for a larger commercial building as opposed to a small, two-bedroom residence.

Your packets include proposed Ordinance No. 2021-70, which establishes connection fees and repeals outdated Resolutions No. 2007-128 and No. 04-88. The Ordinance includes appendices of fees that are calculated based upon the Villages' established EQR formula. These fees take into account the actual physical cost of connection, as well as the long-term administrative costs of serving that connection, including the contributive cost of operating the water and sewer facilities. Staff has included a schedule of fees from a similar ski area, Telluride, as a point of comparison.

RECOMMENDATION

Staff recommends discussion of the substantive Ordinance, as well as the attached appendices establishing water and sewer fees. The Planning Commission is a recommending body and final passage of the Ordinance is by second reading of the Village Council.

Staff recommends that the Planning Commission approve the Ordinance and fees.

VILLAGE OF TAOS SKI VALLEY

ORDINANCE NO. 2021-70

**AN ORDINANCE SETTING WATER AND SEWER SYSTEM
CONNECTION FEES; AMENDING AND REPEALING PRIOR RESOLUTIONS AND
ORDINANCES RELATING TO WATER AND SEWER SYSTEM CONNECTION FEES;
PROVIDING FOR REGULAR MODIFICATION
OF WATER AND SEWER SYSTEM CONNECTION FEES TO COVER
INCREASED OPERATIONAL AND MAINTENANCE EXPENSES**

WHEREAS, the Village Council, the governing body of the Village of Taos Ski Valley (the "Village") has an obligation to establish and to modify, from time to time, appropriate fees for connection to and use of the Village's water and sewer services; and

WHEREAS, the Village is experiencing increased residential and commercial growth in the community and there is a need to address the impacts of growth; and

WHEREAS, substantial future water and sewer capital infrastructure improvements will need to be completed as a result of growth in the community in order to maintain the current levels of service; and

WHEREAS, current residents already connected to the water distribution system and the sewer collection and treatment system have made responsible and significant investments in those systems; and

WHEREAS, current residents have made critical investments in the Village's water rights supporting the water utility system; and

WHEREAS, there is reason for oversight, regulatory and health safety compliance for all habitable structures to connect to the water and sewer systems without imposing a financial burden on present residential and commercial users; and

WHEREAS, the Village incurs significant excavation and construction costs to make water and sewer service connections to new residences and businesses requiring such service connections, which costs should be borne by the property owners requiring the new services; and

WHEREAS, in addition to physical connection costs, the Village incurs administrative and other costs over time related to serving a new water or sewer connection that should be accounted for; and

WHEREAS, the Village has previously imposed water and sewer system fees pursuant to Resolution No. 04-88 and Resolution No. 07-128, as supplemented and amended from time to time; and

WHEREAS, the Village finds it appropriate to repeal Resolution No. 04-88 and Resolution No. 07-128 to the extent described herein; and

WHEREAS, the Village Council finds and determines that it is appropriate to establish, through adoption of this Ordinance, system connection fees for water and sewer service, each payable at the time the request for connection is made to the Village.

NOW, THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE OF TAOS SKI VALLEY THAT:

1. All water and sewer utility connection fees must be paid prior to the issuance of a building permit, prior to commencement of construction, prior to installation or expansion of use of a service line, and prior to connecting any service line to the Village system.
2. The water utility connection fees for any new construction, addition to existing structures, or redevelopment requiring the setting of a new water meter, increase in usage as defined herein, or any modification of the Village's water utility distribution system shall be as outlined in **Appendix A** attached hereto.
3. *Service connections.* All water utility service connections shall be in accordance with Ordinance No. 2015-38. The applicant for new water utility service shall pay the Village's actual cost to extend the service connection from the nearest water transmission line to the new construction or redevelopment. In the alternative, if approved in advance by the Village, the applicant may contract for or install the necessary service connection from the nearest water transmission line to the new construction or redevelopment. If the applicant elects to contract for or install the connection, the applicant or contractor shall provide detailed design drawings for the review and approval of the Village in advance of construction, and shall notify the Village at least three (3) business days before construction begins so that Village personnel can observe the construction and installation of the connection, which shall be subject to approval by the Village and shall not be placed in service without such approval.
4. *Line extension policy.* In the event of an application for water utility service at a location or property that is not within a reasonable distance of an existing water utility main transmission line, then the applicant shall be responsible for the cost of the necessary main transmission line to reach the location or property. The applicant may pay the Village's cost to construct and install the transmission line, or may construct and install the line subject to Village approval as provided for service connections as set forth herein, and in Ordinance No. 2015-38.
5. The sewer utility connection fee for any new construction, addition to existing structures, increase in usage as defined herein, or redevelopment requiring a new connection to the Village's sewer collection system shall be as outlined in **Appendix B** attached hereto.
6. *Service connections.* All sewer utility service connections shall be in accordance with Ordinance No. 2015-37. The applicant for sewer utility service shall contract for or install the necessary service connection from the building or facility served to the nearest appropriate main collector line of the sewer collection system. The applicant or contractor shall provide detailed

design drawings for the review and approval of the Village in advance of construction, and shall notify the Village at least three (3) business days before construction begins so that Village personnel can observe the construction and installation of the connection, which shall be subject to approval by the Village and shall not be placed in service without such approval. Where necessary, the applicant will ensure the construction of adequate filtration and monitoring systems to ensure effluent discharged into the sewer collection system meets the requirements of Ordinance No. 2015-37. All costs associated with such requirements, including permits, shall be borne by the applicant.

7. *Line extension policies.* In the event of an application for sewer utility service at a location or property that is not within a reasonable distance of an existing Village sewer main collector line, then the applicant shall be responsible for the cost of constructing and installing the necessary sewer main collection line to reach the location or property. The applicant, subject to Village approval, may pay the Village's cost to construct and install the sewer main collection line to a point within 150 feet of the property boundary to which service will be supplied, or may construct and install the line subject to Village approval as provided for service connections as set forth herein, and in Ordinance No. 2015-37.

8. *Annual increment of fees.* In order to offset anticipated increases in operational costs over time, all fees set forth and adopted by this Ordinance shall **increase** by three (3) percent annually at the beginning of each fiscal year, commencing on July 1, 2022, and continuing annually thereafter. Each annual increment of three (3) percent shall be applied to the fees in effect during the previous fiscal year.

9. The water and sewer connection fees adopted by Resolution No. 04-88 and the water and sewer system fees adopted by Resolution No. 07-128 are hereby repealed and replaced by the fees adopted in this Ordinance.

10. Where a previous building is demolished, leaving a vacant lot, any new construction will be subject to entirely new connections fees as set forth in Appendices A and B.

11. Renovations or additions to existing structures shall be subject to new connections fees and surcharges, as set forth in Appendices A and B, in proportion to an increase in the number of bedrooms, residential units, and/or sleeping accommodations in the case of residential uses; an increase in guest rooms or sleeping accommodations in the case of hotels and transient facilities; and an increase in meter size in the case of commercial uses and public buildings. The addition of new swimming pools and fixtures shall also be assessed and surcharged as set forth in Appendices A and B.

12. The Village is authorized to amend the fees outlined in Appendices A and B by resolution adopted by a majority of the Village Council.

13. Any resolution or ordinance previously adopted that is inconsistent with this Ordinance is hereby rescinded to the extent of the inconsistency.

**PASSED, ADOPTED AND APPROVED this _____ day of _____,
2021.**

VILLAGE OF TAOS SKI VALLEY

CHRISTOFF BROWNELL, Mayor

(Seal)

ATTEST:

ANN M. WOOLDRIDGE, Village Clerk

APPENDIX A WATER FEES

1. Basic connection fee (including meter installation):
 - a. Single-family residence with no more than two (2) bedrooms: \$ 4,500
 - b. Single-family residence with more than two (2) bedrooms:

\$ 4,500, plus \$1,500 for each bedroom in excess of two (2)
 - c. Multi-family residential units and condominiums:

\$ 4,500 for each family residential or condominium unit
 - d. Hotels, motels, lodges, and other transient residential facilities:

\$ 4,500, plus \$2,250 for each guest room or other sleeping accommodation
 - e. Commercial or public buildings, including but not limited to stores, offices, and other business uses:

Meter size of less than one (1) inch: \$ 4,500

Meter size 1 inch: \$ 8,000

Meter size 1 ½ inch: \$ 11,000

Meter size 2 inches: \$ 14,000

Meter size greater than two (2) inches: As determined by the Village under the Village's line extension policy and incorporated in a line extension agreement with the property owner seeking service.
 - f. Swimming pools, hot tubs and other bathing fixtures larger than a bathtub in conjunction with any other use:

Fixtures with a water capacity of 151 to 750 gallons: \$ 250 if located on residential premises and restricted to private, non-commercial use; \$ 500 if associated with any commercial establishment.

Fixtures with a water capacity of 751 to 5,000 gallons: \$ 500.

Bathing fixtures with a water capacity of 5,001 gallons or more: \$ 500 for every 5,000 gallons or part thereof.

APPENDIX B SEWER FEES

1. Basic connection fee:

a. Single-family residence with no more than two (2) bedrooms: \$3,600

b. Single-family residence with more than two (2) bedrooms:

\$ 3,600, plus \$1,200 for each bedroom in excess of two (2)

c. Multi-family residential units and condominiums:

\$ 3,600 for each residential unit

d. Hotels, motels, lodges, and other transient residential facilities:

\$ 3,600, plus \$2,000 for each guest room or other sleeping accommodation

e. Commercial or public buildings, including but not limited to stores, offices, and other business uses:

i. Bars, restaurants and other establishments serving food and/or beverages:

\$ 3,600, plus \$ 2,500 for every 375 square feet of seating space or part thereof

ii. Other commercial and business establishments and public buildings:

\$ 3,600, plus \$3,000 for each pair of restrooms open to the public

f. Swimming pools, hot tubs and other bathing fixtures larger than a bathtub in conjunction with any other use:

Fixtures with a water capacity of 151 to 750 gallons: \$ 200 if located on residential premises and restricted to private, non-commercial use; \$ 400 if associated with any commercial establishment.

Fixtures with a water capacity of 751 to 5,000 gallons: \$ 400.

Bathing fixtures with a water capacity of 5,001 gallons or more: \$ 400 for every 5,000 gallons capacity or part thereof.

2021 WATER/SEWER TAP FEE SCHEDULE

(per Ordinance #1360 11/15/11)

WITHIN TOWN LIMITS:

RATE #1 SINGLE FAMILY DWELLING (INCLUDES DUPLEXES, TRIPLEXES, CONDO'S)

| | | |
|--------------|--|---------------------|
| \$ 28,131.69 | per dwelling unit up to 2500 square feet, plus | |
| \$ 23.00 | for each additional square foot over 2500 up to 3500 square feet, plus | |
| \$ 23.00 | per square foot of surface area for swimming pools and spas, plus | |
| \$ 16.11 | per square foot above 3500 square foot | |
| \$ (5.07) | per square foot below 750 square feet (discount) | |
| \$ (5.07) | per square foot below 400 square feet (discount) | (effective 5/26/06) |

RATE #2 ACCOMMODATIONS (HOTEL ROOMS, DORM ROOMS)

| | | |
|-------------|---|--|
| \$16,499.22 | or each water/sewer using unit containing up to six (6) fixture units, plus | |
| \$ 1,456.15 | for each additional fixture unit over six, up to a <u>maximum fee of \$28,131.69</u> plus | |
| \$ 23.00 | for each additional square foot over 2500 square feet, plus | |
| \$ 23.00 | per square foot of surface area for swimming pools and spas, plus | |
| \$ 992.32 | per 1000 square feet of irrigated landscaped area. | |

RATE #2.1 ACCOMMODATIONS (HOTEL ROOMS, DORM ROOMS) SHORT TERM DEED RESTRICTED

| | | |
|-------------|---|--|
| \$13,790.07 | for each water/sewer using unit containing up to six (6) fixture units, plus | |
| \$ 1,213.53 | for each additional fixture unit over six, up to a <u>maximum fee of \$22,326.72</u> , plus | |
| \$ 19.18 | for each additional square foot over 2500 square feet, plus | |
| \$ 19.18 | per square foot of surface area for swimming pools and spas, plus | |
| \$ 825.38 | per 1000 square feet of irrigated landscaped area. | |

RATE #3 COMMERCIAL

| | | |
|-------------|---|--|
| \$16,499.22 | for each water/sewer using unit containing up to fourteen fixture units, plus | |
| \$ 1,456.15 | for each additional fixture unit (no maximum), plus | |
| \$ 23.00 | per square foot of surface area for swimming pools and spas, plus | |
| \$ 992.32 | per 1000 square feet of irrigated landscaped area. | |

OUTSIDE OF TOWN LIMITS: RATE #4 SINGLE FAMILY, ACCOMMODATIONS, COMMERCIAL

For water/sewer using units located outside of Town of Telluride limits (Brown Homestead, Gold King, Hillside, Lawson Hill) the tap fee rate shall be one hundred thirty one percent (131%) of the above applicable In Town rates. Lawson Hill new sewer/water taps are subject to a surcharge of \$160.00 per unit.

For sewer using units located outside of Town limits at Aldasoro the rate shall be seventy percent (70%) of the applicable 131% rate.

EXCEPTION Deed Restrictions:

In-Town Waiver of tap fees – Section 3-110. E Land Use Code – except where required as mitigation for other development and subject to continuing compliance with the terms of this Section, the Building Official shall waive that portion of any water and/or sewer tap fees attributable to a designated employee dwelling unit or affordable housing unit provided such unit is deed restricted per Section 3-110.B

Out-of Town. Units which are subject to a recorded San Miguel County R-1 Housing Deed Restriction at the time of tap fee assessment, the tap fee rate shall be one hundred percent (100%) of the same class of user of the Town (Aldasoro rate 70%). In the event such deed restriction is ever released or invalidated, an additional 31% of the tap fee shall be paid within 30 days thereafter.

The above rates shall automatically increase by five percent (5%) on January 1, 2022.



Planning & Zoning Commission

Thomas P. Wittman, Chair
Henry Caldwell
Richard Duffy
Yvette Klinkmann
Susan Nichols
J. Christopher Stagg
Jim Woodard

STAFF REPORT

AGENDA ITEM TITLE: Introduction of Development Impact Fee Update Study & Companion Capital Improvements Advisory Committee Report

DATE: June 7, 2021

PRESENTED BY: Willdan Financial Services, Ben Cook, Chairman of Capital Improvements Advisory Committee, & Patrick Nicholson, Director of Planning & Community Development.

STATUS OF AGENDA ITEM: New business

BACKGROUND INFORMATION: For the past year, staff, and for the past six months, the Capital Improvements Advisory Committee (CIAC), have been engaged in the statutory requirement of updating the Village's Development Impact Fees. The Updated Study, prepared in collaboration with Willdan Financial Services, summarizes an analysis of development impact fees (DIFs) needed to support future development in the VTSV through 2030. The CIAC, also required by state statute, has completed its review and recommendations on the Village's Capital Improvement Plan, Land Use Assumptions, and Development Impact Fee Schedule.

The Village Council will adopt by Ordinance the DIF Study and any proposed changes to the Capital Improvement Plan and Development Impact Fees schedule. At this time, the Planning & Zoning Commission is asked to review and prepare for a recommendation to Council on adoption of the proposed Capital Improvement Plan and Development Impact Fee Schedule. A comparison survey of comparably Rocky Mountain ski communities is included to aid in the review.

The enabling legislation Ordinance will be presented at the next Planning & Zoning Commission meeting.

RECOMMENDATION: To consider materials presented to guide decision making and prepared for a recommendation at the next meeting to the Village Council.

ATTACHMENTS:

1. Development Impact Fee Update Report

2. Fee Comparison Survey
3. Capital Improvements Advisory Committee Report

VILLAGE OF TAOS SKI VALLEY

DEVELOPMENT IMPACT FEE UPDATE STUDY

PUBLIC REVIEW DRAFT

MAY 26, 2021



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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the Village of Taos Ski Valley through 2030. It is the Village's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Public Safety Facilities
- Transportation Facilities
- Parks and Public Spaces
- Wastewater System Development
- Water System Development

Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. Although growth also imposes operating costs, there is not a similar system to generate revenue from new development for services. The primary purpose of this report is to calculate and present fees that will enable the Village to expand its inventory of public facilities, as new development creates increases in service demands.

The impact fee study was a collaboration between the Village of Taos Ski Valley, the Capital Improvements Advisory Committee (CIAC) and Willdan Financial Services. The approaches taken in this study adhere to industry standard practices for impact fee development and conform to the requirements of the Development Fees Act found in Article 8, Section 5 of the New Mexico Statutes.

Use of Fee Revenues

Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development. Items to be included in a capital improvement plan can be generally defined as capital acquisition items with a useful life greater than five years and cost greater than \$10,000. Impact fee revenue identified in this study can be spent on water supply, treatment and distribution facilities; wastewater collection and treatment facilities; roadway facilities located within the service area; buildings for fire, police and rescue and essential equipment costing more than \$10,000 or having a service life greater than five years; and, parks, recreational areas, open space trails and related areas and facilities.

In that the Village cannot predict with certainty how and when development within the Village will occur during the 10-year planning horizon assumed in this study, the Village may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The Village could identify any changes to the projects funded by the impact fees when it updates the CIP. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

Development Impact Fee Schedule Summary

Table E.1 summarizes the maximum justified development impact fee schedule that would meet the Village's identified needs and does not unfairly overburden new development.

Table E.1: Maximum Justified Development Impact Fees - per Square Foot

| Land Use | Public Safety Facilities | Transportation Facilities | Parks and Public Spaces | Wastewater System Development | Water System Development | Total |
|-----------------------|--------------------------|---------------------------|-------------------------|-------------------------------|--------------------------|----------|
| <u>Residential</u> | | | | | | |
| Single Family | \$ 3.01 | \$ 1.33 | \$ 0.78 | \$ 2.54 | \$ 2.19 | \$ 9.84 |
| <u>Nonresidential</u> | | | | | | |
| Commercial | \$ 3.46 | \$ 19.74 | \$ - | \$ 10.67 | \$ 9.19 | \$ 43.05 |
| Office | \$ 4.38 | \$ 12.82 | \$ - | \$ 10.67 | \$ 9.19 | \$ 37.06 |
| <u>Accommodations</u> | | | | | | |
| Multifamily/Lodging | \$ 15.23 | \$ 4.66 | \$ 3.96 | \$ 13.02 | \$ 11.21 | \$ 48.09 |

Sources: Tables 3.6, 4.5, 5.6, 6.5 and 7.5.

Other Funding Required

Impact fees may only fund the share of public facilities identified in the Village's Infrastructure Capital Improvements Plan (ICIP) related to new development in Taos Ski Valley. They may not be used to fund the share of facility needs generated by existing development. As shown in **Table E.2**, approximately \$37.7 million in additional funding will be needed to complete the facility projects the Village currently plans to develop. The "Non-Fee Funding Required" column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities will serve both existing and new development.

The Village will need to develop alternative funding sources to fund existing development's share of the planned facilities. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, bed taxes, donations, and grants.

Table E.2: Impact Fee Revenue Projection

| | Total Project Cost | Fee Revenue | Non Fee Funding Required |
|---------------|--------------------|---------------|--------------------------|
| Public Safety | \$ 11,230,000 | \$ 5,378,000 | \$ 5,852,000 |
| Traffic | 10,350,000 | 3,862,737 | 6,487,263 |
| Parks | 1,040,000 | 1,176,208 | - |
| Wastewater | 21,453,257 | 5,875,190 | 15,578,067 |
| Water | 14,976,899 | 5,060,468 | 9,916,431 |
| Total | \$ 59,050,156 | \$ 21,352,604 | \$ 37,697,552 |

Sources: Tables 3.5, 4.3, 4.4, 5.5, 6.3 and 7.3.

1. Introduction

This report presents an analysis of the need for public facilities to accommodate new development in the Village of Taos Ski Valley. This chapter provides background for the study and explains the study approach under the following sections:

- Study Objectives;
- Fee Program Maintenance;
- Study Methodology; and
- Organization of the Report.

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. A strategy under the *Utilities Goals, Objectives and Strategies* section of the Village's Comprehensive Plan states: "Update the impact fees and system development fees. Section 5-8-30 of the New Mexico state statutes require an update of land use assumptions and capital improvements plan required in order to impose impact fees at least every five years."

The primary purpose of this report is to update the Village's impact fees based on the most current available ICIP and land use projections. The maximum justified fees will enable the Village to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the Comprehensive Plan policies stated above.

The Village collects public facilities fees under authority granted by the Development Fees Act contained in Chapter 5, Article 8 of the New Mexico Statutes. This report provides the necessary documentation required by the Act for adoption of the fees presented in the fee schedules in this report.

Taos Ski Valley is forecast to see limited growth through this study's planning horizon of 2030. Though limited, this growth will create an increase in demand for public services and the facilities required to deliver them. Consistent with its Comprehensive Plan strategies, the Village has decided to continue to use a development impact fee program to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to update the Village's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. Section 5-8-30 of the New Mexico state statutes requires that impact fee programs be updated every five years or when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 8.

Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth. The six steps followed in this development impact fee study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;
4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

Types of Facility Standards

There are three separate components of facility standards:

- *Demand standards* determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of police station space per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.
- *Design standards* determine how a facility should be designed to meet expected demand, for example, park improvement requirements and technology infrastructure for Village office space. Design standards are typically not explicitly evaluated as part of an impact fee analysis but can have a significant impact on the cost of facilities. Our approach incorporates the cost of planned facilities built to satisfy the Village's facility design standards.
- *Cost standards* are an alternate method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand. *Cost standards* are useful when demand standards were not explicitly developed for the facility planning process. *Cost standards* also enable different types of facilities to be analyzed based on a single measure (cost or value) and are useful when different facilities are funded by a single fee program. Examples include facility costs per capita, cost per vehicle trip, or cost per gallon of water per day.

New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify total facility needs, and (2) allocate to new development its fair share of those needs.

There are three common methods for determining new development's fair share of planned facilities costs in this study: the **existing inventory method**, the **planned facilities method**, and the **system plan method**. Often the method selected depends on the degree to which the community has engaged in comprehensive facility master planning to identify facility needs.

The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \text{cost per unit of demand}$$

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Future facilities to serve growth are identified through an annual CIP and budget process, possibly after completion of a new facility master plan. **This approach is used to calculate the parks and public spaces fees in this report.**

Planned Facilities Method

The planned facilities method allocates costs based on the ratio of planned facility costs to demand from new development as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New Development Demand}} = \text{cost per unit of demand}$$

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a Wastewater trunk line extension to a previously undeveloped area. An example of the latter is expansion of an existing library building and book collection, which will be needed only if new development occurs, but which, if built, will in part benefit existing development, as well. Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. **This approach is used for the transportation facilities, wastewater system development and water system development fees in this report.**

System Plan Method

This method calculates the fee based on the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities} + \text{Cost of Planned Facilities}}{\text{Existing} + \text{New Development Demand}} = \text{cost per unit of demand}$$

This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. It is difficult, for example, to allocate a new fire station solely to new development when that station will operate as part of an integrated system of fire stations that together achieve the desired level of service.

The system plan method ensures that new development does not pay for existing deficiencies. Often facility standards based on policies such as those found in Comprehensive Plans are higher than the existing facility standards. This method enables the calculation of the existing deficiency required to bring existing development up to the policy-based standard. The local agency must secure non-fee funding for that portion of planned facilities required to correct the deficiency to ensure that new development receives the level of service funded by the impact fee. **This approach is used to calculate the public safety facilities fees in this report.**

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of growth projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapters 3 through 7 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- Public Safety Facilities
- Transportation Facilities
- Parks and Public Spaces
- Wastewater System Development
- Water System Development

Chapter 8 details the procedures that the Village must follow when implementing a development impact fee program.

2. Land Use Assumptions

Land use assumptions and growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the assumption used in this study based on a 2020 base year and a planning horizon of 2030.

Estimates of existing development and projections of future growth are critical assumptions used throughout this report. These estimates are used as follows:

- The estimate of existing development in 2020 is used as an indicator of existing facility demand and to determine existing facility standards. Village GIS data was used to estimate existing development in terms of dwelling units, lodging/accommodations units and nonresidential building square feet. The most recent American Community Survey data is used to estimate existing residents.
- The estimate of total development at the 2030 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2020 through 2030 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for public facilities is based on the service population, dwelling units or nonresidential development creating the need for the facilities.

Service Area

The service area for this study is the Village limits.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types for which impact fees have been calculated for are defined below.

- **Single family:** Detached and attached one-unit dwellings (Includes single family homes and townhomes) on a single parcel.
- **Commercial:** All commercial, retail, educational, and service development.
- **Office:** All general, professional, and medical office development.
- **Multifamily/Lodging:** Condominium units, apartment units and places of lodging that provide sleeping accommodations, including all suite hotels and business hotels.

Some developments may include more than one land use type, such as a mixed-use development with both lodging and commercial uses. In those cases, the facilities fee would be calculated separately for each land use type.

The Village has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use. If a project results in the intensification of use, at its discretion, the Village can charge the project the difference in fees between the existing low intensity use and the future high intensity use.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, nonresidential building square feet, employees, and overnight visitors in Taos Ski Valley, both in 2020 and in 2030.

Single Family Dwelling Units and Permanent Residents

Estimates of existing residents is based on the most recent ACS data. The increase in residents is based on the increase in the projected increase in single family dwelling units, multiplied by dwelling unit density assumptions in **Table 2.2**. This assumes that no permanent resident growth will come from multifamily units, which are assumed to generate overnight visitors and listed under multifamily/lodging below.

The base year estimates of existing single family dwelling units come from a GIS analysis requested by the Village for use in this analysis. The projected increase in single family dwelling units assumes four single family dwelling units per year and is based on input from the CIAC.

Employment and Nonresidential Building Square Feet

The estimate of 489 total existing workers, less 42 local government workers, is based on the latest data available from OnTheMap.ces.census.gov. The increase in employment assumes 30 permanent FTE added per year through 2030 and is based on input from the CIAC.

The estimate of existing nonresidential building square footage identified by the Village's GIS analysis. This estimate excludes hotels and accommodations, which are accounted for elsewhere in the analysis. The projected increase in building square footage to 2030 is assumed to remain constant relative to estimated employment.

Multifamily / Lodging Units

This analysis treats hotel rooms and multifamily units the same in terms of generating demand for facilities. Data indicates that multifamily units predominantly operate as lodging in the Village. Discussions with the CIAC and trends in the lodging industry have indicated that the line between these types of development projects is blurred in the Village. These types of units are considered the same for the purposes of calculating impact fees to eliminate any unintended incentives from a fee schedule that segregates hotel rooms from multifamily units.

Overnight Visitors

Single family dwelling units and multifamily/lodging units are estimated to generate overnight visitor demand. For multifamily/lodging units this analysis assumes an annual average occupancy rate of 40% and four visitors per unit.

Single family units are assumed to generate two types of overnight visitor demand: demand from short term rentals and demand from second home visitors. For single family short-term rental units the analysis assumes four visitors per unit and a 40% annual occupancy rate for 5% of units operating as vacation rentals. This assumes that approximately 5% of single family units operate as vacation rentals based on business permit data and an assumption of 30% unreported units. For single family second home visitors the analysis assumes four visitors per unit for six weeks out of the year. **Appendix Table A.1** contains a detailed calculation of overnight visitors.

Table 2.1: Land Use Assumptions

| | 2020 | 2030 | Increase |
|---|------|-------|----------|
| Residents ¹ | 56 | 68 | 12 |
| Single Family Dwelling Units ² | 184 | 224 | 40 |
| <u>Employment</u> ³ | | | |
| Commercial | 441 | 737 | 296 |
| Office | 6 | 10 | 4 |
| Total | 447 | 747 | 300 |
| Nonresidential Building Square Feet (1,000s) ⁴ | 283 | 473 | 190 |
| Multifamily/Lodging (Hotel Rooms, Apartments, Condos) ⁵ | 423 | 708 | 285 |
| Overnight Visitors ⁶ | | | |
| Multifamily/Lodging | 677 | 1,133 | 456 |
| Single Family Short Term Rentals | 14 | 18 | 4 |
| Second Home Visitors | 78 | 95 | 17 |
| Total | 769 | 1,246 | 477 |

¹ Existing residents from American Community Survey data. Increase in residents based on increase in single family dwelling units, multiplied by dwelling unit density assumptions in Table 2.2. Assumes no permanent resident growth from multifamily units, which are assumed to generate overnight visitors and listed under multifamily/lodging below.

² Base year dwelling unit estimate from ACS data. Increase assumes 4 single family dwelling units per year.

³ Estimate of 489 total workers less 42 local government workers based on data from OnTheMap.ces.census.gov. Increase in employment assumes 30 permanent FTE added per year through 2030.

⁴ Existing building square footage identified by the Village's GIS analysis. Excludes hotels and accommodations. Increase in building square footage assumed to remain constant relative to employment.

⁵ Base year includes 483 units, including hotel rooms and condominium units, as identified by the Village.

⁶ For hotel rooms and condominiums assumes an occupancy rate of 40% and four visitors per unit. For single family short term rentals units four visitors per unit and a 40% annual occupancy rate for 5% of units operating as vacation rentals. Assumes approximately 5% of single family units operate as vacation rentals based on business permit data and an assumption of 30% unreported units. For single family second home visitors assumes 4 visitors per unit, 6 weeks out of the year.

Sources: Village of Taos Ski Valley; American Community Survey Table B25033; U.S. Census Bureau LEHD Origin-Destination Employment Statistics (2002-2015) accessed at <https://onthemap.ces.census.gov>; Appendix Table A.1, Willdan Financial Services.

Occupant Densities

All fees in this report are calculated based on dwelling units (differentiated by size in square footage), nonresidential building square feet or lodging units. Occupant densities (residents per dwelling unit) or workers per building square foot are the most appropriate characteristics to use allocating fees based on demand created by a facility's service population. In this study, occupant densities are used to calculate fees for the public safety facilities fees and the parks and public spaces fee.

The average annual occupant density factors used in this report are shown in **Table 2.2**.

The permanent resident density factors for single family units are based on the most current data for Taos Ski Valley from the U.S. Census' American Community Survey (ACS) 5-Year Estimates and the Village's GIS analysis used to count existing single family homes. Densities for second home visitors (i.e. people who own second homes in the Village, but live elsewhere and are not counted as permanent residents) are based on the assumption of four persons occupying the unit for six weeks out of the year. Also added to the assumptions for single family units is the demand from short term rentals. For single family short-term rental units the analysis assumes four visitors per unit and a 40% annual occupancy rate for approximately 5% of units operating as vacation rentals. This assumes that approximately 5% of single family units operate as vacation rentals based on business permit data and an assumption of 30% unreported units..

The assumption for visitors per unit for multifamily/lodging units assumes an annual average occupancy rate of 40% and four visitors per unit.

The nonresidential occupancy factors are derived from data from the Institute of Traffic Engineers Trip Generation Manual, 10th Edition. The estimates of workers per 1,000 square feet are discounted by 50 percent, as businesses in the Village are estimated to be fully operational for only half of the year.

Table 2.2: Occupant Density Assumptions

| | | |
|--|------|---------------------------------|
| <u>Residential</u> | | |
| Single Family ¹ | 0.30 | Residents per dwelling unit |
| Single Family ² | 0.42 | Second home visitors per unit |
| Single Family Short Term Rental ³ | 0.07 | Visitors per dwelling unit |
| Total | 0.79 | Total |
| <u>Nonresidential</u> ⁴ | | |
| Commercial | 1.17 | Employees per 1,000 square feet |
| Office | 1.48 | Employees per 1,000 square feet |
| <u>Visitor Accommodations</u> | | |
| Hotels and Condominiums ⁵ | 1.60 | Visitors per dwelling unit |

¹ Permanent residents per unit.

² Assumes 169 non-full time occupied homes. Assumes second home users occupy units for 6 weeks out of the year, with 4 people per unit.

³ Assumes four visitors per unit and a 40% annual occupancy rate. Assumes approximately 5% of single family units operate as vacation rentals based on business permit data and an assumption of 30% unreported units.

⁴ Assumes businesses are operated for half of the year.

⁵ Assumes four visitors per unit, and a 40% annual occupancy rate.

Sources: Village of Taos Ski Valley U.S. Census Bureau, 2019 American Community Survey 5-Year Estimates, Table B25033; ITE Trip Generation Manual, 10th Edition; Willdan Financial Services.

Land Cost Assumptions

Table 2.3 displays the land cost assumption used throughout this report. The assumption was developed based on an analysis of recent sales and appraisals in the Village.

Table 2.3: Land Cost

| | Value Per Acre |
|--|----------------|
| Based on analysis of recent sales and appraisals provided by the Village | \$ 242,000 |

Sources: Village of Taos Ski Valley; <https://taosmls.paragonreels.com/>; Willdan Financial Services.

3. Public Safety Facilities

The purpose of this fee is to ensure that new development funds its fair share of public safety facilities. A fee schedule is presented based on the existing inventory facilities standard of public safety facilities in the Village of Taos Ski Valley to ensure that new development provides adequate funding to meet its needs.

Service Population

Public safety facilities serve both residents, visitors, and businesses. Therefore, demand for services and associated facilities are based on the Village's service population including residents, visitors, and workers.

Table 3.1 shows the existing and future projected service population for public safety facilities. Residents and visitors are assumed to create an equal amount of demand for public safety facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for public safety facilities.

Table 3.1: Public Safety Facilities Service Population

| | A Persons | B Weighting Factor | A x B = C Service Population |
|--|--------------|--------------------------|------------------------------------|
| <u>Residents</u> | | | |
| Existing (2020) | 56 | 1.00 | 56 |
| New Development | 12 | 1.00 | 12 |
| Total (2030) | 68 | | 68 |
| <u>Overnight Visitors</u> | | | |
| Existing (2020) | 769 | 1.00 | 769 |
| New Development | 477 | 1.00 | 477 |
| Total (2030) | 1,246 | | 1,246 |
| <u>Workers</u> | | | |
| Existing (2020) | 447 | 0.31 | 139 |
| New Development | 300 | 0.31 | 93 |
| Total (2030) | 747 | | 232 |
| <u>Combined Residents and Weighted Workers</u> | | | |
| Existing (2020) | | | 964 |
| New Development | | | 582 |
| Total (2030) | | | 1,546 |

¹ Workers are weighted at 0.31 of residents based on a 40 hour work week out of a possible 128 non-work hours in a week (40/128 = 0.31)

Sources: Table 2.1; Willdan Financial Services.

Existing Facilities Inventory

The Village's public safety facilities inventory is comprised of two fire stations, Village Hall Complex, and various durable equipment, apparatus, and vehicles. Note that the fire stations are planned to be expanded, so they are not listed in the existing inventory, rather as planned facilities in the ICIP. The Village spending to date on the new Village Hall Complex is listed in the existing inventory, and the remaining cost of that facilities is listed in the future planned facilities in the ICIP. In total the Village owns approximately \$3.1 million worth of public safety facilities.

Table 3.2 displays the Village's existing inventory of public safety facilities.

Table 3.2: Existing Public Safety Facilities Inventory

| | Replacement Cost |
|---|---------------------|
| <u>Buildings (square feet)</u> | |
| Building & Improvements, Apron | \$ 194,502 |
| New Village Hall Complex (Capital Spending to Date) | 1,900,000 |
| Subtotal | \$ 2,094,502 |
| <u>Public Safety Vehicles</u> | |
| GMC 1986 Fire Truck | \$ 253,319 |
| Chevy Truck 1998 brush truck | 30,209 |
| International 2002 Firetruck & Equipment | 320,463 |
| First Aide Equipment -05456 | 6,926 |
| Chevy 2005 Express Cargo-EMS | 28,891 |
| Visionary Systems-firehouse software | 3,190 |
| 2 Air-Paks fifty, 45 min, w/case | 5,468 |
| 5 Air Paks fifty, 45 min w/o case | 13,411 |
| Breathing Air Compressor System | 23,760 |
| Haul Mark 2005 6x12 Tandem Axel Trailer | 3,595 |
| 1 E2V Argus Thermal Imaging Camera | 13,950 |
| 1 Mark 3 Pump | 3,702 |
| 1 Mx-Pro R3 X-Frame Ambulance Cot | 2,805 |
| 1 Rice Hydro Fire Hose Tester | 1,695 |
| Forest River 2006 Travel Trailer | 6,000 |
| Gmc 1988 4 X4 Rescue Truck | 22,000 |
| Danko Skid Unit - Wildland Engine | 11,244 |
| Polaris 2012 Ranger | 13,457 |
| Power Pro Xt Ambulance (Cot) Gurney | 10,696 |
| Ford 2003 Gcii Bus-203 15 Passenger Van | 3,800 |
| Burn Boss Mobile Air Curtain & Burn Boss- TSVI 1/2 | 26,250 |
| Sentry Warning Siren | 9,119 |
| Sentry Warning Siren | 9,573 |
| Amkus Ion iS240 Spreader | 10,207 |
| Amkus Ion iC550 Cutter | 8,601 |
| Subtotal | |

Sources: Village of Taos Ski Valley; Table 2.3, Willdan Financial Services.

Table 3.2: Existing Public Safety Facilities Inventory

| | Replacement Cost |
|-----------------------------------|---------------------|
| <u>Law Enforcement Vehicles</u> | |
| Ford 2012 Expedition | \$ 27,971 |
| Ford 2014 Expedition | 33,179 |
| 2017 Ford Expedition | 41,423 |
| Subtotal | \$ 102,573 |
| <u>Law Enforcement Equipment</u> | |
| Computer | \$ 4,812 |
| Radio | 4,774 |
| Computer Acc | 708 |
| Equipment - 5370 | 84 |
| Equipment - 5370 | 524 |
| Computer Equipment - 5506 | 1,535 |
| Computer Equipment | 2,152 |
| Equipment - 6020 | 139 |
| Equipment - 6157 | 1,422 |
| Subtotal | \$ 16,150 |
| Total Value - Existing Facilities | \$ 3,055,556 |

Sources: Village of Taos Ski Valley; Table 2.3, Willdan Financial Services.

Planned Facilities

Table 3.3 summarizes the planned public safety facilities needed to serve the Village, as identified in the ICIP. The Village plans to build expand the new Village Hall Complex, expand its fire stations and public safety buildings to add capacity to accommodate new development. The ICIP also includes additional public safety vehicles and apparatus needed to serve new development. In total, the ICIP includes \$11.2 million of planned public safety facilities.

Table 3.3: Planned Public Safety Facilities

| | Total Cost |
|--|---------------------|
| Renovate and Expand New Village Hall Complex ¹ | \$ 1,600,000 |
| Fire Sub-station #2 Expand and Renovate | 800,000 |
| Construct/Remodel Public Safety Building / Multipurpose Building | 1,450,000 |
| Public Safety Building | 400,000 |
| Public Safety Repeater Building | 150,000 |
| Purchase Public Safety Vehicles and Equipment | 150,000 |
| Fire Rescue Truck | 400,000 |
| Helipad Site Development | 750,000 |
| Renovate and Expand Primary Fire Station #1 | 2,500,000 |
| Fire Hydrants Additional | 500,000 |
| Public Safety Building Land Acquisition | 230,000 |
| Pumper Tender (Fire Dept.) | 800,000 |
| Ladder Truck (Fire Dept.) | 1,500,000 |
| Cost of Planned Facilities | \$11,230,000 |

¹ Net project cost shown. Total project cost is \$2.7 million.

Source: Village of Taos Ski Valley 2022-2026 Infrastructure Capital Improvements Plan.

Cost Allocation

Table 3.4 shows the calculation of the system plan facilities standard per capita for public safety facilities. This value is calculated by dividing the total value of all public safety facilities in 2030 by the total service population in 2030. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the value per worker. The resulting standard is the cost standard that will be achieved when all the facilities are realized, and new development has come online.

Table 3.4: Public Safety Facilities System Standard

| | |
|---|-------------------|
| Value of Existing Facilities | \$ 3,055,556 |
| Value of Planned Facilities | <u>11,230,000</u> |
| Total System Value (2030) | \$ 14,285,556 |
| Future Service Population (2030) | <u>1,546</u> |
| Cost per Capita | \$ 9,240 |
| Cost Allocation per Resident | \$ 9,240 |
| Cost Allocation per Worker ¹ | 2,864 |

¹ Based on a weighting factor of 0.31.

Sources: Tables 3.1, 3.2 and 3.3.

Fee Revenue Projection

Completing the planned facilities will provide a higher value of facilities per capita than is currently provided in the Village. Impact fee revenue may not be used to increase the level of service provided to existing development. Therefore, impact fee revenue will not fully fund the planned facilities and some non-fee funding will be required. **Table 3.5** shows the projected fee revenue and the non-fee funding required through 2030. After accounting for the projected future impact fee revenue approximately \$5.9 million in non-fee funding will be needed to complete the planned facilities.

The Village will need to use alternative funding sources to fund existing development's share of the planned public safety facilities. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, donations, and grants.

Table 3.5: Revenue Projection - System Standard

| | |
|---|----------------------|
| Cost per Capita | \$ 9,240 |
| Growth in Service Population (2020- 2030) | <u>582</u> |
| Fee Revenue | \$ 5,378,000 |
| Net Cost of Planned Facilities | <u>11,230,000</u> |
| Non-Fee Revenue to be Identified | <u>\$(5,852,000)</u> |

Sources: Tables 3.1, 3.2 and 3.3.

Fee Schedule

Table 3.6 shows the maximum justified public safety facilities fee schedule. The Village can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a three percent (3.0%) administrative charge to fund costs that include: a standard overhead charge applied to Village programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

Table 3.6: Public Safety Facilities Fee - Maximum Justified Fee Schedule

| Land Use | A | B | C = A x B | D = C x 3% | E = C + D | F = E / Avg SF |
|---|--------------------|---------|-----------------------|---------------------------------|------------------------|---------------------------------|
| | Cost Per Capita | Density | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. ³ |
| <u>Residential</u> | | | | | | |
| Single Family | \$ 9,240 | 0.79 | \$ 7,300 | \$ 219 | \$ 7,519 | \$ 3.01 |
| <u>Nonresidential - per 1,000 Sq. Ft.</u> | | | | | | |
| Commercial | \$ 2,864 | 1.17 | \$ 3,356 | \$ 101 | \$ 3,457 | \$ 3.46 |
| Office | 2,864 | 1.48 | 4,252 | 128 | 4,380 | 4.38 |
| <u>Multifamily/Lodging</u> | \$ 9,240 | 1.60 | \$ 14,784 | 444 | \$ 15,228 | \$ 15.23 |

¹ Fee per dwelling unit or per 1,000 square feet of nonresidential.

² Administrative charge of 3.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

³ Assumes average single family dwelling unit size of 2,500 square feet and commercial lodging unit size of 1,000 square feet.

Sources: Tables 2.2 and 3.3.

4. Transportation Facilities

This chapter details an analysis of the need for transportation facilities to accommodate new development. The chapter documents a reasonable relationship between new development and the impact fee for funding these facilities.

Trip Demand

The need for transportation facilities is based on the trip generation placed on the system by development. A reasonable measure of demand is the number of average daily vehicle trips. Estimates of vehicle trip generation, by land use, are the basis of the service units used in this fee calculation.

Error! Reference source not found. shows the average daily trip generation rates by land use category used in this analysis. They are based on the latest available information from the ITE Trip Generation Manual, 10th Edition. Trip generation is expressed per dwelling unit for single family and multifamily/lodging units based on an estimate of average trips per resident and the assumed number of annual average occupants shown above in Table 2.2.

The two types of trips adjustments made to trip generation rates for nonresidential land uses are described below:

- Pass-by trips are deducted from the trip generation rate for commercial land uses. Pass-by trips are intermediate stops between an origin and a destination that require no diversion from the route, such as stopping to get gas on the way to work.
- Trip generation rates are discounted by 50 percent for nonresidential uses, as businesses in the Village are estimated to be fully operational for only half of the year.

Table 4.1: Trip Generation Rates

| Land Use Category | ITE Category | Average Daily Trip Rate | Average Daily Trip Rate |
|--|--------------------------------------|-------------------------|-------------------------|
| <u>Residential - Trips per Dwelling Unit</u> | | Per Unit | |
| Single Family ¹ | Single Family Housing (210) | 2.09 | |
| <u>Nonresidential</u> | | Per Employee | Per KSF |
| Commercial ² | Shopping Center (820) | 5.32 | 12.46 |
| Office | Small Office Building (712) | 3.99 | 8.10 |
| | | Per Unit | |
| <u>Multifamily/Lodging</u> ³ | Multifamily Housing (Mid-Rise) (221) | 2.94 | |

¹ Based on 2.65 weekday trips per resident, multiplied by 0.79 residents/overnight visitors per unit.

² Trip rate discounted by 34% to exclude pass-by trips. A pass-by trip is made as an intermediate stop on the way from an origin to a primary trip destination without a route diversion. Pass-by trips are not considered to add traffic to the road network. Assumption based on ITE Trip Generation Handbook data.

³ Based on 1.84 weekday trips per resident, multiplied by 1.6 visitors per dwelling unit.

Sources: Institute of Traffic Engineers, Trip Generation, 10th Edition; Institute of Traffic Engineers, Trip Generation Handbook, 3rd Edition; Table 2.2, Willdan Financial Services.

Trip Generation Growth

The planning horizon for this analysis is 2030. **Table 4.2** lists the base year and 2030 land use assumptions used in this study. The trip demand factors calculated in Table 4.1 are multiplied by the existing and future dwelling units and building square feet to determine the increase in trip generation attributable to new development.

Table 4.2: Land Use Scenario and Trip Generation

| | Average Daily Trip Rate | 2020 Units/ Employees | Average Daily Trips | Growth 2020 to 2030 | | Total - 2030 | |
|----------------------------|----------------------------------|-----------------------------|---------------------------|---------------------|------------------------|---------------------|---------------------------|
| | | | | Units/ Employees | Average Daily Trips | Units/ Employees | Average Daily Trips |
| Residential | | | | | | | |
| <i>Residential</i> | | | | | | | |
| Single Family | 2.09 | 184 | 385 | 40 | 84 | 224 | 469 |
| <i>Nonresidential</i> | | | | | | | |
| Commercial ¹ | 5.32 | 381 | 2,026 | 296 | 1,573 | 677 | 3,599 |
| Office | 3.99 | 6 | 24 | 4 | 16 | 10 | 40 |
| Subtotal | | 387 | 2,050 | 300 | 1,589 | 687 | 3,639 |
| <i>Multifamily/Lodging</i> | 2.94 | 423 | 1,245 | 285 | 839 | 708 | 2,084 |
| Total | | | 3,680 | | 2,512 | | 6,192 |
| | | | 59.4% | | 40.6% | | 100% |

¹ Excludes accommodations employees.

Sources: Tables 2.1 and 4.1.

Planned Transportation Projects

Cost estimates for transportation facilities needed to serve new development as identified in the Village's ICIP are shown in **Table 4.3**. Offsetting revenues dedicated to these projects are subtracted from the total costs to determine the net project costs. The net costs are then allocated to new development based on new development's proportional share of demand in 2030, as the projects will serve both existing and new development. This approach ensures that new development will not fund more than its fair share of transportation projects. In total, \$4.1 million of transportation project costs are allocated to new development through this impact fee.

Table 4.3: Planned Transportation Projects

| | A | B | C = A - B | D | E = C x D |
|--|---------------|---------------|------------------|---|------------------------------|
| Project Name | Total Cost | Grant Revenue | Net Project Cost | Share Allocated to New Development ¹ | Cost Allocated To Impact Fee |
| Transportation Projects | | | | | |
| Twining Rd. Improvements | \$ 5,550,000 | \$ 332,500 | \$ 5,217,500 | 40.6% | \$ 2,118,305 |
| Road Improvements Village Wide | 3,000,000 | - | 3,000,000 | 40.6% | 1,218,000 |
| Public Transit (NCRD) Stops/Pull-outs/Shelters | 150,000 | - | 150,000 | 40.6% | 60,900 |
| Snow Dragon (snow melt) | 150,000 | - | 150,000 | 40.6% | 60,900 |
| Acquire Snow Storage Area/Land | 1,500,000 | - | 1,500,000 | 40.6% | 609,000 |
| Total - Transportation Projects | \$ 10,350,000 | \$ 332,500 | \$ 10,017,500 | | \$ 4,067,105 |

¹ Allocation to new development based on new development's share of total trips at the planning horizon.

Sources: Table 4.2; Village of Taos Ski Valley 2022-2026 Infrastructure Capital Improvements Plan; Willdan Financial Services.

Cost per Trip

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, all fees are first calculated as a cost per trip. Then these amounts are translated into housing unit (cost per unit) and employment space (cost per 1,000 square feet or room) fees by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

Table 4.4 displays the calculation of the cost the cost per trip demand unit by dividing the costs allocated to new development from Table 4.3 by increase in trips from Table 4.2.

Table 4.4: Cost per Trip to Accommodate Growth

| | |
|--|--------------|
| Fee Program Share of Transportation Projects | \$ 4,067,105 |
| Less Existing Fund Balance ¹ | (204,368) |
| Net Costs | \$ 3,862,737 |
| Growth in Trip Demand | 2,512 |
| Cost per Trip | \$ 1,538 |

Sources: Tables 4.2, 4.3; Village of Taos Ski Valley; Willdan Financial Services.

Fee Schedules

Table 4.5 shows the maximum justified transportation facilities fee schedule. The Village can adopt any fee up to these amounts. The maximum justified fees are based on the costs per trip shown in Table 4.4. The cost per trip is multiplied by the trip demand factors in Table 4.1 **Error! Reference source not found.** to determine a fee per unit of new development. The total fee includes a three percent (3.0%) administrative charge to fund costs that include: a standard overhead charge applied to all Village programs for legal, accounting, and other departmental

and administrative support, and fee program administrative costs including revenue collection, revenue, and cost accounting, mandated public reporting, and fee justification analyses.

Table 4.5: Maximum Justified Transportation Facilities Impact Fee Schedule

| Land Use | A | B | C = A x B | | D = C x 3% | | E = C + D | | F = E / Avg SF | |
|---|---------------|-------------------------|-----------------------|------------------------------|------------|--|------------------------|--|------------------------------|--|
| | Cost Per Trip | Average Daily Trip Rate | Base Fee ¹ | Admin Charge ^{1, 2} | | | Total Fee ¹ | | Fee per Sq. Ft. ³ | |
| <u>Residential</u> | | | | | | | | | | |
| Single Family | \$ 1,538 | 2.09 | \$ 3,220 | \$ 97 | | | \$ 3,317 | | \$ 1.33 | |
| <u>Nonresidential - per 1,000 Sq. Ft.</u> | | | | | | | | | | |
| Commercial | \$ 1,538 | 12.46 | \$ 19,160 | \$ 575 | | | \$ 19,735 | | \$ 19.74 | |
| Office | 1,538 | 8.10 | 12,450 | 374 | | | 12,824 | | 12.82 | |
| <u>Multifamily/Lodging</u> | \$ 1,538 | 2.94 | \$ 4,528 | 136 | | | \$ 4,664 | | \$ 4.66 | |

¹ Fee per dwelling unit or per 1,000 square feet of nonresidential.

² Administrative charge of 3.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

³ Assumes average single family dwelling unit size of 2,500 square feet and commercial lodging unit size of 1,000 square feet.

Sources: Tables 2.2 and 4.4.

5. Parks and Public Spaces

The purpose of the parks and public spaces impact fee is to fund the parks and public spaces needed to serve new development. The maximum justified impact fee is presented based on the existing standard of parks and public spaces per capita.

Service Population

Parks and public spaces in Taos Ski Valley primarily serve residents and visitors. Therefore, demand for services and associated facilities is based on the Village's resident and visitor population. No weighting is included since residents and visitors are assumed to generate an equal amount of demand for parks and public spaces. **Table 5.1** shows the existing and future projected service population for parks and public spaces.

Table 5.1: Park and Public Spaces Service Population

| | Overnight | | Total Service Population |
|-----------------|-----------|----------|--------------------------------|
| | Residents | Visitors | |
| Existing (2020) | 56 | 769 | 825 |
| New Development | 12 | 477 | 489 |
| Total (2030) | 68 | 1,246 | 1,314 |

Source: Table 2.1.

Existing Parks and Public Spaces Inventory

The Village of Taos Ski Valley owns a modest inventory parks and public spaces throughout the Village, mostly comprised of publicly accessible open space. **Table 5.2** summarizes the Village's existing parks and public spaces inventory in 2020.

Table 5.2: Existing Open Space Land Inventory

| | Acres |
|---------------------------|--------------|
| <u>Kachina Open Space</u> | |
| Parcel 1 | 1.09 |
| Parcel 2 | 0.24 |
| Parcel 3 | 4.43 |
| Parcel 4 | 1.73 |
| Total | 7.50 |
| <u>Hiker Parking</u> | |
| | 0.70 |
| Total Acres | 8.20 |
| Cost per Acre | \$ 242,000 |
| Total Value - Open Space | \$ 1,984,400 |

Source: Village of Taos Ski Valley

Planned Parks and Public Spaces Unit Costs

Table 5.3 displays the planned parks and public spaces facilities identified in the Village's ICIP. The total cost of these improvements is approximately \$1 million.

Table 5.3: Planned Parks and Public Spaces

| | |
|--|--------------|
| Multi-Purpose Trails (Amizette to Kachina) Planning, Acquisition, and Development | \$ 500,000 |
| Kachina Wetland Park Improvements | 100,000 |
| Beaver Pond Sedimentation and Riparian Restoration - Planning, Design, & Engineering | 250,000 |
| Fish Habitat and Riparian Restoration | 190,000 |
| Total | \$ 1,040,000 |

Source: Village of Taos Ski Valley 2022-2026 Infrastructure Capital Improvements Plan.

Parks and Public Spaces Cost per Capita

Table 5.4 shows the cost per capita of providing new parks and public spaces at the existing facility standard. The existing facilities standard per capita is calculated by dividing the value of the existing facilities by the existing service population.

**Table 5.4: Parks and Public Spaces
Cost per Capita**

| | |
|------------------------------|--------------|
| Value of Existing Facilities | \$ 1,984,400 |
| Existing Service Population | 825 |
| Cost per Capita | \$ 2,405 |

Sources: Tables 5.1 and 5.2.

Fee Revenue Projection

The Village plans to use parks and public spaces fee revenue to implement the improvements identified in the ICIP and summarized in Table 5.3. While the Village plans to construct the facilities in Table 5.3, additional facilities will need to be identified to maintain the existing standard of parks and public spaces through the planning horizon. **Table 5.5** compares a projection of fee revenue to the cost of the planned facilities from the ICIP.

Table 5.5: Fee Revenue Projection

| | |
|---|--------------|
| Cost per Capita | \$ 2,405 |
| Growth in Service Population (2020- 2030) | 489 |
| Fee Revenue | \$ 1,176,208 |
| Net Cost of Planned Facilities | \$ 1,040,000 |
| Additional Facilities to be Identified | \$ 136,208 |

Sources: Tables 5.1, 5.3 and 5.4

Fee Schedule

Table 5.6 shows the maximum justified parks and public spaces fee schedule. The Village can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a three percent (3.0%) administrative charge to fund costs that include: a standard overhead charge applied to Village programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

Table 5.6: Park and Public Spaces Maximum Justified Impact Fee Schedule

| | A | B | C = A x B | D = C x 3% | E = C + D | F = E / Avg SF |
|--|--------------------|---------|--------------------------|---------------------------------|------------------------|---------------------------------|
| Land Use | Cost Per Capita | Density | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. ³ |
| <u>Residential - per Dwelling Unit</u> | | | | | | |
| Single Family | \$ 2,405 | 0.79 | \$ 1,900 | \$ 57 | \$ 1,957 | \$ 0.78 |
| <u>Multifamily/Lodging</u> | | | | | | |
| | \$ 2,405 | 1.60 | \$ 3,849 | \$ 115 | \$ 3,964 | \$ 3.96 |

¹ Fee per dwelling unit or per hotel room.

² Administrative charge of 3.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

³ Assumes average single family dwelling unit size of 2,500 square feet and multifamily unit size of 1,000 square feet.

Sources: Tables 2.2 and 5.4.

6. Wastewater System Development Fees

This chapter details an analysis of the need for wastewater facilities to accommodate growth within the Village of Taos Ski Valley. It documents a reasonable relationship between new development and a wastewater system development fee to fund wastewater facilities that serve new development.

Wastewater Demand

Estimates of new development and its consequent increased wastewater demand provide the basis for calculating the wastewater facilities fee. The need for wastewater facilities improvements is based on the wastewater demand placed on the system by development. A typical measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the Village's system of wastewater improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 6.1 shows the calculation of equivalent dwelling unit (EDU) demand factors based on flow generation by land use category. The flow generation estimates based on the Village's 2019 water billing data. Data specific to wastewater flow was not available, so flow generate for wastewater is assumed to be 69% of water flow generation based on Willdan's experience in other jurisdictions. Wastewater flow is less than water flow due to use, irrigation, and system seepage.

Note that the Village's data did not segregate office from commercial land uses, so a single commercial/office land use category is used for this fee calculation.

EDU factors express wastewater flow from each land use in terms of the flow generated by a single family dwelling unit. This allows for a calculation of wastewater demand in uniform service units, consistent with state statutes.

Table 6.1: Wastewater Demand by Land Use

| Land Use Type | Average Flow Generation/ DU & KSF ¹ | Equivalent Dwelling Unit (EDU) |
|----------------------------|---|--------------------------------|
| <u>Residential</u> | | |
| Single Family | 15.52 | 1.00 |
| <u>Nonresidential</u> | | |
| Commercial/Office | 26.81 | 1.73 |
| <u>Multifamily/Lodging</u> | 31.74 | 2.05 |

¹ Average gallons per day based on 2019 water billing data. Assumes wastewater flow generation is 69% of water flow generation.

Source: Village of Taos Ski Valley Public Works; Willdan Financial Services.

EDU Generation by New Development

Table 6.2 shows the estimated EDU generation from new development through 2030. The EDU factors from Table 6.1 are multiplied by the land use assumptions from Table 2.1 to estimate total EDUs in the base year, at the planning horizon and for new development. New development will generate approximately 953 new EDUs through 2030, comprising 38.2% of wastewater demand in the Village at that time.

Table 6.2: Wastewater Facilities Equivalent Dwelling Units

| | EDU Factor | 2020 | | Growth 2020 to 2030 | | Total - 2030 | |
|----------------------------|------------|----------------------------------|-------|----------------------------------|-------|----------------------------------|--------|
| | | Units/ 1,000 Sq. Ft./Rooms | EDUs | Units/ 1,000 Sq. Ft./Rooms | EDUs | Units/ 1,000 Sq. Ft./Rooms | EDUs |
| <u>Residential</u> | | | | | | | |
| Single Family | 1.00 | 184 | 184 | 40 | 40 | 224 | 224 |
| <u>Nonresidential</u> | | | | | | | |
| Commercial/Office | 1.73 | 283 | 489 | 190 | 329 | 473 | 818 |
| <u>Multifamily/Lodging</u> | 2.05 | 423 | 867 | 285 | 584 | 708 | 1,451 |
| Total | | | 1,540 | | 953 | | 2,494 |
| Percent of Total | | | 61.7% | | 38.2% | | 100.0% |

Sources: Tables 2.1 and 6.1, Willdan Financial Services.

Facility Needs and Costs

Table 6.3 identifies the planned wastewater facilities identified in the ICIP. Offsetting revenues dedicated to these projects are subtracted from the total costs to determine the net project costs. The net costs are then allocated to new development based on new development's proportional share of demand in 2030. The improvements will have more than enough capacity to serve development through 2030, so only a share of the allocation to new development is allocated to development to 2030.

In total, nearly \$5.9 million worth of wastewater facilities costs are allocated to new development through this methodology.

Table 6.3: Wastewater Facilities Allocation to New Development

| | A | B | C = A - B | D | E | F = C x D x E |
|--|--------------|---------------|------------------|-------------------------------|-----------------------------------|-----------------------|
| Project No. | Total Cost | Grant Revenue | Net Project Cost | Allocation to New Development | Allocation to Development to 2030 | Total Allocated Costs |
| Wastewater Line Upgrades and Expansion Village Wide Wastewater Treatment Plant Ancillary Bldg. - Construct and Equip | \$ 6,000,000 | \$ - | \$ 6,000,000 | 38.2% | 50.0% | \$ 1,146,000 |
| Wastewater Treatment Plant, Excess Capacity, built to serve growth ¹ | 1,000,000 | - | 1,000,000 | 38.2% | 50.0% | 191,000 |
| | 14,453,257 | 1,487,000 | 12,966,257 | 70.0% | 50.0% | 4,538,190 |
| Total | \$21,453,257 | \$ 1,487,000 | \$19,966,257 | | | \$ 5,875,190 |

¹ Includes interest from debt service.

Sources: Village of Taos Ski Valley 2021-2025 Infrastructure Capital Improvements Plan; Table 6.2, Willdan Financial Services.

Cost per EDU

The cost of planned facilities allocated to new development in Table 6.3 is divided by the total growth in EDUs to determine a cost per EDU. **Table 6.4** displays this calculation.

Table 6.4: Cost per EDU

| | |
|--------------------------------|--------------|
| Net Cost of Planned Facilities | \$ 5,875,190 |
| Growth in EDUs | 953 |
| Cost per EDU | \$ 6,165 |

Sources: Tables 6.2 and 6.3.

Fee Schedule

The maximum justified fee for wastewater facilities is shown in **Table 6.5**. The cost per EDU is converted to a fee per unit of new development based on the EDU factors shown in Table 6.1. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all Village programs for legal, accounting, and other departmental and administrative support, (2) capital planning, programming, project management costs

associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 6.5: Wastewater Facilities System Development Fee

| | A | B | C = A x B | D = C x 3% | E = C + D | F = E / Avg SF |
|---|-----------------|---------------|-------------|---------------------------------|------------------------|---------------------------------|
| | Cost Per EDU | EDU Factor | Base Fee | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. ³ |
| <u>Residential</u> | | | | | | |
| Single Family | \$ 6,165 | 1.00 | \$ 6,165 | \$ 185 | \$ 6,350 | \$ 2.54 |
| <u>Nonresidential - per 1,000 Sq. Ft.</u> | | | | | | |
| Commercial/Office | \$ 6,165 | 1.73 | \$ 10,665 | \$ 320 | \$ 10,985 | \$ 10.67 |
| <u>Multifamily/Lodging</u> | \$ 6,165 | 2.05 | \$ 12,638 | \$ 379 | \$ 13,017 | \$ 13.02 |

¹ Fee per dwelling unit or per 1,000 square feet of nonresidential.

² Administrative charge of 3.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

³ Assumes average single family dwelling unit size of 2,500 square feet and commercial lodging unit size of 1,000 square feet.

Sources: Tables 6.1 and 6.4; Willdan Financial Services.

7. Water System Development Fees

This chapter details an analysis of the need for water system facilities to accommodate growth within the Village of Taos Ski Valley. It documents a reasonable relationship between new development and a water system development fee to fund water facilities that serve new development.

Water Demand

Estimates of new development and its consequent increased water demand provide the basis for calculating the water facilities fee. The need for water facilities improvements is based on the water demand placed on the system by development. A typical measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the Village's system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 7.1 shows the calculation of equivalent dwelling unit (EDU) demand factors based on flow generation by land use category. The flow generation estimates based on the Village's 2019 water billing data.

Note that the Village's data did not segregate office from commercial land uses, so a single commercial/office land use category is used for this fee calculation.

EDU factors express water flow from each land use in terms of the flow generated by a single family dwelling unit. This allows for a calculation of water demand in uniform service units, consistent with state statutes.

Table 7.1: Water Demand by Land Use

| Land Use Type | Average Flow Generation/ DU & KSF ¹ | Equivalent Dwelling Unit (EDU) |
|-----------------------------------|---|--------------------------------------|
| <i><u>Residential</u></i> | | |
| Single Family | 22.49 | 1.00 |
| <i><u>Nonresidential</u></i> | | |
| Commercial/Office | 38.86 | 1.73 |
| <i><u>Multifamily/Lodging</u></i> | 46.00 | 2.05 |

¹ Average gallons per day based on 2019 billing data.

Source: Village of Taos Ski Valley Public Works; Willdan Financial Services.

EDU Generation by New Development

Table 7.2 shows the estimated EDU generation from new development through 2030. The EDU factors from Table 7.1 are multiplied by the land use assumptions from Table 2.1 to estimate total EDUs in the base year, at the planning horizon and for new development. New development will generate approximately 953 new EDUs through 2030, comprising 38.2% of wastewater demand in the Village at that time.

Table 7.2: Water Facilities Equivalent Dwelling Units

| | 2020 | | | Growth 2020 to 2030 | | Total - 2030 | |
|----------------------------|---------------|----------------------------------|-------|----------------------------------|-------|----------------------------------|--------|
| | EDU Factor | Units/ 1,000 Sq. Ft./Rooms | EDUs | Units/ 1,000 Sq. Ft./Rooms | EDUs | Units/ 1,000 Sq. Ft./Rooms | EDUs |
| <u>Residential</u> | | | | | | | |
| Single Family | 1.00 | 184 | 184 | 40 | 40 | 224 | 224 |
| <u>Nonresidential</u> | | | | | | | |
| Commercial/Office | 1.73 | 283 | 489 | 190 | 329 | 473 | 818 |
| <u>Multifamily/Lodging</u> | 2.05 | 423 | 867 | 285 | 584 | 708 | 1,451 |
| Total | | | 1,540 | | 953 | | 2,494 |
| Percent of Total | | | 61.7% | | 38.2% | | 100.0% |

Sources: Tables 2.1 and 7.1, Willdan Financial Services.

Facility Needs and Costs

Table 7.3 identifies the planned water facilities identified in the ICIP. Offsetting revenues dedicated to these projects are subtracted from the total costs to determine the net project costs. For some projects, the net costs are allocated to the impact fee based on the Village's assessment of the capacity provided by that improvement needed to serve new development. For the water line upgrades project, the net costs are then allocated to new development based on new development's proportional share of demand in 2030. Some of the improvements will have more than enough capacity to serve development through 2030, so only a share of the allocation to new development is allocated to development to 2030, based on the Village's assessment.

In total, over \$5 million worth of water facilities costs are allocated to new development through this methodology.

Table 7.3: Water Facilities Costs to Serve New Development

| | A | B | C = A - B | D | E | F = C x D x E |
|--|-------------------------|---------------|------------------|-------------------------------|-----------------------------------|-----------------------|
| Description | Total CIP Cost Estimate | Grant Revenue | Net Project Cost | Allocation to New Development | Allocation to Development to 2030 | Total Allocated Costs |
| Relocate and Upgrade Water Booster Station (Kachina) | \$ 500,000 | \$ 385,000 | \$ 115,000 | 80.0% | 100.0% | \$ 92,000 |
| Gunsite Springs Engineering, Design, Construction and Distribution Lines | 1,500,000 | - | 1,500,000 | 80.0% | 100.0% | 1,200,000 |
| Water Line Upgrades and Expansion Village Wide | 8,000,000 | - | 8,000,000 | 38.2% | 50.0% | 1,528,468 |
| Kachina Water Tank | 2,976,899 | 2,176,899 | 800,000 | 80.0% | 100.0% | 640,000 |
| (Engineering, Construction, & Equip) | 500,000 | - | 500,000 | 80.0% | 100.0% | 400,000 |
| Surface Water Treatment Plant (Plan, Engineer, Design, & Construction) | 1,500,000 | - | 1,500,000 | 80.0% | 100.0% | 1,200,000 |
| Total | \$ 14,976,899 | \$ 2,561,899 | \$ 12,415,000 | | | \$ 5,060,468 |

Sources: Village of Taos Ski Valley 2021-2025 Infrastructure Capital Improvements Plan; Table 7.2, Willdan Financial Services

Cost per EDU

Table 7.4 calculates a cost per EDU associated by dividing the total cost of projects allocated to new development identified in Table 7.3, by the growth in EDUs identified in Table 7.2.

Table 7.4: Cost per EDU

| | |
|--------------------------------|--------------|
| Net Cost of Planned Facilities | \$ 5,060,468 |
| Growth in EDUs | 953 |
| Cost per EDU | \$ 5,310 |

Sources: Tables 7.2 and 7.3.

Fee Schedule

The maximum justified fee for water facilities is shown in Table 7.5. The cost per EDU is converted to a fee per unit of new development based on the EDU factors shown in Table 7.1. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all Village programs for legal, accounting, and other departmental and administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 7.5: Water Facilities System Development Fee

| | A Cost Per EDU | B EDU Factor | C = A x B Base Fee | D = C x 3% Admin Charge ^{1, 2} | E = C + D Total Fee ¹ | F = E / Avg SF Fee per Sq. Ft. ³ |
|---|----------------------|--------------------|--------------------------|---|-------------------------------------|---|
| <u>Residential</u> | | | | | | |
| Single Family | \$ 5,310 | 1.00 | \$ 5,310 | \$ 159 | \$ 5,469 | \$ 2.19 |
| <u>Nonresidential - per 1,000 Sq. Ft.</u> | | | | | | |
| Commercial/Office | \$ 5,310 | 1.73 | \$ 9,186 | \$ 276 | \$ 9,462 | \$ 9.19 |
| <u>Multifamily/Lodging</u> | \$ 5,310 | 2.05 | \$ 10,886 | \$ 327 | \$ 11,213 | \$ 11.21 |

¹ Fee per dwelling unit or per 1,000 square feet of nonresidential.

² Administrative charge of 3.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

³ Assumes average single family dwelling unit size of 2,500 square feet and multifamily unit size of 1,000 square feet.

Sources: Tables 7.1 and 7.4; Willdan Financial Services.

8. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in Chapter 5, Article 8 of the New Mexico Statutes. A high level summary of the adoption process followed by the Village for this impact fee update is shown below. Refer to the New Mexico Development Fees Act for detailed guidelines:

1. Form Capital Improvements Advisory Committee (CIAC) to provide input on land use assumptions and ICIP.
2. Review land use assumptions (receive and incorporate feedback from CIAC)
3. Hold land use assumption hearing with Planning and Zoning Commission
4. Review and adopt land use assumptions via Village Council Resolution
5. Draft impact fee analysis based on adopted ICIP
6. Review ICIP and impact fee analysis (receive and incorporate feedback from CIAC)
7. CIAC provides written comments on the proposed ICIP and impact fees at least five business days before ICIP and impact fee adoption hearing.
8. Planning and Zoning Commission Hearing ICIP and Impact Fee Adoption Hearing
9. ICIP and Impact Fee Ordinance for adoption at Village Council Hearing. Requires first and second reading at two meetings.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. Section 5-8-30 of the New Mexico state statutes requires that impact fee programs be updated every five years or when significant new data on growth forecasts and/or facility plans become available.

Programming Revenues and Projects with the ICIP

The Village maintains an Infrastructure Capital Improvements Plan (ICIP) to plan for future infrastructure needs. The ICIP identifies costs and phasing for specific capital projects. The use of the ICIP in this manner documents a reasonable relationship between new development and the use of those revenues.

The Village may decide to alter the scope of the planned projects or to substitute new projects if those new projects continue to represent an expansion of the Village's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the Village should consider revising the fees accordingly.

Appendix

Appendix Table A.1

| | Annual Occupancy Rate | Overnight Visitors per Unit | Units (2020) | Overnight Visitors (2020) | Units (2030) | Overnight Visitors (2030) |
|---|-----------------------------|-----------------------------------|--------------|---------------------------------|--------------|---------------------------------|
| Multifamily/Lodging | 40.0% | 4 | 423 | 677 | 708 | 1,133 |
| Single Family Short Term Rentals ¹ | 40.0% | 4 | 9 | 14 | 11 | 18 |
| Second Home Visitors ² | 11.5% | 4 | 169 | 78 | 206 | 95 |
| | | | | 769 | | 1,246 |

¹ Assumed to be 5% of all existing single family units. Based on six single family units currently paying business license tax, and an assumption of 30% unreported units)

² Occupancy rate assumes use for 6 weeks per year. Estimate of second home units assumes approximately 92% of single family units are not permanently occupied based on ACS data.

Sources: Village of Taos Ski Valley; Village of Taos Ski Valley U.S. Census Bureau, 2019 American Community Survey 5-Year Estimates, Table B25033; Table 2.1; Willdan Financial Services.

Development Impact Fee Comparison Survey

Methodology

Willdan collected development impact fee schedules for four comparison cities. These comparison jurisdictions are:

- Aspen, Colorado
- Santa Fe, New Mexico
- Telluride, Colorado
- Vail, Colorado

Willdan collected data regarding all one-time fees and charges used to fund infrastructure and facilities related to new development. Impact fees are not standardized and are assessed by various units of development by different jurisdictions. To create a meaningful comparison of impact fees, Willdan calculated the fees for two prototype projects. The prototype project characteristics are based on projects profiles that are likely to be built within the Village of Taos Ski Valley. **Table 1** presents the project prototype assumptions used in this analysis.

Table 1: Prototype Assumptions

| | Single Family Prototype | Lodging/ Multifamily Prototype |
|--------------------------------|-------------------------------|--------------------------------------|
| Dwelling Units (total) | 1 | 80 |
| Studio/1 Bedroom | - | 65 |
| 2 Bedroom | - | 10 |
| 3 Bedroom | 1 | 5 |
| Building Square Feet | 2,500 | 145,000 |
| Impervious Surface Square Feet | 3,360 | 52,272 |
| Acres | 0.14 | 1.50 |
| Water Meter Size | 3/4" | 3" + 5/8" |
| Construction Value | \$ 326,459 | \$ 29,920,228 |
| Construction Type | Type VB | Type 1B |

Results

Tables 2 and 3 display the fee companions for each prototype, respectively. Some jurisdictions charge impact fees that vary by zone. In these cases, the tables show the range of potential impact fees. **Figures 1 and 2** visualize the results from Tables 2 and 3.



Table 2: Impact Fee Comparison - 1 Single Family Unit

| Fee Category | Taos Ski Valley (Draft -) | | | | | Aspen, CO | | | Santa Fe, NM | | Telluride, CO ² | | Vail, CO ³ | |
|---|---------------------------|-------------------|------------------------------|-------------------------------|----------|-----------|-----------|------|--------------|--|----------------------------|--|-----------------------|--|
| | Taos Ski Valley (Current) | Maximum Justified | Aspen, CO (Low) ¹ | Aspen, CO (High) ¹ | | | | | | | | | | |
| Public Safety Facilities | \$ 1,774 | \$ 7,519 | \$ - | \$ - | \$ - | \$ 292 | \$ - | \$ - | | | | | | |
| Transportation Facilities | 6,193 | 3,317 | 6,642 | 6,642 | | 2,367 | - | - | | | | | | |
| Parks and Public Spaces | 1,030 | 1,957 | 13,625 | 13,625 | | 1,162 | - | - | | | | | 8,233 | |
| Wastewater System Development | 7,408 | 6,350 | 2,700 | 2,700 | | 911 | - | - | | | | | 10,250 | |
| Water System Development | 9,200 | 5,469 | 9,334 | 18,668 | | 3,019 | - | - | | | | | 12,900 | |
| General Government | 1,935 | - | - | - | | - | - | - | | | | | - | |
| Housing / Commercial Linkage ⁴ | - | - | - | - | | - | - | - | | | | | - | |
| Construction Tax | - | - | - | - | | - | - | - | | | | | - | |
| Storm Drainage | - | - | - | - | | - | - | - | | | | | - | |
| TDM/Air Quality | - | - | 9,677 | 9,677 | | - | - | - | | | | | 6,329 | |
| Total | \$ 27,539 | \$ 24,612 | \$ 43,503 | \$ 52,837 | \$ 7,751 | \$ 80,174 | \$ 37,712 | | | | | | | |

¹ Water fee varies by service area. Low est and highest service areas shown to demonstrate range of possible fees. Transportation fees charged by the County.
² Water and sewer tap fees are combined into a single fee, and shown here in the water fee category.
³ Water and wastewater connection fees charged by the Eagle River Water and Sanitation District.
⁴ Housing fees can often be mitigated by providing affordable housing onsite. In-lieu fees shown here to compare costs across jurisdictions.

Table 3: Impact Fee Comparison - 80 Unit Lodging Prototype

| Fee Category | Taos Ski Valley | | | | | Aspen, CO (Low) ¹ | Aspen, CO (High) ¹ | Santa Fe, NM | Telluride, CO ² | Vail, CO ³ |
|---|------------------------------|----------------------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|--------------|----------------------------|-----------------------|
| | Taos Ski Valley (Current) | Maximum Justified | (Draft - Maximum Justified) | Aspen, CO (Low) ¹ | Aspen, CO (High) ¹ | | | | | |
| Public Safety Facilities | \$ 102,878 | \$ 1,218,240 | \$ - | \$ - | \$ - | \$ 17,680 | \$ - | \$ - | \$ - | \$ - |
| Transportation Facilities | 359,209 | 373,120 | 498,800 | 498,800 | 498,800 | 109,816 | - | - | - | 405,280 |
| Parks and Public Spaces | 59,711 | 317,120 | 790,250 | 790,250 | 790,250 | 70,432 | - | - | - | - |
| Wastewater System Development | 120,904 | 1,041,360 | 118,395 | 118,395 | 118,395 | 44,880 | - | - | - | 270,934 |
| Water System Development | 150,144 | 897,040 | 186,680 | 186,680 | 373,360 | 33,415 | 1,319,938 | - | - | 229,495 |
| General Government | 112,201 | - | - | - | - | - | - | - | - | - |
| Housing / Commercial Linkage ⁴ | - | - | - | - | - | - | - | - | - | - |
| Construction Tax | - | - | - | - | - | - | - | - | - | - |
| Storm Drainage | - | - | - | - | - | - | - | - | - | - |
| TDM/Air Quality | - | - | - | 150,543 | 150,543 | - | - | - | - | - |
| Total | \$ 905,046 | \$ 3,846,880 | \$ 1,833,118 | \$ 1,833,118 | \$ 2,019,798 | \$ 276,223 | \$ 3,440,386 | - | - | \$ 3,217,514 |

¹ Water fee varies by service area. Low est and highest service areas shown to demonstrate range of possible fees. Transportation fees charged by the County.

² Water and sewer tap fees are combined into a single fee, and shown here in the water fee category.

³ Water and wastewater connection fees charged by the Eagle River Water and Sanitation District

⁴ Housing fees can often be mitigated by providing affordable housing onsite. In-lieu fees shown here to compare costs across jurisdictions.

Figure 1: Impact Fee Comparison - 1 Single Family Unit

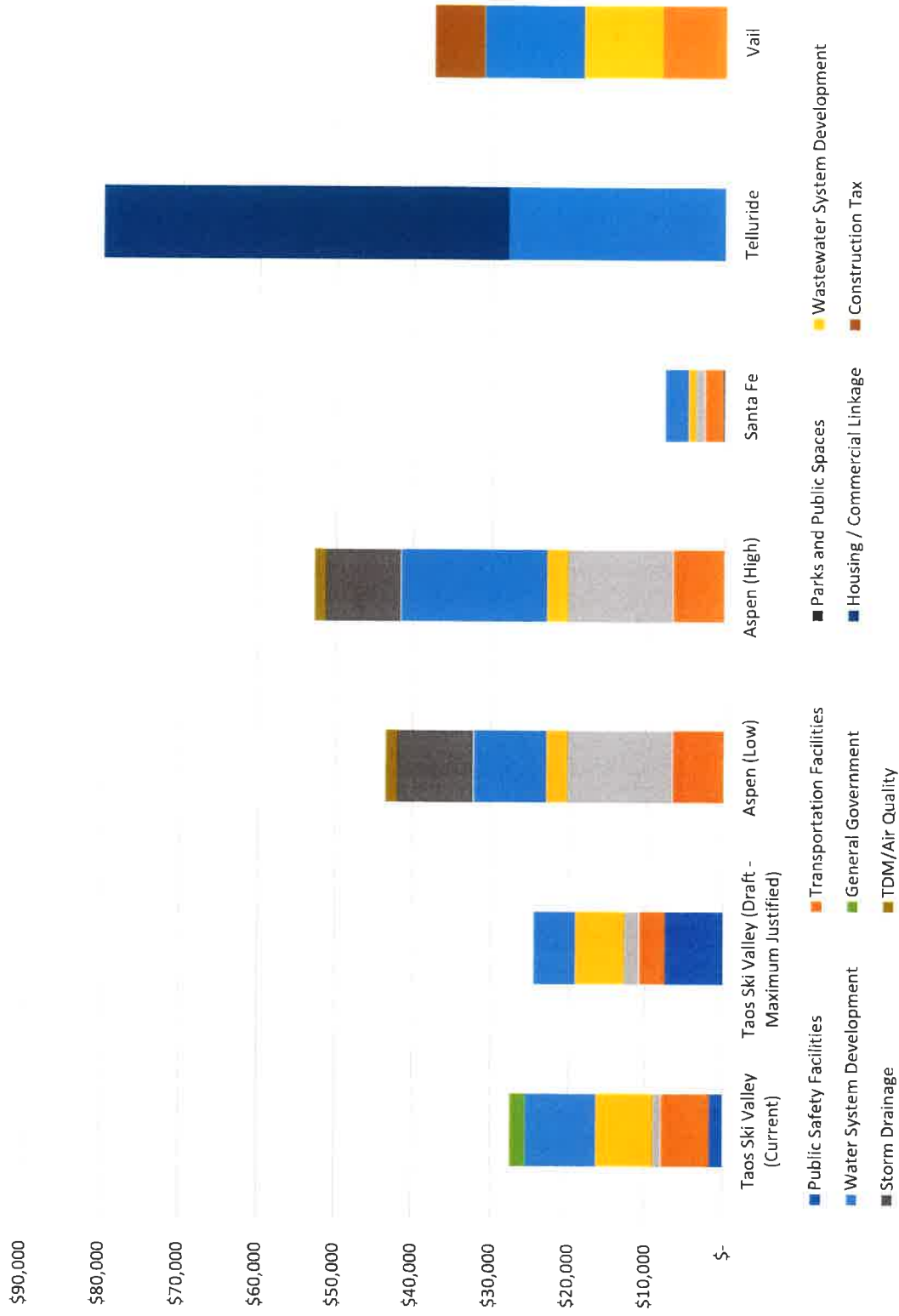
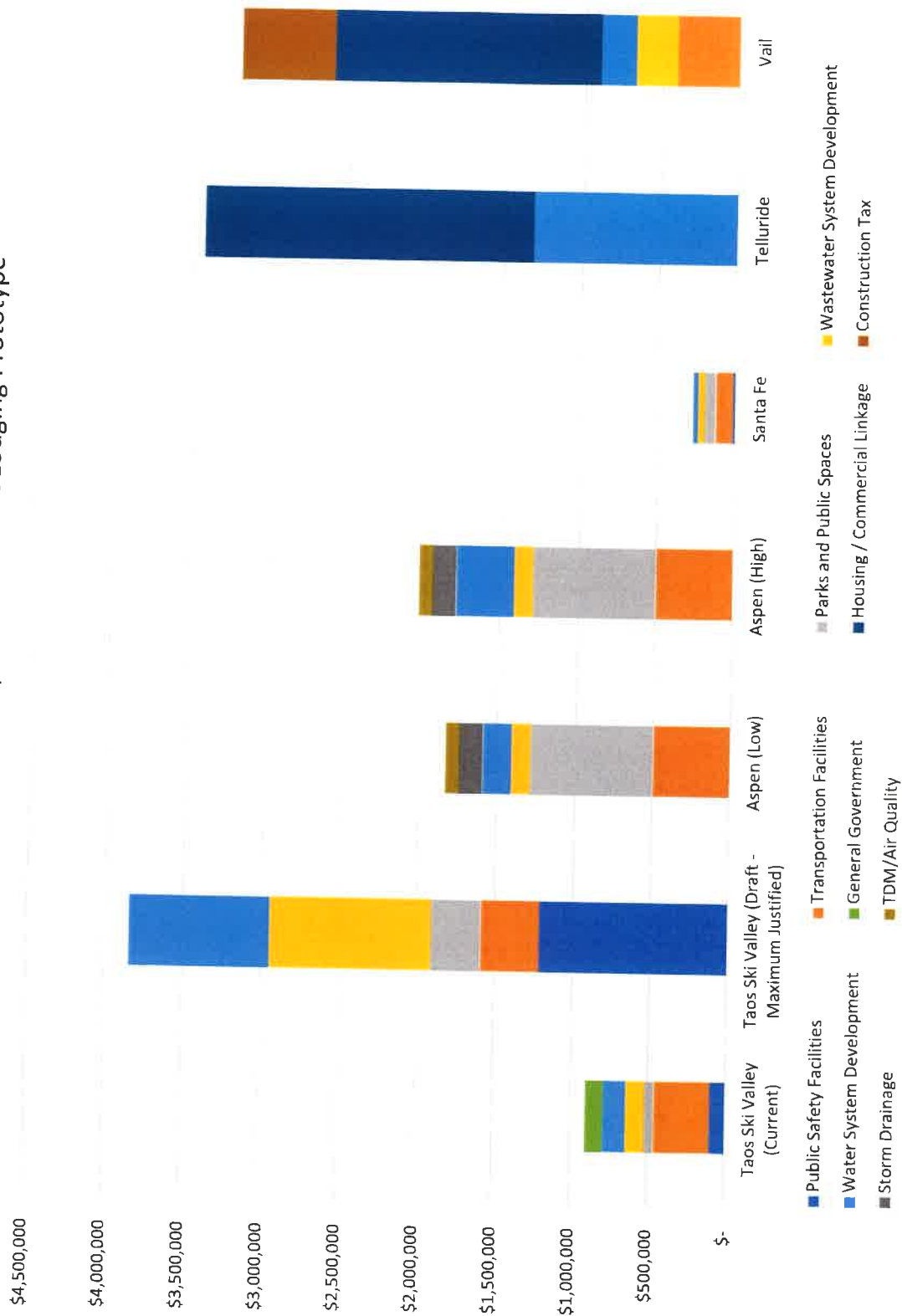


Figure 2: Impact Fee Comparison - 80 Unit Lodging Prototype





Recommendations and Observations Regarding the
Village of Taos Ski Valley's Capital Improvements Plan,
the Proposed Land Use Assumptions and Development
Impact Fee Schedule

Presented to the Village Council of the Village of Taos Ski Valley
by the Capital Improvements Advisory Committee

May 2021

Recommendations

The Capital Improvements Advisory Committee (CIAC) recommends for adoption the land use assumptions and development impact fee schedule documented by Willdan Financial Services in its May 2021 draft report, *Village of Taos Ski Valley Development Impact Fee Update Study*. The draft fee schedule recommended by the CIAC is included below, with an understanding that there may be minor adjustments, not to exceed $\pm 10\%$, in the final total fee per square foot rates presented to the Village Council.

Table E.1: Maximum Justified Development Impact Fees - per Square Foot

| Land Use | Public Safety Facilities | Transportation Facilities | Parks and Public Spaces | Wastewater System Development | Water System Development | Total |
|-----------------------|--------------------------------|------------------------------|----------------------------------|-------------------------------------|-----------------------------|----------|
| <u>Residential</u> | | | | | | |
| Single Family | \$ 3.01 | \$ 1.33 | \$ 0.78 | \$ 2.60 | \$ 2.14 | \$ 9.86 |
| <u>Nonresidential</u> | | | | | | |
| Commercial | \$ 3.46 | \$ 19.74 | \$ - | \$ 10.67 | \$ 9.21 | \$ 43.07 |
| Office | \$ 4.38 | \$ 12.82 | \$ - | \$ 10.67 | \$ 9.21 | \$ 37.08 |
| <u>Accommodations</u> | | | | | | |
| Multifamily/Lodging | \$ 15.23 | \$ 4.66 | \$ 3.96 | \$ 13.00 | \$ 11.20 | \$ 48.06 |

Sources: Tables 3.6, 4.5, 5.6, 6.5 and 7.5.

Fee schedule from May 2021 draft of *Village of Taos Ski Valley Development Impact Fee Update Study*.

Furthermore, the CIAC encourages the Village to take the following actions:

- 1) Update its Capital Improvements Plan (CIP) considering the new land use assumptions, associated growth projections, and equitably prioritize infrastructure investments;
- 2) Develop a comprehensive financing plan that identifies the necessary sources of funding to execute the CIP and cover maintenance and operations costs, incorporating the major outlay of Tax Increment Development District (TIDD) payments;
- 3) Consider and potentially implement mechanisms to secure additional sources of revenue to finance the CIP, for example, a special assessment district or bed tax (in addition to the current lodgers' tax); and
- 4) Periodically reassess the land use assumptions and development impact fee schedule, considering the pace of development, CIP implementation progress, and potential changes in infrastructure needs and/or costs that might warrant adjustments to the fee schedule.

The current CIP has \$58.5M of unfunded project costs, of which \$21.4M would be recovered through development impact fees by 2030 based on projected growth in the land use assumptions. Most of the \$21.4M in fees is associated with commercial development. The CIAC would like to highlight the

risk of a shortfall in development impact fee recoveries if either the projected growth doesn't materialize or if the current primary developer in the Village exercises its option to request a reduction in fees and this reduction is granted by the Village Council¹. This risk of a shortfall in fee recoveries should be considered and mitigated.

Background

The CIAC was created by the Village of Taos Ski Valley in accordance with Section 5-8-19 of the New Mexico Development Fees Act² (hereafter, "Act") to:

- 1) advise and assist the municipality in adopting land use assumptions;
- 2) review the capital improvements plan and file written comments;
- 3) monitor and evaluate implementation of the capital improvements plan;
- 4) file annual reports with respect to the progress of the capital improvements plan and report to the municipality any perceived inequities in implementing the plan or imposing the impact fee; and
- 5) advise the municipality of the need to update or revise the land use assumptions, capital improvements plan and impact fee.

The CIAC is an advisory body with no decision-making authority.

The Village solicited self-nominations for CIAC members first in early 2020 and again in summer 2020. According to the Act, at least forty percent (40%) of the membership of the CIAC must be representative of the real estate, development or building industries. By resolution of the Village Council on September 8, 2020, the following individuals were selected to serve on the CIAC (professional backgrounds are noted for those members that satisfy the 40% requirement):

- Michael Bower, director of facilities for TSVI
- Michael Fitzpatrick, realty issue consultant and part-time TSV resident
- Katherine Kett, TSV resident
- Thomas Mastor, building contractor
- Paddy McNeely, commercial real estate developer and part-time TSV resident
- Russell Olson, part-time TSV resident
- Ben Cook, CIAC chair, former construction worker, engineer, and part-time TSV resident

The CIAC first met on December 10, 2020, and since then it has met at least monthly evaluating the proposed land use assumptions, the Village's current CIP, and proposed development impact fee schedule.

¹Master Development Agreement between TSVI and the Village of Taos Ski Valley

²See <https://law.justia.com/codes/new-mexico/2019/chapter-5/article-8/>

Comments on the land use assumptions

Land use assumptions include both growth projections in residential and commercial buildings as well as the estimated annual occupancy of these units. The number of new residents and visitors associated with new development is calculated by multiplying the projected increase in new buildings by the estimated building occupancy. This number can then be compared to the current number of residents and visitors to quantify the relative demand on infrastructure associated with projected development.

The initial land use assumptions developed by Willdan were based in part on a recent economic development study, the *Second Revised Economic Impact Analysis Taos Ski Valley* (2015). The CIAC felt that the initial projected growth through 2030 was high, and members encouraged Willdan to review historical development rates in the Village for residential and commercial properties as well as the number of undeveloped lots. These considerations resulted in reduced growth projections that still reflect a higher growth rate than the Village has experienced over the last decade, which the CIAC thought was reasonable given the recent surge in development and the ongoing expansion of Taos Ski Valley.

Willdan estimated initial occupancy rates for residential and commercial units using census and other publicly available data. For residential units, the CIAC observed that the Village, as a ski resort, has a large fraction of second homes that see infrequent and highly seasonal use. However, the CIAC also noted that some homes are being used for short-term rentals, placing additional demand on Village infrastructure. The final residential occupancy rates account for a mix of full- and part-time residents along with visitors from short-term home rentals.

The initial commercial land use assumptions had hotels and multifamily (condo) units split into two distinct categories. The CIAC discussed the complexity of differentiating between these two types of development, as well as the potential for an unintended incentive for developers to build units in the lower fee category. The CIAC also discussed the propensity of properties to be converted or modified after initial construction into a different use category: for example, a condominium complex that becomes operated as a hotel. In light of these considerations, the CIAC agreed with Willdan's simplifying recommendation to combine the two categories into a single multi-family lodging designation. For commercial occupancy rates, the CIAC pointed to the existence of recent rental data from local business that suggests an average annual occupancy rate of approximately 30%. Anticipating continued growth in visitation as the Village becomes a multi-season resort, the CIAC agreed with the final 40% average annual occupancy estimate for the next ten years.

Comments on the Capital Improvements Plan

The current Village CIP lists the approved projects in various types of infrastructure, including public safety facilities, transportation facilities, parks and public spaces, wastewater system development, and water system development. The CIAC reviewed the CIP project list with Village staff and learned that it contains a mix of projects of planned projects along with some that have already been started and in some cases completed (for example, the wastewater treatment plant expansion). The Village

has secured partial funding for some of the ongoing and completed projects, so the CIAC asked that the costs being allocated to future development properly reflect the unfunded costs of the CIP projects (with no maintenance and operations costs). The CIAC noted that the current CIP doesn't address all the future infrastructure needs of the Village. For example, the current CIP contains funding for improvements to just the first mile of the two-mile main road to the Kachina basin. Additionally, the current CIP doesn't clearly show needed infrastructure improvements in the Amizette area such as underground electric and a pedestrian path.

Comments on the impact fee schedule

Development impact fees are calculated by proportionally allocating CIP costs between existing and future development based on the relative increase in demand for infrastructure associated with new development. The allocated costs to new development are then distributed across various development categories based on their share of infrastructure demand. Because commercial development in a resort area places a much larger demand and impact on infrastructure than residential development³, more costs on a per unit basis are allocated to commercial development, and commercial impact fees are higher.

The CIAC feels that the methodology used by Willdan is reasonable and defensible. Although the CIAC has also recommended the development of an infrastructure financing plan, the impact fee schedule can be calculated and implemented independent of a financing plan unless the Village expects some very large windfall in revenue. The methodology used by Willdan fairly allocates costs between existing and future development, resulting in a projected revenue over the next 10 years of \$21.4M, leaving about \$40M of costs (based on the current CIP) that need to be addressed by the financing plan. Most of the projected impact fee revenue comes from commercial development, raising the risks cited earlier in this report.

The CIAC discussed the equitability of the CIP in serving the needs of the entire Village community, and the importance of public infrastructure investments not being made in a way that preferentially benefit one party. With this in mind, the CIAC encourages the Village to consider alternate infrastructure funding mechanisms if it encounters significant infrastructure needs that are primarily required to support development in a particular area of the Village, for example, Kachina, especially if these investments do not clearly benefit the broader community. One way to handle such investments would be through a Special Assessment District (SAD).

Finally, the CIAC would like to highlight that the primary users of Village infrastructure are tourists, both overnight and day visitors who travel from across the U.S. and world to enjoy the Village's high-alpine recreational amenities. The Village is encouraged to consider additional mechanisms to recoup both the infrastructure investment and operations and maintenance costs associated with the impact

³ For example, the Village's 2019 water usage data shows multifamily lodging and commercial/office units consume about 2.1 and 1.7 times more water, respectively, than residential units.

of tourism. An additional bed tax (or reallocation of the existing lodgers' tax) might be one such mechanism. The effectiveness of bed taxes in tourist communities is widely studied⁴.

⁴ For example, see <https://tomknipe.files.wordpress.com/2010/07/bed-taxes-and-local-tourism-development.pdf>

CIAC endorsement of this report and its recommendations are indicated by signature below.

X Benjamin K Cook

Benjamin Cook, Chair

X Michael Bower

Michael Bower

X Michael Fitzpatrick

Michael Fitzpatrick

X Katherine Kett

Katherine Kett

X Thomas Mastor

Thomas Mastor

X Paddy McNeely

Paddy McNeely

X Russel Olson

Russel Olson