

City of Port Washington

Impact Fee Analysis

Final Report

August 2, 2021

Executive Summary

The City of Port Washington has been collecting impact fees since 1999 on four facilities: wastewater treatment plant upgrades, a new police station, a fire station addition and a library addition. Impact fees are paid by newly developed or expanded residential, commercial and industrial properties to compensate the city for that portion of the cost of new facilities needed to service the growth which those developments represent. The portion of each facility that is designed to accommodate new growth is determined from a Needs Assessment that must be completed before the fees can be collected. Fees are calculated and collected in a manner set out in the municipal code. Under state law, any impact fees collected in excess of the costs attributable to growth must be refunded, with interest.

In the fall of 2020, city staff identified some concerns about the procedures being used to calculate and collect the fees. As a result, a detailed review was made of the Excel spreadsheet being used to calculate the fees due. This review identified several errors both in the methodology used and in the calculations themselves. By far the most significant errors were in the calculation of fees for the wastewater treatment plant.

A new spreadsheet was developed to calculate the impact fee due more accurately for each property. Demographic, facility cost and growth data from the original calculations was assumed to be correct, and debt service calculations were revised based on data from the city's financial consultant. A calculation was also made of the maximum allowable total impact fees, and this was compared to actual collections.

The new methodology and calculation were applied to all 820 properties for which impact fees have been collected, with the following results:

- Through 2020, \$3,952,780 has been collected
- The maximum allowable fees for the four facilities are \$2,854,803, resulting in a total overcollection of \$1,097,976
- 745 properties paid more than the corrected fee amount
- The total overpayment by those properties was \$701,792

State law generally provides that refunds of impact fees, with interest, should be returned to the payer of the fee, not the current owner. Interest payments should reflect the rate of interest received by the city on the collected funds. Rates obtained by the city were available since 2011. For earlier years, an estimated rate was used, based on US Treasury bill rates.

After all refunds are made, the residual over collected amount will be \$396,185. One option to return this amount would be to refund all impact fee payments, beginning with the most recent, and working backward in time until the entire residual amount has been refunded.

As of December 2020, the city had approximately \$2,014,315 on deposit in segregated impact fee accounts.

I. Background

The City of Port Washington has been collecting impact fees since 1999 on four projects: wastewater treatment plant upgrades, a new police station, a fire station addition and a library addition. Impact fees are paid by newly developed or expanded residential, commercial and industrial properties to compensate the city for that portion of the cost of new facilities that is needed to service the growth which those developments represent. The portion of each facility that is designed to accommodate new growth is determined from a "Needs Assessment" that must be completed before the fees can be collected. Fees are calculated and collected in a manner prescribed by ordinance. Under state law, any impact fees collected in excess of the costs attributable to growth must be refunded, with interest.

In the fall of 2020, city staff identified some concerns about the procedures being used to calculate and collect the fees. As a result, a detailed review was made of the Excel spreadsheet being used to calculate the fees due on residential properties. This review identified several errors both in the methodology used and in the calculations themselves. By far the most significant errors were in the calculation of fees for the wastewater treatment plant.

II. The Impact Fee Ordinance

Section 18.14.070 of the Municipal Code sets forth the method to be used for calculating impact fees. For residential properties, the gross fee per dwelling unit is the per capita facility cost attributable to growth times the assumed population per dwelling unit times the ratio of residential value to residential plus commercial and industrial value. The gross fee per square foot of commercial and industrial properties are derived in a similar way. The gross fees are then reduced by a credit that approximates the future property taxes that will be paid to retire debt on the facilities for which the impact fee was paid, to avoid double payment.

III. Review of Current Calculation Methods

The spreadsheet currently being used was examined both for calculation errors and for deviation from the methodology required in the ordinance. References in the analysis below are to the addresses of the cells in the original Excel spreadsheet that was provided.

The spreadsheet contains numerous calculation and method errors, including the following:

Library Addition

- Incorrect value for debt service term remaining
- Growth cost per capita is based on incorrect population growth estimate
- Credit for property taxes paid is not calculated in conformance with ordinance
- No library impact fee is imposed for commercial or industrial properties

Fire Station Addition

- Incorrect value for debt service term remaining
- Interest on debt service is double counted
- Formula used to calculate present value of future tax payments is incorrect
- Credit for property taxes paid is not calculated in conformance with ordinance

Police Station

- Incorrect value for debt service term remaining
- Interest on debt service is double counted
- Credit for property taxes paid is not calculated in conformance with ordinance

Wastewater Treatment Plant

- Incorrect value for debt service term remaining
- Miscalculation in converting gross impact fee from “per capita” to “per dwelling unit”

IV. Calculation of Corrected Fee Amounts

Data from the Needs Assessment document and existing spreadsheet were used to obtain input values related to population projections, facility cost, and the portion of each facility dedicated to growth. Data about the debt service for each project was updated based on revised information provided by the city’s financial consultant.

The method for calculating commercial and industrial fees described in the ordinance is somewhat ambiguous and subject to multiple interpretations. For police and fire, this analysis uses a method for calculating the per square foot gross impact fee for commercial and industrial properties that is most analogous to the method used for residential properties. For the wastewater treatment plant, this analysis converts each commercial or industrial property to its residential equivalent, based on water usage data provided by city staff.

The current calculation method uses an approximation of future sewer charges in lieu of future property tax payments when calculating the fee credit for the wastewater treatment plant project. Although this method is not referenced in the ordinance, it is reasonable, since sewer fees, not property taxes, are used to pay for the wastewater improvements. Therefore, this method was also used in the calculation of corrected credits. For commercial and industrial properties, residential equivalent sewer use was obtained from city staff.

Table 1 contains a worksheet that calculates the corrected gross impact fee per dwelling unit for residential properties, and per square foot for commercial/industrial properties.

Table 1				
Gross Impact Fee Calculation Worksheet				
	Fire Station	Police	Library	Wastewater
	Addition	Station	Addition	Plant
<u>Projected Growth</u>				
Base Population	10,467	10,467	13,800	10,467
Projected Population in Growth Year	12,000	12,000	17,500	12,000
Population Growth	1,533	1,533	3,700	1,533
Population Growth (%)	14.65%	14.65%	26.81%	14.65%
Base Commercial/Industrial Area (S.F.)	1,723,750	1,723,750	1,723,750	1,723,750
Projected Commercial/Industrial Area (S.F.)	2,132,474	2,132,474	2,132,474	2,132,474
Commercial/Industrial Area Growth (S.F.)	408,724	408,724	408,724	408,724
<u>Debt Service</u>				
Year of Borrowing	1992	1992	1999	1990
Annual Interest Rate	5.38%	5.38%	4.90%	5.00%
Term of Loan (years)	15	15	10	15
<u>Growth Cost</u>				
Facility Cost	\$ 300,000	\$ 1,665,500	\$ 1,727,000	\$ 5,765,000
Attributable to Growth	86.0%	12.8%	49.1%	12.8%
Unamortized Growth Cost	\$ 258,000	\$ 212,768	\$ 847,957	\$ 736,479
Amortized Growth Cost	\$ 382,355	\$ 315,321	\$ 1,092,817	\$ 1,064,311
Residential Share of Growth Cost	74.04%	74.04%	100.00%	74.04%
Residential Growth Cost	\$ 283,095	\$ 233,463	\$ 1,092,817	\$ 788,016
Residential Growth Cost/Capita	\$ 184.67	\$ 152.29	\$ 295.36	\$ 514.03
Commercial/Industrial Share of Growth Cost	25.96%	25.96%	0.00%	25.96%
Commercial/Industrial Growth Cost	\$ 99,259	\$ 81,857	\$ -	\$ 276,295
Commercial/Industrial Growth Cost/Sq. Ft.	\$ 0.24	\$ 0.20	\$ -	\$ 0.68
<u>Population/Dwelling Unit</u>				
Single Family	2.74	2.74	2.74	2.74
Two Family	2.37	2.37	2.37	2.37
Multi-Family	1.50	1.50	1.50	1.50
<u>Gross Impact Fee/Dwelling Unit</u>				
Gross Fee/Dwelling Unit (Single Family)	\$505.99	\$417.28	\$809.27	\$1,408.46
Gross Fee/Dwelling Unit (Two Family)	\$437.66	\$360.93	\$699.99	\$1,218.26
Gross Fee/Dwelling Unit (Multi Family)	\$277.00	\$228.44	\$443.03	\$771.05
Gross Fee/Square Foot (Commercial/Industrial)	\$0.24	\$0.20	\$0.00	n.a.

The ordinance requires that gross impact fees be offset by a credit for future property taxes to be paid by the property towards retirement of the facility debt. This is to avoid charging new properties an impact fee and property taxes to pay for the same facility. Under the ordinance,

the credits are based on the taxes paid by the average property of similar type. Based on conversations with the city assessor, that historical data is not available, so a model was constructed to estimate historical average values for single family, two-family and multi-family properties. Those estimates are shown in Table 2.

Year	Total Value	Residential Value	Commercial Value	Industrial Value	Residential Share	Single Family Est. Value	Single Family 3-yr Avg.	Multi-Family 3-yr Avg.
1996						\$101,270		
1997						\$106,600		
1998						\$115,100		
1999	\$525,290,600	\$382,633,300	\$104,743,500	\$26,360,800	74.48%	\$123,700	\$107,700	\$74,000
2000	\$554,667,200	\$399,359,100	\$108,085,900	\$31,935,600	74.04%	\$132,300	\$115,100	\$79,100
2001	\$594,765,500	\$430,351,500	\$112,874,100	\$35,438,000	74.37%	\$140,900	\$123,700	\$84,400
2002	\$644,417,000	\$474,718,300	\$117,644,100	\$36,032,900	75.54%	\$153,600	\$132,300	\$89,900
2003	\$687,807,800	\$503,320,100	\$130,267,800	\$36,757,100	75.08%	\$160,900	\$142,300	\$99,587
2004	\$737,818,300	\$546,330,900	\$137,318,800	\$38,416,900	75.66%	\$172,700	\$151,800	\$106,260
2005	\$771,478,400	\$582,297,900	\$138,225,800	\$40,347,900	76.53%	\$181,900	\$162,400	\$113,680
2006	\$835,407,800	\$633,856,500	\$146,846,600	\$40,949,100	77.14%	\$195,800	\$171,833	\$120,283
2007	\$905,342,400	\$690,344,700	\$168,662,800	\$33,376,500	77.36%	\$210,900	\$183,467	\$128,427
2008	\$933,154,400	\$707,432,200	\$179,342,000	\$31,885,400	77.01%	\$213,700	\$196,200	\$137,340
2009	\$924,165,200	\$714,843,200	\$165,200,100	\$32,031,800	78.38%	\$213,600	\$206,800	\$144,760
2010	\$893,911,200	\$687,495,100	\$167,423,700	\$27,436,000	77.92%	\$203,200	\$212,733	\$148,913
2011	\$885,614,200	\$685,887,300	\$161,455,200	\$27,084,700	78.44%	\$199,700	\$210,167	\$147,117
2012	\$858,311,300	\$652,645,000	\$168,536,500	\$26,412,200	77.00%	\$187,100	\$205,500	\$143,850
2013	\$841,068,100	\$641,799,000	\$156,600,100	\$29,029,400	77.57%	\$181,300	\$196,667	\$137,667
2014	\$879,395,800	\$674,497,100	\$162,873,600	\$27,802,600	77.96%	\$187,700	\$189,367	\$132,557
2015	\$891,062,600	\$690,664,800	\$156,277,900	\$30,504,400	78.71%	\$189,400	\$185,367	\$129,757
2016	\$931,484,300	\$729,816,100	\$160,212,200	\$3,329,500	81.69%	\$197,300	\$186,133	\$130,293
2017	\$974,672,000	\$774,114,600	\$154,884,300	\$30,390,500	80.69%	\$206,300	\$191,467	\$134,027
2018	\$1,054,033,800	\$836,065,800	\$175,028,500	\$31,346,400	80.20%	\$219,800	\$197,667	\$138,367
2019	\$1,122,699,800	\$889,522,600	\$180,432,500	\$31,420,500	80.76%	\$230,600	\$207,800	\$145,460
2020	\$1,174,525,000	\$935,224,000	\$198,699,600	\$30,776,300	80.30%	\$239,200	\$218,900	\$153,230

The actual credit is obtained by calculating the amount of taxes that would be paid by the affected property for the debt service on the facility, applied over the remaining life of the debt. Because the remaining debt is always declining, the credit will also decline each year until the facility debt is totally retired, at which time it will become zero. Tables 3-6 show the credit amounts for each year and type of property.

Table 3									
Single Family Residential Impact Fee Credit (by Year Paid)									
(Per Dwelling Unit)									
			Library	Police	Fire	Wastewater			
Annualized Growth Cost			\$ 109,282	\$ 15,564	\$ 18,873	\$ 52,534			
Year	3- yr. Average	Total City	Fee Credit						
Paid	Equalized Value ¹	Equalized Value	Library	Police	Fire	Wastewater ²	Total		
1999	\$ 107,700	\$ 525,290,600	\$ 224.06	\$ 28.72	\$ 34.83	\$ 604.10	\$ 891.70		
2000	\$ 115,100	\$ 554,667,200	\$ 226.77	\$ 25.84	\$ 31.33	\$ 529.90	\$ 813.84		
2001	\$ 123,700	\$ 594,765,500	\$ 204.56	\$ 22.66	\$ 27.48	\$ 452.00	\$ 706.69		
2002	\$ 132,300	\$ 644,417,000	\$ 179.49	\$ 19.17	\$ 23.25	\$ 370.20	\$ 592.10		
2003	\$ 142,300	\$ 687,807,800	\$ 158.26	\$ 16.10	\$ 19.52	\$ 284.31	\$ 478.19		
2004	\$ 151,800	\$ 737,818,300	\$ 134.90	\$ 12.81	\$ 15.53	\$ 194.12	\$ 357.37		
2005	\$ 162,400	\$ 771,478,400	\$ 115.02	\$ 9.83	\$ 11.92	\$ 99.43	\$ 236.20		
2006	\$ 171,800	\$ 835,407,800	\$ 89.89	\$ 6.40	\$ 7.76	\$ -	\$ 104.06		
2007	\$ 183,500	\$ 905,342,400	\$ 66.45	\$ 3.15	\$ 3.83	\$ -	\$ 73.43		
2008	\$ 196,200	\$ 933,154,400	\$ 45.95	\$ -	\$ -	\$ -	\$ 45.95		
2009	\$ 206,800	\$ 924,165,200	\$ 24.45	\$ -	\$ -	\$ -	\$ 24.45		
2010	\$ 212,700	\$ 893,911,200	\$ -	\$ -	\$ -	\$ -	\$ -		
2011	\$ 210,200	\$ 885,614,200	\$ -	\$ -	\$ -	\$ -	\$ -		
2012	\$ 205,500	\$ 858,311,300	\$ -	\$ -	\$ -	\$ -	\$ -		
2013	\$ 196,700	\$ 841,068,100	\$ -	\$ -	\$ -	\$ -	\$ -		
2014	\$ 189,400	\$ 879,395,800	\$ -	\$ -	\$ -	\$ -	\$ -		
2015	\$ 185,400	\$ 891,062,600	\$ -	\$ -	\$ -	\$ -	\$ -		
2016	\$ 186,100	\$ 931,484,300	\$ -	\$ -	\$ -	\$ -	\$ -		
2017	\$ 191,500	\$ 974,672,000	\$ -	\$ -	\$ -	\$ -	\$ -		
2018	\$ 197,700	\$ 1,054,033,800	\$ -	\$ -	\$ -	\$ -	\$ -		
2019	\$ 207,800	\$ 1,122,699,800	\$ -	\$ -	\$ -	\$ -	\$ -		
2020	\$ 218,900	\$ 1,174,525,000	\$ -	\$ -	\$ -	\$ -	\$ -		

Notes:

¹Estimated from model

²Based on sewer fees, not property taxes

Table 4
Two-Family Residential Impact Fee Credit (by Year Paid)
(Per Dwelling Unit)

			Library	Police	Fire	Wastewater	
Annualized Growth Cost			\$ 109,282	\$ 15,564	\$ 18,873	\$ 52,534	
Year	3- yr. Average	Total City	Fee Credit				
Paid	Equalized Value³	Equalized Value	Library	Police	Fire	Wastewater	Total
1999	\$ 92,622	\$ 525,290,600	\$ 192.69	\$ 24.70	\$ 29.95	\$ 604.10	\$ 851.44
2000	\$ 98,986	\$ 554,667,200	\$ 195.02	\$ 22.22	\$ 26.94	\$ 529.90	\$ 774.09
2001	\$ 106,382	\$ 594,765,500	\$ 175.92	\$ 19.49	\$ 23.63	\$ 452.00	\$ 671.03
2002	\$ 113,778	\$ 644,417,000	\$ 154.36	\$ 16.49	\$ 19.99	\$ 370.20	\$ 561.04
2003	\$ 122,378	\$ 687,807,800	\$ 136.11	\$ 13.85	\$ 16.79	\$ 284.31	\$ 451.05
2004	\$ 130,548	\$ 737,818,300	\$ 116.02	\$ 11.02	\$ 13.36	\$ 194.12	\$ 334.51
2005	\$ 139,664	\$ 771,478,400	\$ 98.92	\$ 8.45	\$ 10.25	\$ 99.43	\$ 217.05
2006	\$ 147,748	\$ 835,407,800	\$ 77.31	\$ 5.51	\$ 6.68	\$ -	\$ 89.49
2007	\$ 157,810	\$ 905,342,400	\$ 57.15	\$ 2.71	\$ 3.29	\$ -	\$ 63.15
2008	\$ 168,732	\$ 933,154,400	\$ 39.52	\$ -	\$ -	\$ -	\$ 39.52
2009	\$ 177,848	\$ 924,165,200	\$ 21.03	\$ -	\$ -	\$ -	\$ 21.03
2010	\$ 182,922	\$ 893,911,200	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ 180,772	\$ 885,614,200	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ 176,730	\$ 858,311,300	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ 169,162	\$ 841,068,100	\$ -	\$ -	\$ -	\$ -	\$ -
2014	\$ 162,884	\$ 879,395,800	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 159,444	\$ 891,062,600	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 160,046	\$ 931,484,300	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 164,690	\$ 974,672,000	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 170,022	\$ 1,054,033,800	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 178,708	\$ 1,122,699,800	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 188,254	\$ 1,174,525,000	\$ -	\$ -	\$ -	\$ -	\$ -

Table 5
Multi-Family Residential Impact Fee Credit (by Year Paid)
(Per Dwelling Unit)

			Library	Police	Fire	Wastewater	
Annualized Growth Cost			\$ 109,282	\$ 15,564	\$ 18,873	\$ 52,534	
Year	3- yr. Average	Total City	Fee Credit				
Paid	Equalized Value⁴	Equalized Value	Library	Police	Fire	Wastewater	Total
1999	\$ 59,200	\$ 525,290,600	\$ 123.16	\$ 15.79	\$ 19.14	\$332.25	\$ 490.34
2000	\$ 63,305	\$ 554,667,200	\$ 124.72	\$ 14.21	\$ 17.23	\$ 291.45	\$ 447.61
2001	\$ 68,035	\$ 594,765,500	\$ 112.51	\$ 12.46	\$ 15.11	\$ 248.60	\$ 388.68
2002	\$ 72,765	\$ 644,417,000	\$ 98.72	\$ 10.54	\$ 12.79	\$ 203.61	\$ 325.66
2003	\$ 78,265	\$ 687,807,800	\$ 87.05	\$ 8.86	\$ 10.74	\$ 156.37	\$ 263.01
2004	\$ 83,490	\$ 737,818,300	\$ 74.20	\$ 7.04	\$ 8.54	\$ 106.77	\$ 196.55
2005	\$ 89,320	\$ 771,478,400	\$ 63.26	\$ 5.41	\$ 6.56	\$ 54.69	\$ 129.91
2006	\$ 94,490	\$ 835,407,800	\$ 49.44	\$ 3.52	\$ 4.27	\$ -	\$ 57.23
2007	\$ 100,925	\$ 905,342,400	\$ 36.55	\$ 1.74	\$ 2.10	\$ -	\$ 40.39
2008	\$ 107,910	\$ 933,154,400	\$ 25.27	\$ -	\$ -	\$ -	\$ 25.27
2009	\$ 113,740	\$ 924,165,200	\$ 13.45	\$ -	\$ -	\$ -	\$ 13.45
2010	\$ 116,985	\$ 893,911,200	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ 115,610	\$ 885,614,200	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ 113,025	\$ 858,311,300	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ 108,185	\$ 841,068,100	\$ -	\$ -	\$ -	\$ -	\$ -
2014	\$ 104,170	\$ 879,395,800	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 101,970	\$ 891,062,600	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 102,355	\$ 931,484,300	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 105,325	\$ 974,672,000	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 108,735	\$ 1,054,033,800	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 114,290	\$ 1,122,699,800	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 120,395	\$ 1,174,525,000	\$ -	\$ -	\$ -	\$ -	\$ -

Table 6							
Commercial/Industrial Impact Fee Credit (by Year Paid)							
(Per Thousand Dollars of Equalized Property Value)							
			Library	Police	Fire	Wastewater	
Annualized Growth Cost			\$ -	\$ 5,457	\$ 6,617	\$ 18,420	
Year	Total City	Fee Credit					
Paid	Equalized Value	Library	Police	Fire	Wastewater ⁵	Total	
1999	\$ 525,290,600	\$ -	\$ 0.09	\$ 0.11	\$ -	\$ 0.21	
2000	\$ 554,667,200	\$ -	\$ 0.08	\$ 0.10	\$ -	\$ 0.17	
2001	\$ 594,765,500	\$ -	\$ 0.06	\$ 0.08	\$ -	\$ 0.14	
2002	\$ 644,417,000	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 0.11	
2003	\$ 687,807,800	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 0.09	
2004	\$ 737,818,300	\$ -	\$ 0.03	\$ 0.04	\$ -	\$ 0.07	
2005	\$ 771,478,400	\$ -	\$ 0.02	\$ 0.03	\$ -	\$ 0.05	
2006	\$ 835,407,800	\$ -	\$ 0.01	\$ 0.02	\$ -	\$ 0.03	
2007	\$ 905,342,400	\$ -	\$ 0.01	\$ 0.01	\$ -	\$ 0.01	
2008	\$ 933,154,400	\$ -	\$ -	\$ -	\$ -	\$ -	
2009	\$ 924,165,200	\$ -	\$ -	\$ -	\$ -	\$ -	
2010	\$ 893,911,200	\$ -	\$ -	\$ -	\$ -	\$ -	
2011	\$ 885,614,200	\$ -	\$ -	\$ -	\$ -	\$ -	
2012	\$ 858,311,300	\$ -	\$ -	\$ -	\$ -	\$ -	
2013	\$ 841,068,100	\$ -	\$ -	\$ -	\$ -	\$ -	
2014	\$ 879,395,800	\$ -	\$ -	\$ -	\$ -	\$ -	
2015	\$ 891,062,600	\$ -	\$ -	\$ -	\$ -	\$ -	
2016	\$ 931,484,300	\$ -	\$ -	\$ -	\$ -	\$ -	
2017	\$ 974,672,000	\$ -	\$ -	\$ -	\$ -	\$ -	
2018	\$ 1,054,033,800	\$ -	\$ -	\$ -	\$ -	\$ -	
2019	\$ 1,122,699,800	\$ -	\$ -	\$ -	\$ -	\$ -	
2020	\$ 1,174,525,000	\$ -	\$ -	\$ -	\$ -	\$ -	

V. Review of Fees Collected

From files provided by the city, a master database was created of all impact fees paid through the end of 2020. The files were later compared to actual building permit records to verify the correct payers of the impact fee, which resulted in several name corrections. The following errors were also corrected:

- 972-974 Niagara Ct. Duplicate entry from 1999 deleted
- 983-985 Niagara Ct. Duplicate entry from 1999 deleted
- 986-988 Niagara Ct. Duplicate entry from 1999 deleted
- 635 Pierre Ln. Duplicate entry from 2000 deleted
- 556 Ashley Ave. Duplicate entry from 2001 removed
- 1788 Terrace Dr. Duplicate entry from 2000 removed

The corrected totals of fees paid is shown in Table 7.

**Table 7
Fees Collected
1999-2020**

	Single Family	Two-Family	Multi-Family	Comm/Ind	Total
No. of payers	625	71	92	32	820
Wastewater	\$1,286,362	\$194,359	\$809,352	\$165,922	\$2,455,995
Police	\$293,668	\$58,141	\$106,766	\$11,352	\$469,927
Fire	\$379,276	\$71,230	\$134,637	\$19,068	\$604,211
Library	\$272,579	\$48,558	\$94,583	\$6,927	\$422,647
Total	\$2,231,885	\$372,288	\$1,145,338	\$203,269	\$3,952,780

VI. Comparing Actual and Allowable Collections

The maximum amount the city is authorized to collect for these four facilities is the sum of the amortized facility costs that are attributable to growth. The maximum allowable collections are compared to the actual collections through 2020 in Table 8.

**Table 8
Actual vs. Allowable Collections
1999-2020**

Facility	Maximum Allowable Collections	Actual Collections 1999-2020	Corrected Amounts 1999-2020	Excess Collections
Wastewater	\$1,064,311	\$2,455,995	\$1,575,294	\$1,391,684
Police	\$315,321	\$469,927	\$524,940	\$154,606
Fire	\$382,355	\$604,211	\$634,113	\$221,856
Library	\$1,092,817	\$422,647	\$752,152	(\$670,170)
Total	\$2,854,803	\$3,952,780	\$3,486,499	\$1,097,976

Because the largest errors were in the wastewater treatment plant calculation, that is the source of most of the overpayments. The combined overpayments in wastewater, police and fire are somewhat offset by an under collection for the library addition.

VII. Refunds Due

745 properties paid more than the recalculated amount. The total overpayment amount was \$701,792, for an average refund due of \$942.00, before interest. In the instances where the amount paid was less than the recalculated fee, it was assumed that the city would not attempt to recover those underpayments.

Subtracting the refund amount of \$701,792 from the actual collections through 2020 results in a total collection after individual refunds of \$3,250,988. This net collection is still \$396,185 more than the maximum allowable collection. The city may also consider refunding that amount, plus interest, to keep total collections under the authorized maximum. One way to accomplish this would be to refund all fees collected, starting with the most recent collection, and working backward in time until the necessary amount is refunded. This is essentially the same as if the city had stopped collecting fees when it reached the authorized maximum total impact fee collections. Under this method, all fees collected since approximately August 8, 2019 would be returned.

VIII. Interest

State law requires that interest be paid on the refunded amounts. Historical interest rates paid on city funds were only available for the years 2011-2021. For prior years, the average one-year U.S. Treasury rate plus 0.06% was used, which tracks very closely with the city’s rates for 2011-2015. The interest rates used are shown in Table 9. At the rates shown, with annual compounding, total interest through August 31, 2021 is \$79,232.

**Table 9
Interest Rates Applied to Refunds
1999-2021**

Year	Rate	Year	Rate
1999	2.00%	2010	0.32%
2000	6.11%	2011	0.24%
2001	3.49%	2012	0.25%
2002	2.00%	2013	0.21%
2003	1.24%	2014	0.19%
2004	1.89%	2015	0.22%
2005	3.62%	2016	0.45%
2006	4.94%	2017	1.09%
2007	4.53%	2018	1.76%
2008	1.83%	2019	2.33%
2009	0.47%	2020	0.62%
		2021	0.10%