VILLAGE COUNCIL WORKSHOP

Monday, July 12, 2021 1:00 P.M.
Via Zoom TeleConference
See www.vtsv.org for information to attend the meeting
TAOS SKI VALLEY, NEW MEXICO

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AGENDA

I. **CALL TO ORDER**

II. **ROLL CALL**

III. **APPROVAL OF THE AGENDA**

IV. **ITEMS OF CONSIDERATION**

A. DISCUSSION: CONSIDERATION OF ORDINANCE 2021-71
Development Impact Fee Update with the Capital Improvements Advisory Committee (CIAC) Report by Ben Cook, Chairman of CIAC, Carlos Villarreal, Willdan Financial Services, Village Attorney, Susan Baker, Esq., & Patrick Nicholson, Director of Planning & Community Development.

V. **ADJOURNMENT**

VILLAGE OF TAOS SKI VALLEY
ORDINANCE NO. 2021-71__

AN ORDINANCE OF THE VILLAGE OF TAOS SKI VALLEY, AMENDING ORDINANCE NO. 17-30, SECTIONS 6.22 and 6.37, TITLED "DEFINITIONS;" REPEALING SECTION 13.4, TITLED "IMPACT FEES;" AND REPEALING AND REPLACING SECTION 23, TITLED "DEVELOPMENT IMPACT FEES;" AND ESTABLISHING PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF REVISED DEVELOPMENT IMPACT FEES, ALL IN ACCORDANCE WITH THE NEW MEXICO DEVELOPMENT FEES ACT, NMSA SECTION 5-8-1, *et. seq.*

WHEREAS, the imposition of development impact fees by municipal governments is authorized under the New Mexico Development Fees Act ("the Act"), NMSA Section 5-8-1, *et. seq.,* as amended, and ensures that new development pays its proportionate share of the capital costs related to the additional demand for public facilities; and

WHEREAS, the Village Council recognizes that new development causes and imposes increased demands on public facilities, so that development impact fees should be adopted, implemented and collected for new development in relation to the following capital improvements and in compliance with the Act:

(a) Water supply, treatment and distribution facilities and wastewater collection and treatment facilities and storm water, drainage and flood control facilities;

(b) Roadway facilities located within the service area, including roads, bridges, bike and pedestrian trails, bus bays, rights-of-way, traffic signals, landscaping and any local components of state and federal highways;

(c) Buildings for fire, police and search and rescue, as well as essential equipment related thereto;

(d) Parks, recreational areas, open space, trails and related areas and facilities; and

(e) Any other facilities and capital projects authorized by the Act; and

WHEREAS, the Village Council appointed a Capital Improvements Advisory Committee (CIAC), pursuant to the Act, in order to review Land Use Assumptions (LUA), and a Capital Improvements Plan (CIP). The CIAC reviewed and made recommendations to the Village Council regarding the LUA and the Council adopted the LUA on March 23, 2021. The CIAC will present the CIP on July 27, 2021; and

WHEREAS, the Village Council believes that establishing and assessing development impact fees is necessary to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable directly to new development, and in compliance with the Act; and

WHEREAS, through adoption of this Ordinance, the Village Council seeks to protect the public welfare through the implementation of fair and accurate development impact fees in full compliance with the Act, and finds that there exists a rational relationship and proportionality between the

capital costs of providing public facilities as set forth herein, and the development impact fees imposed on new development under this Ordinance to account for those facilities.

THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF TAOS SKI VALLEY AS FOLLOWS:

Section I.

Village Ordinance No. 2017-30, Section 6.22, titled "Definitions," is hereby amended to add the following new or amended terms:

Capital improvement means land or facilities for purposes of construction or improving public facilities; for transportation and transit, including without limitation, streets, street lighting and traffic control devices and supporting improvements, roads, overpasses, bridges, and related facilities; storm drainage facilities; for water and wastewater facilities; for parks and recreation improvements; for acquisition of open space; for public safety, including police and jail facilities; for public buildings of all kinds; and for any other capital project identified in the Village's Capital Improvement Plan. Capital improvement also includes the design, engineering, inspection and testing, planning, legal, land acquisition, and all other costs associated with construction of a public facility.

Capital improvements plan means a plan required by the New Mexico Development Fees Act and that identifies capital improvements or facility expansion for which impact fees may be assessed.

Development impact fee means a charge or assessment imposed by the Village on new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump sum charges, capital recovery fees, contributions in aid of construction, development fees and any other fee that functions as described by this definition. The term does not include hook-up fees, dedication of rights-of-way or easements or construction or dedication of on-site water distribution, wastewater collection or drainage facilities or streets, sidewalks or curbs if the dedication or construction is required by previously adopted valid ordinance or regulation and is necessitated by and attributable to the new development.

Facility expansion means the expansion of the capacity of an existing facility that serves the same function as an otherwise necessary new capital improvement, in order that the existing facility may serve new development. The term does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development, including schools and related facilities.

Land use assumptions includes a description of the service area and projections of changes in land uses, densities, intensities and population in the service area over at least a five-year period.

New development means the subdivision of land; reconstruction, redevelopment, conversion, structural alteration, relocation or enlargement

of any structure; or any use or extension of the use of land; any of which increases the number of service units.

Section II.

Village Ordinance No. 2017-30, Section 13.4, titled "Impact Fees," is hereby revoked in its entirety.

Section III.

Village Ordinance No. 2017-30, Section 23, titled "Development Impact Fees," is hereby repealed in its entirety and replaced with the following Section 23:

1. Intent and Purpose.

A. This Section is adopted for the purpose of promoting the health, safety and welfare of the residents of the Village of Taos Ski Valley by:

(a) Implementing the Village of Taos Ski Valley Land Use Assumptions (LUA) and Capital Improvements Plan (CIP).

(b) Implementing the Village's plans for public facilities by requiring new development to pay its fair and proportionate share of the costs of necessary capital improvements and public facilities through the imposition of Development Impact Fees (DIFs) that will be used to finance, defray, or reimburse all or a portion of the costs incurred by the Village for public facilities and capital improvements that serve new development.

(c) Setting forth standards and procedures for assessing and amending DIFs, adopting and implementing DIFs, and administering the Village's DIF

program in compliance with the New Mexico Development Fees Act, NMSA Section 5-8-1, *et. seq.,* as amended (the Act).

2. Applicability

A. This Section shall apply to all new development, as defined in the New Mexico Development Fees Act (the Act), -and to all fees and charges imposed by the Village to finance different types of capital improvements and public facilities, the need for which is created by new development. These fees are in addition to the necessary water and sewer hook-up or connection fees, and any other administrative fees to be made upon the issuance of a building permit.

3. DIFs Established and Assessed

A. Development Impact Fees (DIFs) are hereby adopted and incorporated into this Ordinance, as set forth in *Appendix A* - separate table, apart from entire CIP Update Study attached hereto.

B. DIFs may be amended from time to time by Resolution, adopted by a majority of the Village Council, in compliance with this Ordinance and the Act.

4. Items Payable by DIFs

A. DIFs assessed to new development shall not exceed the cost to pay for the new development's proportionate share of the cost of capital improvements or facility expansions, based upon service units, needed to serve that new development.

B. Projected debt service charges may be included in determining the amount of DIFs where they are used for the payment of principal and interest on bonds, notes or other obligations issued to finance construction of capital improvements or facility expansions identified in the CIP.

C. Development Impact Fees shall be used to pay for the costs associated with designing and constructing capital improvements and facility expansions and may also be imposed to pay the following:

(a) The cost of formulating a Capital Improvements Plan, including fees actually paid or contracted to be paid by the Village to an independent qualified professional, who is not a Village employee, for the preparation or updating of a CIP.

(b) Planning, surveying and engineering fees paid to an independent qualified professional who is not a Village employee for services provided for, and directly related to, the construction of capital improvements or facility expansions.

(c) Up to three percent of total DIFs may be used for the administrative costs of Village employees who are qualified professionals, as these services are related to capital improvements or facility expansions.

5. Items Not Payable by DIFs

A. Development Impact Fees shall not be imposed or used to pay for:

(a) Construction, acquisition or expansion of public facilities or assets that are not capital improvements or facility expansions identified in the CIP.

(b) Repair, operation or maintenance of existing or new capital improvements or facility expansions.

(c) Upgrading, updating, expanding or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.

(d) Upgrading, updating, expanding or replacing existing capital improvements to provide better service to existing development.

(e) General administrative and operating costs of the public facilities, except as specifically provided herein.

(f) Principal payments or debt service charges on bonds or other indebtedness, except as set forth herein.

6. Manner for Assessment and Collection of DIFs and Timing

A. Assessment of a DIF shall be made at the earliest possible time.

B. Collection of a DIF shall be made at the latest possible time.

C. For land that has been platted in accordance with the Village's subdivision or platting procedures before the effective date of this Ordinance, or for land on which new development occurs or is proposed without platting, the Village may assess the DIFs at the time of development approval or issuance of a building permit, whichever date is earlier. The assessment shall be valid for a period of not less than four (4) years from the date of development approval or issuance of a building permit, whichever date is earlier.

D. For land that is platted after the effective date of this Ordinance, the Village shall assess the DIFs at the time of recording of the subdivision plat, and this assessment shall be valid for a period of not less than four (4) years from the date of recording of the plat.

E. Collection of DIFs shall occur no earlier than the date of issuance of a building permit.

F. For new development that is platted in accordance with the Village's subdivision or platting procedures before the adoption of an applicable DIF, a DIF shall not be collected on any service unit for which a valid building permit has already been issued.

G. After the expiration of the four-year period described in subsections C and D above, the Village may adjust the assessed DIFs to the level of current DIFs as provided by this Ordinance, or amendments thereto.

H. The Village may enter into an agreement with the owner of a tract of land for a method of payment of the DIFs over an extended period of time, otherwise in compliance with this Ordinance and the Act.

I. After assessment of the DIFs attributable to the new development or execution of an agreement for payment of DIFs, additional DIFS, or increases in DIFS, may not be assessed for any reason, unless the number of service units to be developed increases. If an increase in the number of service units occurs, the DIFS which may be imposed are limited to the amount attributable to the additional service units.

7. Restrictions on Collections of DIFs

A. DIFs may be spent only for the purposes for which the fee was imposed as shown by the CIP, and as authorized by this Ordinance and the Act.

B. DIFs shall be collected and paid for capital improvements or facility expansions only where construction is commenced within seven (7) years, and service available to new development within a reasonable period of time after completion of construction, considering the type of capital improvement or facility expansion to be constructed, but in no event longer than seven (7) years. This period of time may be extended, provided the Village obtains a performance bond or similar surety securing performance of the obligation to construct the capital improvements or facility expansions.

C. In lieu of paying DIFs directly to the Village, new development may itself construct or finance the capital improvements or facility expansions set forth in the CIP, subject to approval by the Village.

D. The Village shall maintain DIFs in separate interest-bearing accounts clearly identifying the payor and the category of capital improvements or facility expansions within the service area for which the fee was adopted. Interest earned on DIFs shall become part of the account on which it is earned and shall be subject to all restrictions placed on the use of fees under this Ordinance and the New Mexico Development Fees Act, as amended (the Act).

E. As part of its annual audit process, the Village shall prepare a report describing the amount of DIFs collected, encumbered, and used during the

preceding year by category of capital improvement, facility expansion, and service area.

8. Refund, Credit, and Reduction of DIFs

A. New development may apply for a refund, credit, or reduction of DIFs in compliance with this Ordinance and the New Mexico Development Fees Act, as amended.

B. Any party seeking the refund, credit, or reduction of a DIF shall submit a formal request to the Village, explaining the rationale for the refund, credit, or reduction, which request shall be heard at the next available Village Council meeting.

C. The Village Council shall have the final authority to determine the amount of any refund, credit, or reduction of DIFs. In considering the request, the Village Council may factor in other sources of benefits, credits, or public monies that are related to the new development or that are being contributed by the developer.

D. Appropriate reasons for refund, credit or reductions of DIFs may include the following:

(a) If existing facilities are available and service is not provided or the Village has, after collecting the DIF, failed to complete construction, or provide service, within the time limits set forth in this Ordinance and in accordance with the Act.

(b) If after completion of the capital improvements project or new facility, the DIF collected and paid is more than the actual cost of the project. But only where the difference exceeds the fee paid by more than ten percent.

(c) Where DIFS are not spent as authorized by this Ordinance and the CIP within seven (7) years after the date of payment.

(d) Any refunds shall bear interest calculated from the date of collection to the date of refund and shall be made to the record owner of the property at the time the refund is paid.

E. Any construction of, contributions to, or dedication of on-site or off-site facilities, improvements, or real or personal property shall be credited against DIFs otherwise due from new development. The credit shall include, but not be limited to, the value of dedication of the following:

(a) Land for parks and recreational areas, open space, trails and related areas and facilities or payments in lieu of that dedication; and

(b) Rights-of-way or easements or construction or dedication of on-site water distribution, wastewater collection or drainage facilities, or streets, sidewalks or curbs.

F. Water and wastewater system development impact fees may not generally be waived by the Village Council due to bond obligations, but may be paid from other non-utility funding sources, other than any cost-of-service or rate-based funding.

G. In its discretion, the Village Council may do any of the following in relation to the waiver, refund or credit of DIFs as it affects new development:

(a) Establish the payment of DIFs from other sources, primarily for the payment of water and wastewater system development fees, or other future DIFs from other non-utility sources, including for qualifying economic development projects in accordance with any Village economic development plan or ordinance.

(b) Spend funds from any lawful source, or pay for all or a part of the capital improvements or facility expansions out of Village funds, in order to reduce the amount of the DIFs to be assessed to new development.

(c) Agree to offset or reduce part or all of the DIFs assessed on new development, provided that the public policy which supports the reduction is contained in the Village's appropriate planning documents, ordinances, resolutions or agreements, and provided that the development's new proportionate share of the system improvement is funded with revenues other than the DIFs from other new developments.

(d) In exercising the discretion set forth herein, the Village Council shall apply fairness and proportionality standards in relation to, and among developers and new developments.

9. Public Notice and Hearing Required for Amending DIFS

A. Any amendment of DIFs shall be in compliance with the New Mexico Development Fees Act, as amended, and shall require notice to the public

and formal approval of a resolution enacted by a majority of the Village Council following a public hearing.

B. Information concerning the LUA, CIP, and DIFs shall be made available to the public prior to any public hearings regarding amendment.

C. The Capital Improvements Advisory Committee (CIAC), as established by the Village Council, shall meet and review any proposed amendments to DIFs and shall submit written findings and conclusions at least five (5) days prior to a public hearing of the Village Council.

10. Mandatory Update of DIFs

A. The Village shall update the Land Use Assumptions (LUA) and Capital Improvements Plan (CIP) at least every five (5) years. The initial five-year period begins on the day the CIP is formally adopted by the Village Council.

B. The Village shall review and evaluate its current LUA and shall update the CIP in accordance with this Ordinance and the Act, including recommendations by the CIAC.

C. If the Village Council determines that no changes to the LUA, CIP, or DIFs is needed, it may, as an alternative to the updating requirements, publish notice of its determination.

D. The resolution or ordinance determining the need for updating the LUA, CIP, or DIFs shall not be adopted as an emergency measure, and if adopted, must comply with the procedural requirements of the Act.

SECTION IV. REPEAL AND CONFLICT OF CODES

A. The adoption of this Ordinance supersedes and replaces any previously adopted resolutions, ordinances, policies, and any inconsistent provisions.

SECTION V. PUBLICATION AND EFFECTIVE DATE

This Ordinance shall be in full force and effect after its adoption, approval, and publication as provided by law.

ADOPTED UPON SECOND READING ON THIS ___DAY OF _____, 2021.

_____

Christof Brownell, Mayor

_____

Attest: Ann Marie Wooldridge, Village Clerk

VILLAGE OF TAOS SKI VALLEY

DEVELOPMENT IMPACT FEE UPDATE STUDY

ADMINISTRATIVE DRAFT

JULY 7, 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
Residential						
Single Family	$ 2.53	$ 1.67	$ 0.78	$ 2.10	$ 1.27	$ 8.35
Nonresidential						
Commercial	$ 2.91	$ 24.83	$ -	$ 8.80	$ 5.34	$ 41.88
Office	$ 3.69	$ 16.13	$ -	$ 8.80	$ 5.34	$ 33.96
Accommodations						
Multifamily/Lodging	$ 12.82	$ 5.87	$ 3.96	$ 10.74	$ 6.51	$ 39.90

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 $29.7 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	$ 9,750,000	$ 4,527,000	$ 5,223,000
Traffic	12,838,520	4,860,897	7,977,623
Parks	1,525,000	1,176,208	-
Wastewater	15,259,488	4,846,170	10,413,318
Water	8,694,092	2,938,662	5,755,430
Total	$ 48,067,100	$ 18,348,937	$ 29,718,163

Sources: Tables 3.6, 4.4, 4.5, 5.5, 6.4 and 7.4.

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 statues 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 statues 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:

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

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
Employment[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

Residential		
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
Nonresidential[4]		
Commercial	1.17	Employees per 1,000 square feet
Office	1.48	Employees per 1,000 square feet
Visitor Accommodations		
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.paragonrels.com; Willdan Financial Serives.

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
Residents			
Existing (2020)	56	1.00	56
New Development	12	1.00	12
Total (2030)	68		68
Overnight Visitors			
Existing (2020)	769	1.00	769
New Development	477	1.00	477
Total (2030)	1,246		1,246
Workers			
Existing (2020)	447	0.31	139
New Development	300	0.31	93
Total (2030)	747		232
Combined Residents and Weighted Workers			
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
Buildings (square feet)	
Building & Improvements, Apron	$ 194,502
New Village Hall Complex (Capital Spending to Date)	1,200,000
Subtotal	$ 1,394,502
Public Safety Vehicles	
International 2002 Firetruck & Equipment	$ 320,463
GMC 1986 Fire Truck	253,319
Chevy Truck 1998 brush truck	30,209
Chevy 2005 Express Cargo-EMS	28,891
Burn Boss Mobile Air Curtain & Burn Boss- TSVI 1/2	26,250
Breathing Air Compressor System	23,760
Gmc 1988 4 X 4 Rescue Truck	22,000
1 E2V Argus Thermal Imaging Camera	13,950
Polaris 2012 Ranger	13,457
5 Air Paks fifty, 45 min w/o case	13,411
Danko Skid Unit - Wildland Engine	11,244
Power Pro Xt Ambulance (Cot) Gurney	10,696
Amkus Ion iS240 Spreader	10,207
Subtotal	$ 777,857
Law Enforcement Vehicles	
Ford 2012 Expedition	$ 27,971
Ford 2014 Expedition	33,179
2017 Ford Expedition	41,423
Subtotal	$ 102,573
Total Value - Existing Facilities	$ 2,274,931

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

Existing Level of Service

Table 3.3 shows the existing level of service per capita of public safety facilities. The existing facilities standard per capita is calculated by dividing the value of the existing facilities by the existing service population. This level of service is not used to calculate the impact fees, as the planned facilities presented below indicate a higher level of service than is currently provided. New development can fund this higher level of service through impact fees, but the Village must fund existing development's share of this higher level of service through funding sources other than impact fees.

Table 3.3: Existing Level of Service

Value of Existing Facilities	$	2,274,931
Existing Service Population		964
Cost per Capita	$	2,360
Facility Standard per Resident	$	2,360
Facility Standard per Worker[1]		732

[1] Based on a weighing factor of 0.31.

Sources: Tables 3.1 and 3.2.

Planned Facilities

Table 3.4 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 $9.8 million of eligible planned public safety facilities.

Table 3.4: Planned Public Safety Facilities

	Total Cost	
Renovate and Expand New Village Hall Complex[1]	$	2,150,000
Fire Sub-station #2 Expand and Renovate		1,500,000
Public Safety Repeater Building		150,000
Purchase Public Safety Vehicles and Equipment		150,000
Fire Rescue Truck		400,000
Renovate and Expand Primary Fire Station #1		2,500,000
Fire Hydrants Additional (see note for locations)		250,000
Pumper Tender (Fire Dept.)		400,000
Ladder Truck (Fire Dept.)		2,250,000
Cost of Planned Facilities	$	9,750,000

[1] Net project cost shown. Total project cost is $3.35 million.

Source: Village of Taos Ski Valley 2023-2027 Infrastructure Capital Improvements Plan.

Cost Allocation

Table 3.5 shows the calculation of the system plan facilities standard per capita for public safety facilities used to calculate the fees. 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 3.5: Public Safety Facilities System Standard

Value of Existing Facilities	$	2,274,931
Value of Planned Facilities		9,750,000
Total System Value (2030)	$	12,024,931
Future Service Population (2030)		1,546
Cost per Capita	$	7,778
Cost Allocation per Resident	$	7,778
Cost Allocation per Worker[1]		2,411

[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 3.6** shows the projected fee revenue and the non-fee funding required through 2030. After accounting for the projected future impact fee revenue approximately $5.2 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 3.6: Revenue Projection - System Standard

Cost per Capita	$ 7,778
Growth in Service Population (2020- 2030)	582
Fee Revenue	$ 4,527,000
Net Cost of Planned Facilities	9,750,000
Non-Fee Revenue to be Identified	$ (5,223,000)

Sources: Tables 3.1, 3.2 and 3.3.

Fee Schedule

Table 3.7 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 3.7: Public Safety Facilities Fee - Maximum Justified Fee Schedule

Land Use	*A* Cost Per Capita	*B* Density	*C = A x B* Base Fee[1]	*D = C x 3%* Admin Charge[1, 2]	*E = C + D* Total Fee[1]	*F = E / Avg SF* Fee per Sq. Ft.[3]
Residential						
Single Family	$ 7,778	0.79	$ 6,145	$ 184	$ 6,329	$ 2.53
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 2,411	1.17	$ 2,825	$ 85	$ 2,910	$ 2.91
Office	2,411	1.48	3,580	107	3,687	3.69
Multifamily/Lodging	$ 7,778	1.60	$ 12,445	373	$ 12,818	$ 12.82

[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.

Table 4.1 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 intermediates 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
Residential - Trips per Dwelling Unit		**Per Unit**	
Single Family[1]	Single Family Housing (210)	2.09	
Nonresidential		**Per Employee**	**Per KSF**
Commercial[2]	Shopping Center (820)	5.32	12.46
Office	Small Office Building (712)	3.99	8.10
		Per Unit	
Multifamily/Lodging[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

Residential	Average Daily Trip Rate	2020 Units/ Employees	2020 Average Daily Trips	Growth 2020 to 2030 Units/ Employees	Growth 2020 to 2030 Average Daily Trips	Total - 2030 Units/ Employees	Total - 2030 Average Daily Trips
Residential							
Single Family	2.09	184	385	40	84	224	469
Nonresidential							
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
Multifamily/Lodging	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.

Existing Level of Service

The existing level of service for transportation facilities is quantified in terms of miles of roads per 1,000 average daily trips. The level of service is calculated for paved roads and for gravel roads. **Table 4.3** displays the existing level of service.

Table 4.3: Existing Level of Service

Classification	Miles of Road	Average Daily Trips	Miles of Road per 1,000 Average Daily Trips
Paved	0.47	3,680	0.13
Gravel	5.66	3,680	1.54

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

Planned Transportation Projects

Cost estimates for transportation facilities needed to serve new development as identified in the Village's ICIP are shown in **Table 4.4**. 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, $5.1 million of transportation project costs are allocated to new development through this impact fee.

Table 4.4: 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 - Planning, Engineering, Design, & Construction	$ 5,400,000	$362,500	$ 5,037,500	40.6%	$ 2,045,225
Beaver Pond from Porcupine to Zaps	3,706,700	-	3,706,700	40.6%	1,504,920
Big Horn/Twining Intersection	761,820	-	761,820	40.6%	309,299
Public Transit (NCRTD) Stops/Pull-outs/Shelters (match)	150,000	-	150,000	40.6%	60,900
Snow Dragon (snow melt)	150,000	-	150,000	40.6%	60,900
Public Works Material & Vehicle Storage Building	750,000	-	750,000	40.6%	304,500
Purchase Water Truck	100,000	-	100,000	40.6%	40,600
MultiHog Attachment - Trilety sweeper	70,000	-	70,000	40.6%	28,420
Road Grader	250,000	-	250,000	40.6%	101,500
Acquire Snow Storage Area/Land	1,500,000	-	1,500,000	40.6%	609,000
Total - Transportation Projects	$12,838,520	$362,500	$12,476,020		$ 5,065,264

[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 2023-2027 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 4.5 displays the calculation of the cost the cost per trip demand unit by dividing the costs allocated to new development from Table 4.4 by increase in trips from Table 4.2.

Table 4.5: Cost per Trip to Accommodate Growth

Fee Program Share of Transportation Projects	$ 5,065,264
Less Existing Fund Balance[1]	(204,368)
Net Costs	$ 4,860,897
Growth in Trip Demand	2,512
Cost per Trip	$ 1,935

Sources: Village of Taos Ski Valley; Tables 4.2 and 4.4, Willdan Financial Services.

Fee Schedules

Table 4.6 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 4.5. The cost per trip is multiplied by the trip demand factors in Table 4.1 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 4.6: Maximum Justified Transportation Facilities Impact Fee Schedule

	A	*B*	*C = A x B*	*D = C x 3%*	*E = C + D*	*F = E / Avg SF*
Land Use	**Cost Per Trip**	**Average Daily Trip Rate**	**Base Fee[1]**	**Admin Charge[1, 2]**	**Total Fee[1]**	**Fee per Sq. Ft.[3]**
Residential						
Single Family	$ 1,935	2.09	$ 4,051	$ 122	$ 4,173	$ 1.67
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 1,935	12.46	$ 24,105	$ 723	$ 24,828	$ 24.83
Office	1,935	8.10	15,664	470	16,134	16.13
Multifamily/Lodging	$ 1,935	2.94	$ 5,697	171	$ 5,868	$ 5.87

[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 4.5.

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

	Residents	Overnight Visitors	Total Service Population
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
Kachina Open Space	
Parcel 1	1.09
Parcel 2	0.24
Parcel 3	4.43
Parcel 4	1.73
Total	7.50
Hiker Parking	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 $1.5 million.

Table 5.3: Planned Parks and Public Spaces

Multi-Purpose Trails (Amizette to Kachina) Planning, Acquisition, and Development	$ 750,000
Hiker Parking Lot Expansion or Additional Location and Improvements	350,000
Kachina Wetland Park Improvements	300,000
Outdoor playground and structures	125,000
Total	$ 1,525,000

Source: Village of Taos Ski Valley 2023-2027 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 it 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	$ 1,525,000
Non-Fee Revenue to be Identified	$ (348,792)

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

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 3% Admin Charge[1, 2]	E = C + D Total Fee[1]	F = E / Avg SF Fee per Sq. Ft.[3]
Residential - per Dwelling Unit						
Single Family	$ 2,405	0.79	$ 1,900	$ 57	$ 1,957	$ 0.78
Multifamily/Lodging	$ 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 statues.

Table 6.1: Wastewater Demand by Land Use

Land Use Type	Average Flow Generation/ DU & KSF[1]	Equivalent Dwelling Unit (EDU)
Residential		
Single Family	15.52	1.00
Nonresidential		
Commercial/Office	26.81	1.73
Multifamily/Lodging	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 Units/ 1,000 Sq. Ft./Rooms	2020 EDUs	Growth 2020 to 2030 Units/ 1,000 Sq. Ft./Rooms	Growth 2020 to 2030 EDUs	Total - 2030 Units/ 1,000 Sq. Ft./Rooms	Total - 2030 EDUs
Residential							
Single Family	1.00	184	184	40	40	224	224
Nonresidential							
Commercial/Office	1.73	283	489	190	329	473	818
Multifamily/Lodging	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.

Existing Level of Service

Existing level of service for wastewater facilities is quantified in terms of asset value per EDU. **Table 6.3** details the calculation of the existing level of service.

Table 6.3: Existing Level of Service

Sewer Assets[1]	$ 6,774,911
Existing EDUs	1,540
Existing Cost per EDU	$ 4,399

[1] Replacement cost new, less depreciation of sewer plant assets. Book value adjusted to 2021 using Engineering News Record's Construction Cost Index.

Sources: Village of Taos Ski Valley Depreciation Schedule - 2019; ENR Construction Cost Index; Willdan Financial Services.

Facility Needs and Costs

Table 6.4 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, over $4.8 million worth of wastewater facilities costs are allocated to new development through this methodology. Note that the planned facilities indicate an increase in level of service compared to the existing level of service. New development can fund this higher level of service through impact fees, but the Village must fund existing development's share of this higher level of service through funding sources other than impact fees.

Table 6.4: Wastewater Facilities Allocation to New Development

Project No.	A Total Cost	B Grant Revenue	C = A - B Net Project Cost	D Allocation to New Development	E Allocation to Development to 2030	F = C x D x E Total Allocated Costs
Wastewater Line Upgrades and Expansion - Bull of the Woods	$ 631,231	$ -	$ 631,231	38.2%	100.0%	$ 241,130
Pumper Vactor Truck - Purchase and Equip	175,000	-	175,000	38.2%	100.0%	66,850
Wastewater Treament Plant, Excess Capacity, built to serve growth[1]	14,453,257	1,487,000	12,966,257	70.0%	50.0%	4,538,190
Total	$15,259,488	$1,487,000	$13,772,488			$4,846,170

[1] Includes interest from debt service.

Sources: Village of Taos Ski Valley 2023-2027 Infrastructure Capital Improvements Plan; Table 6.2, Willdan Financial Services.

Cost per EDU

The cost of planned facilities allocated to new development in Table 6.4 is divided by the total growth in EDUs to determine a cost per EDU. **Table 6.5** displays this calculation.

Table 6.5: Cost per EDU

Net Cost of Planned Facilities	$ 4,846,170
Growth in EDUs	953
Cost per EDU	$ 5,085

Sources: Tables 6.2 and 6.4.

Fee Schedule

The maximum justified fee for wastewater facilities is shown in **Table 6.6**. 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 6.6: Wastewater 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]
Residential						
Single Family	$ 5,085	1.00	$ 5,085	$ 153	$ 5,238	$ 2.10
Nonresidential - per 1,000 Sq. Ft.						
Commercial/Office	$ 5,085	1.73	$ 8,797	$ 264	$ 9,061	$ 8.80
Multifamily/Lodging	$ 5,085	2.05	$ 10,424	$ 313	$ 10,737	$ 10.74

[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 6.5; 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 statues.

Table 7.1: Water Demand by Land Use

Land Use Type	Average Flow Generation/ DU & KSF[1]	Equivalent Dwelling Unit (EDU)
Residential		
Single Family	22.49	1.00
Nonresidential		
Commercial/Office	38.86	1.73
Multifamily/Lodging	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

	EDU Factor	2020 Units/ 1,000 Sq. Ft./Rooms	2020 EDUs	Growth 2020 to 2030 Units/ 1,000 Sq. Ft./Rooms	Growth 2020 to 2030 EDUs	Total - 2030 Units/ 1,000 Sq. Ft./Rooms	Total - 2030 EDUs
Residential							
Single Family	1.00	184	184	40	40	224	224
Nonresidential							
Commercial/Office	1.73	283	489	190	329	473	818
Multifamily/Lodging	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.

Existing Level of Service

Existing level of service for wastewater facilities is quantified in terms of asset value per EDU. **Table 7.3** details the calculation of the existing level of service.

Table 7.3: Existing Level of Service

Water Assets[1]	$ 2,428,792
Existing EDUs	1,540
Existing Cost per EDU	$ 1,577

[1] Replacement cost new, less depreciation of water plant assets. Book value adjusted to 2021 using Engineering News Record's Construction Cost Index.

Sources: Village of Taos Ski Valley Depreciation Schedule - 2019; ENR Construction Cost Index; Willdan Financial Services.

Facility Needs and Costs

Table 7.4 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 $2.9 million worth of water facilities costs are allocated to new development through this methodology. Note that the planned facilities indicate an increase in level of service compared to the existing level of service. New development can fund this higher level of service through impact fees, but the Village must fund existing development's share of this higher level of service through funding sources other than impact fees.

Table 7.4: Water Facilities Costs to Serve New Development

Description	A Total CIP Cost Estimate	B Grant Revenue	C=A-B Net Project Cost	D Allocation to New Development	E Allocation to Development to 2030	F=CxDxE Total Allocated Costs
Phoenix Switchback - Water Line	$ 634,375	$ -	$ 634,375	38.2%	100.0%	$ 242,405
Cliffhanger Loop - Water Line	1,393,409	-	1,393,409	38.2%	100.0%	532,445
Upper Twining - Water Line	350,345	-	350,345	38.2%	100.0%	133,873
Kachina Water Tank	2,976,899	2,176,899	800,000	80.0%	100.0%	640,000
Relocate and Upgrade Water Booster Station (Kachina)	500,000	385,000	115,000	80.0%	100.0%	92,000
Bull of the Woods - Water Line	989,065	-	989,065	38.2%	100.0%	377,939
Surface Water Treatment Plant Gunsite (Plan, Engineer, Design, & Construction)	1,500,000	-	800,000	80.0%	100.0%	640,000
Land Acquisition for Conservation Easements (SWPP Phoenix and Gunsite)	350,000	-	350,000	80.0%	100.0%	280,000
Total	$ 8,694,092	$2,561,899	$ 5,432,193			$ 2,938,662

Sources: Village of Taos Ski Valley 2023-2027 Infrastructure Capital Improvements Plan; Table 7.2, Willdan Financial Services

Cost per EDU

Table 7.5 calculates a cost per EDU associated by dividing the total cost of projects allocated to new development identified in Table 7.4, by the growth in EDUs identified in Table 7.2.

Table 7.5: Cost per EDU

Net Cost of Planned Facilities	$ 2,938,662
Growth in EDUs	953
Cost per EDU	$ 3,084

Sources: Tables 7.2 and 7.4.

Fee Schedule

The maximum justified fee for water facilities is shown in **Table 7.6**. 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 7.6: 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]
Residential						
Single Family	$ 3,084	1.00	$ 3,084	$ 93	$ 3,177	$ 1.27
Nonresidential - per 1,000 Sq. Ft.						
Commercial/Office	$ 3,084	1.73	$ 5,335	$ 160	$ 5,495	$ 5.34
Multifamily/Lodging	$ 3,084	2.05	$ 6,322	$ 190	$ 6,512	$ 6.51

[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 7.5; 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 statues 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 untis are not premanently 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.

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 ±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
Residential						
Single Family	$ 3.01	$ 1.33	$ 0.78	$ 2.60	$ 2.14	$ 9.86
Nonresidential						
Commercial	$ 3.46	$ 19.74	$ -	$ 10.67	$ 9.21	$ 43.07
Office	$ 4.38	$ 12.82	$ -	$ 10.67	$ 9.21	$ 37.08
Accommodations						
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 Council[1]. 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 Act[2] (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.

[1]Master Development Agreement between TSVI and the Village of Taos Ski Valley
[2]See 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 development[3], 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 studied[4].

[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 Cook, Chair

X
Michael Bower

X
Michael Fitzpatrick

X
Katherine Kett

X
Thomas Master

X
Paddy McNeely

X
Russel Olson

TAOS

June 6, 2021

Village of Taos Ski Valley
Planning & Zoning Commission
7 Firehouse Road
Taos Ski Valley, NM 87525
Attn: Chairman Tom Wittman

Dear Chairman Wittman,

The purpose of this letter is to share the concerns of our organization with the proposed change to VTSV development impact fees per the Development Impact Fee Update Study to be presented by the Capital Infrastructure Advisory Committee ("CIAC") to the P&Z Commission on Monday, June 7th.

First, I would like to state that we are supportive of the effort and intent of the CIAC to review Village development impact fees. The review is timely given the clear need for investment in numerous areas of infrastructure that will serve the residential and business community of the Village and support future development. **That said, we have several concerns with the Study and are taken back by the proposed 425% increase to fees for Multi-family/Lodging Developments (e.g. hotels and condominiums).** These proposed fees are much higher than other resort communities such as Aspen, Vail, Park City and Truckee/Lake Tahoe – some by as much as 200%! Please keep in mind developers in these other areas realize much higher sales and rental rates and are much better positioned to absorb such fees. It raises the question if those areas are models of development that we want to emulate?

With this in mind, we respectfully ask you and your fellow Commissioners to consider the following when the Study is introduced at your upcoming meeting.

1. **The proposed fees are punitive to development**:
    - Financial viability of multi-family developments will be challenging at best.
    - Less development of condominium and hotels will have considerable negative impacts on Village GRT and Lodger's Tax.
    - Developments that do occur will need to:
        - Maximize yield to levels that will impact the feel and character of the Village and put more stress on infrastructure and to an extent might challenge the quality of life in the Village.
        - Eliminate any chance of providing residential for-sale product that is available to a broad spectrum of buyer profiles.
        - Drive up commercial rents to levels that push out local operators.

2. **The list of capital projects in the Study needs to be revisited**:
    - The list is duplicative, unspecific and/or confusing in certain areas.
    - Some projects may no longer be necessary or have a reduced scope due to recent collaborative efforts within the community (e.g. Kachina Area Master Plan, Shared Village/TSV Office Firehouse Facility and Gondola link from base to Kachina).
    - Even with the fees at the punitive levels proposed there is still a $38m funding gap to complete the list of proposed projects. This is not viable.

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3. **We propose creating service districts within the Village (e.g. Amizette, Core Village, Residential, Kachina)**
    - Village Infrastructure projects can be more specifically identified and linked directly with areas of benefit. Some improvements of course will benefit the Village as a whole and fees should be shared accordingly (e.g. Public Safety).
    - The current approach over weights the burden on the Core Village where multi-family developments are most likely to occur as many of the infrastructure needs in this part of the Village have been addressed via the TIDD mechanism.

4. **The Study should be informed by an overall Village Plan of Finance**
    - Development impact fees are but one of many components within a comprehensive Plan of Finance. We propose the Study to be done after such a Plan is developed or at a minimum on parallel paths. Linking these two efforts will result in a coherent overall plan for the Village, reasonable levels of development fees for Developers and a realistic list of priority infrastructure projects that can be accomplished within the next decade. In addition it will provide forecasts of GRT, Property Tax and Lodger's Tax that can position the Commission and Village Council to make informed decisions in the years ahead.
    - By intertwining these efforts a balance can be found in which a reasonable level of development impact fees can be identified and contribute towards infrastructure goals.

5. **Concerns relating to NM Statute 5-8.**
    - There are several technical concerns with the Study that are detailed in the attached Statutory Compliance Review provided by our advisors at Launch DFA.
    - These concerns focus on the requirements of NM Statute 5-8 in the areas of a) existing levels of service, b) creation of service areas and c) the requirement for the municipality to complete construction of projects funded in part by impact fees within seven years.

We greatly appreciate your attention to the concerns raised above and look forward to participating in the discussion of this topic with the Commission, CIAC and Village Staff.

Best regards,

Chaz Rockey

Chaz Rockey
CFO and Board Member
Taos Ski Valley, Inc.

Cc:
Ben Cook – CIAC Chairman
Patrick Nicholson – Village Planner
John Avila – Village Administrator

LAUNCH
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VIA ELECTRONIC MAIL

May 5, 2021

Mr. Chaz Rockey
Belvedere Property Management, LLC
1251 Avenue of the Americas
New York, New York 10020

RE: Taos Ski Valley – Taos Ski Valley DIF Report – Statutory Compliance Review

Dear Mr. Rockey:

At your request, we have reviewed the updated Taos Ski Valley's Development Impact Fee Report dated May 26, 2021 ("DIF Report") and have the following high level comments related to the DIF Report's compliance with New Mexico Statutes Annotated ("NMSA") Chapter 5, Article 8 (the "Act").

Please note that this is high level cursory review of the DIF Report and does not address all the potential statutory challenges that a more thorough review could possibly generate.

The largest areas of concern related to statutory compliance with the Act correlate to the following:

1. The DIF Report does not utilize service areas, thereby potentially requiring new growth to fund capital improvements for which they receive no benefit; and
2. The DIF Report does not include an existing Level of Service Analysis ("LOS") for the Village's Transportation, Wastewater and Water Systems possibly requiring new growth to fund capital improvements that are in excess of the Village's existing LOS.

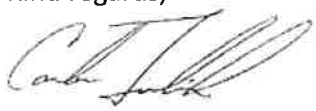
The items above also bring into question whether the DIF Report and resulting fees meet the "essential nexus" between development conditions and the anticipated impacts of new development as well as whether the fees are "roughly proportional" to new growth's impact on existing infrastructure.

The table on the following page delineates our concerns related to the DIF Report's adherence to a limited number of tenants and requirements of the Act.

Item	NMSA Code Section	NMSA Requirement (Emphasis Added)	Launch Findings
1	5-8-2 D.	"capital improvement" means any of the following facilities that have a ***life expectancy of ten or more years*** and are owned and operated by or on behalf of a municipality or county:	Certain equipment included within the Public Safety section of the report was in excess of 20 years old and had no further life expectancy.
2	5-8-2 D. (2)	roadway facilities located within the ***service area***, ...	Only one service area was utilized. $3,000,000 of planned roadways were not identified as serving any particular area.
3	5-8-2 G.	buildings for fire, police and rescue and essential equipment ***costing ten thousand dollars*** ($10,000) or more ***having a life expectancy of ten years or more***; and	Certain equipment included within the Public Safety section of the report was in excess of 20 years old and had no further life expectancy. Additionally, other equipment included in the analysis had a value of less than $10,000.
4	5-8-2 D. (3)	facility expansion" means the expansion of capacity of an ***existing facility*** that serves the same function as an otherwise necessary new capital improvement, in order that the existing facility may serve new development. The term ***does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development***, including schools and related facilities;	(1) Level of Service Analysis (LOS) - No LOS analysis was performed in the areas of Transportation, Wastewater and Water. As such, it is not possible to determine if the Village is increasing its LOS through its planned CIP expenditures. (2) LOS vs. Planned Capital Expenditures - As no LOS was provided in relation to Transportation, Wastewater and Water, no opinion can be provided related to the appropriateness of these fees. (3) Repair, Maintenance, Modernization, Expansion - It appears that a significant amount of the capital expenditures could related to modernization and not necessarily expansion required to provide for additional growth.
5	5-8-2 N.	"roadway facilities" means arterial or collector streets or road that ***have been designated on an officially adopted roadway plan*** of the municipality or county.....	It does not appear that portions of the Transportation roadways are included on a officially adopted roadway plan.
6	5-8-2 Q.	"***service areas***" means the area within the corporate boundaries or extraterritorial jurisdiction of a municipality or the boundaries of a county to served by the capital improvements or facility expansion specified in the capital improvements plan designated on basis of sound planning and engineering standards, and:	Only one service area was utilized therefore requiring all new growth to fund capital facilities for which the may receive no benefit. Some of the facilities noted within the DIF Report appeared to benefit specific areas of the Village and not the Village as whole. It is suggested that service areas be utilized to better allocate costs to portion of the Village requiring and benefiting from such facilities.
7	5-8-6 A. (1)	a description, as needed to reasonably support the proposed impact fee, which shall be prepared by a qualified professional, ***of the existing capital improvements*** within the service area and the.....	The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS.
8	5-8-6 A. (2)	an analysis, which shall be prepared by a qualified professional, of the total capacity, ***the level of current usage and commitments for usage of capacity of the existing capital improvements***;	The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS.
9	5-8-6 A. (3)	a description, which shall be prepared by a qualified professional, of all or the parts of the capital improvements or facility expansions and their costs necessitated by and ***attributable to new development in the service area based on the approved land use assumptions***;	The DIF Report did not employ the use of specific service areas. As such, it appears that in certain instances, new growth could be funding improvements for which no benefit is received.
10	5-8-7	The ***Fee shall not exceed the cost to pay for a proportionate share of the cost of system improvements***, based upon service units, need to serve new development.	The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS. As such, no determination could be made as to whether new growth is funding its fair share of system costs.
11	5-8-11	Impact Fees may be assessed but shall not be collected unless the: .....***municipality or county commits to complete construction within seven years and to have serve available*** within a reasonable period of time after complete of construction considering the type of capital improvement....	The DIF Report indicates a Non Fee Funding Requirement of approximately $37.7 million. A review of the Village's ICIP indicated that a number of facilities do not have designated funding sources and as a result, it is questionable as to whether such facilities could be funded and constructed within seven years. Secondarily it should be mentioned that the Act section 5-8-6 (7) requires "anticipated sources of funding independent of impact fees" however, this is not addressed in the DIF Report which states on page 4 of the DIF Report that "The Village will need to develop alternative to fund existing development's share of the planned facilities."

Should you care to discuss the comments above in more detail we are happy to set up a conference call.

Kind regards,



Carter Froelich, CPA
Managing Principal

WILLDAN Financial Services

Willdan Financial Services Response to June 6, 2021 Letter to the Village of Taos Ski Valley Planning and Zoning Commission

The following responds to the comments by TSVI in a June 6, 2021 letter to the Village of Taos Ski Valley Planning and Zoning Commission. The numbering and italicized comments correspond with that document. Refer to that document for additional context.

1. *The proposed fees are punitive to development.*

   The fees presented in the Public Review Draft were calculated using local data to fairly allocate the costs identified by the Village Council in the ICIP to new development. The study uses industry standard approaches to allocate the identified costs, and does not seek to charge new development more than a fair allocation of cost responsibility. The Village Council can choose to implement fees that are lower than the fees identified in the study.

2. *The list of capital projects in the Study needs to be revisited.*

   We understand that the project lists are being reviewed by Village staff. The Village Council will also have an opportunity to review and prioritize the projects that can be funded through the impact fees.

3. *We propose creating service districts within the Village (e.g. Amizette, Core Village, Residential, Kachina)*

   The New Mexico Impact Fee Act allows for multiple service areas but does not prescribe any number of service areas for a nexus analysis. Only one service area was used in this analysis because the Village is geographically quite small, less than three square miles. Facilities funded by an impact fee would serve development throughout the entire Village. For comparison, the City of Albuquerque is roughly 190 square miles and charges a Citywide transportation facilities impact fee.

4. *The Study should be informed by an overall Village Plan of Finance*

   A nexus study establishes the maximum justified impact fees based on the relationship between new development and the facilities funded by the fees. Not having a Finance Plan does not preclude the Village from updating its impact fees. That said, establishing a Finance Plan is a useful exercise. Projected impact fee revenue would be one of the inputs in a village wide Finance Plan.

5. *Concerns relating to NM Statute 5-8.*

   Refer to the discussion below in relation to comments made by the Launch Development Finance Advisors. We will be revising the study accordingly.

WILLDAN Financial Services

Willdan Financial Services Response to "Taos Ski Valley DIF Report – Statutory Compliance Review" by Launch Development Finance Advisors

The following document responds to the review provided by Launch Development Finance Advisors in a memorandum dated May 5, 2021. The numbering and italicized comments correspond with that document. Refer to that document for additional context.

1) *Certain equipment included within the Public Safety section of the report was in excess of 20 years old and had no further life expectancy.*

   While certain items included in the Public Safety inventory are older than 20 years, they are still being used and providing service to the Village and therefore by definition are facilities with a life expectancy longer than 10 years. The statue only defines the lower bounds of a capital facility's life expectancy, not the upper bounds.

2) *Only one service area was utilized. $3,000,000 of planned roadways were not identified as serving any particular area.*

   The Act allows for multiple service areas but does not prescribe any number of service areas for a nexus analysis. Only one service area was used in this analysis because the Village is geographically quite small, less than three square miles. Transportation facilities funded by an impact fee would serve development throughout the entire Village. For comparison, the City of Albuquerque is roughly 190 square miles and charges a Citywide transportation facilities impact fee.

3) *Certain equipment included within the Public Safety section of the report was in excess of 20 years old and had no further life expectancy. Additionally, other equipment included in the analysis had a value of less than $10,000.*

   We will revise the existing facility inventory to exclude equipment worth less than $10,000.

4) *1) Level of Service Analysis (LOS) - No LOS analysis was performed in the areas of Transportation, Wastewater and Water. As such, it is not possible to determine if the Village is increasing its LOS through its planned CIP expenditures. (2) LOS vs. Planned Capital Expenditures - As no LOS was provided in relation to Transportation, Wastewater and Water, no opinion can be provided related to the appropriateness of these fees. (3) Repair, Maintenance, Modernization, Expansion - It appears that a significant amount of the capital expenditures could related to modernization and not necessarily expansion required to provide for additional growth.*

   For water, transportation and wastewater facilities, the Village is increasing its level of service. The fees are calculated such that new development pays its fair share of the higher level of service, and non-fee funding is required to fund existing development's share of the higher level of service.

   Certain facilities such as the fire stations are planned to be expanded and modernized, expanding their service capacity. New development can fund its share of the expansion, but again, a share of public safety facilities associated with existing development cannot be funded

with impact fees. These non-fee requirements are presented throughout the report and summarized in Table E.2.

That said, we will quantify the existing level of service in a future revision of the report.

5) *It does not appear that portions of the Transportation roadways are included on a* [sic] *officially adopted roadway plan.*

The road facilities included in the study were identified in Tables 7 and 8 of the Village's Comprehensive Plan

6) *Only one service area was utilized therefore requiring all new growth to fund capital facilities for which the* [sic] *may receive no benefit. Some of the facilities noted within the DIF Report appeared to benefit specific areas of the Village and not the Village as whole. It is suggested that service areas be utilized to better allocate costs to portion of the Village requiring and benefiting from such facilities.*

Refer to #2 above.

7) *The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS.*

We can add a description of the existing level of service of the transportation, water and wastewater facilities currently serving the Village to the study.

8) *The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS.*

The current level of usage is displayed in the calculation of the existing trips, wastewater flow and water flow generation in the respective chapters of the study.

9) *The DIF Report did not employ the use of specific service areas. As such, it appears that in certain instances, new growth could be funding improvements for which no benefit is received.*

Refer to #2 above.

10) *The Transportation, Wastewater and Water components of the DIF Report do not address existing LOS. As such, no determination could be made as to whether new growth is funding its fair share of system costs.*

For each project, a share of responsibility is assigned to new development. Projects that serve both existing and new development are allocated to each based on the analysis described in the study. The fees are calculated such that new development is only funding its proportional share.

That said, we will quantify the existing level of service in a future revision of the report.

11) *The DIF Report indicates a Non Fee Funding Requirement of approximately $37.7 million. A review of the Village's ICIP indicated that a number of facilities do not have designated funding*

sources and as a result, it is questionable as to whether such facilities could be funded and constructed within seven years. Secondarily it should be mentioned that the Act section 5-8-6 (7) requires "anticipated sources of funding independent of impact fees" however, this is not addressed in the DIF Report which states on page 4 of the DIF Report that "The Village will need to develop alternative to fund existing development's share of the planned facilities."

We understand that the Village intends to fund the identified facilities within seven years. Certain wastewater and water facilities have already been funded, so the balance of remaining non-fee responsibility is less than the $37.7 million.