Portland, Maine Yes. Life's good here.

ECONOMIC DEVELOPMENT COMMITTEE

DATE: **October 2, 2018 (Tuesday)**
TIME: **5:30 – 7:30 p.m.**
LOCATION: **Room 209**
Portland City Hall

1. **Review and accept Minutes of previous meeting held on September 18, 2018.**

2. **Public Hearing and Vote to Recommend to the Planning Board and City Council a proposed Impact Fee Schedule and Draft Ordinance.**
   a. See enclosed memo and backup material from Jeff Levine.

3. **Public Hearing and Vote to Recommend to City Council proposed Portland Policy for Non-Profit Organizations Payment-in-Lieu of Taxes (PILOT) or Services-in-Lieu of Taxes (SILOT).**
   a. See enclosed memo and backup material from Brendan O'Connell.

Councilor Justin Costa/Chair

NOTE: No public comment will be taken on non-action items.

Next Meeting: October 16, 2018

Minutes
Economic Development Committee
September 18, 2018

NOTE: These meetings are now live-streamed, which can be viewed at this link: http://www.portlandmaine.gov/1695/Economic-Development-Committee These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, September 18, 2018 at 5:30 p.m. in Room 209 of Portland City Hall. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Nicholas Mavodones and Spencer Thibodeau. Present from the City staff were Public Works Director Christopher Branch, Senior Planner Nelle Donaldson, Associate Corporation Counsel Michael Goldman, City Manager Jon Jennings, Economic Development Director Greg Mitchell, Planning Division Director Tuck O'Brien, Finance Director Brendan O'Connell, and Senior Executive Assistant Lori Paulette. Waterfront Coordinator Bill Needelman arrived as noted herein.

Item #1: Review and accept Minutes of previous meeting held on September 4, 2018.

On motion made by Councilor Mavodones, seconded by Councilor Thibodeau, the Committee voted unanimously to accept the Minutes as presented.

Item #2: Review and discuss possible Portland Impact Fee Ordinance.

Councilor Costa noted that this was an update for the Committee on a possible Impact Fee Ordinance; the Committee also reviewed this this past June.

Mr. Levine concurred, and noted that this would provide a systematic and design plan associated with Portland's future growth. It is detailed work in finalizing impact fee numbers and how it will be administered. Mr. Levine noted that the Planning Board will be holding a workshop on this on 9/20/2018; the City Council will have a Workshop on this on 9/24/2018, followed by public hearings with this Committee, the Planning Board, and the City Council when it reviews and votes on this. He then introduced the City's consultant Carson Bise of Tischler Bise.

Mr. Bise described the process to date, including meetings with stakeholders in the community, which have caused for revisions to the proposed fees, which is common. Impact Fees (IF) are a one-time fee at time of building permit or Certificate of Occupancy (COO). If there is a lot growth, the City would collect more. IFs are based on three things: need; benefit; and, proportionate. They are a predictable tool for both the City and the development community. The proposed IFs for Portland are based on Parks and Recreation, Transportation, and Wastewater impacts. He then described the methodology for each and how the fees were arrived at. He noted that all three fees are lower than when first presented to the EDC based on stakeholder input, and all proposed fees are "maximum defensible fees". He explained the work done with City staff to estimate future capital projects and then the methodology for IFs to assist with funding a portion of those projects. (See attached PowerPoint Mr. Bise displayed at the meeting.)

Ms. Donaldson also noted in the packet that there was a Memo from Finance Director Brendan O'Connell and Assessor Christopher Huff responding to frequently asked questions. Referring to the draft IF Ordinance, Ms. Donaldson said that it is based on State statute and

other best practices. There are rules for administration, fee collecting, and accounting of funds and provides for efficiencies.

Councilor Thibodeau asked if neighborhoods were represented, and Ms. Donaldson said that they were including India Street, Bayside, and Stroudwater.

Councilor Mavodones was pleased with the outreach to the stakeholders and requested to see a list of those who participated.

Councilor Thibodeau asked if these proposed IFs were at the ceiling, and Mr. Bise said that they were at this time the "maximum defensible fee". Mr. Bise also noted that the City could revisit these fees after three years, while also noting that all IFs should be re-evaluated every five years.

Chair Costa agreed, particularly when there is real debt service added, and Ms. Donaldson also noted there is an escalator clause in the proposed Ordinance.

Councilor Mavodones asked if there are any waiver possibilities, and Ms. Donaldson noted that there are for affordable housing projects.

Chair Costa asked about implementation if passed, and Mr. Levine said that, depending on the public hearings and votes, the IF would be paid either at the building permit application stage or when the COO is approved. Staff is fine with the latter, and then the IF payments would be placed in a fund for projects.

Mr. Jennings thanked staff for all the work done. IFs are very important to the City and he is hopeful this will get adopted.

Chair Costa thanked staff as well for the work and the update today. It is anticipated that the EDC will have a public hearing on this at its next meeting.

Item #3: Review and vote to recommend to the City Council Assignment of a portion of the McAuley Tax Increment Financing (TIF) Credit Enhancement Agreement (CEA).

Mr. Mitchell said that this is a partial assignment of the CEA due to ownership changes, noting that Matthew Teare was in attendance representing ownership. There is no change to the CEA, just an assignment which is a routine item allowed in the CEA. Mr. Mitchell noted that the property was entirely tax exempt at the time of the TIF in 2009, and is now privately owned and on the tax roll. The CEA has 60% of the taxes from the increased assessed value going to the project, and 40% to the City General Fund. Although the TIF District became effective in 2009, the project was dormant until recently and FY18 is the first year of a TIF payment. This CEA expires FY2039.

Chair Costa opened the meeting for public comment.

Karen Snyder questioned how the public would know if there is public comment on items.

Mr. Teare said that this TIF CEA was an essential component for this senior housing project, protecting a landmark in Portland. He noted that the former Maine Girls Academy is now under consideration for future developments. In addition, the playing fields are being used by the City at no cost.

Seeing no further public comment, the Chair closed the public comment session.

Chair Costa said that the Agenda notes, at the bottom, "No public comment will be taken on non-action items." Action items are those items that the Committee would be voting on.

Chair Costa said that this project is in his district and applauded the developers and Committee members concurred.

Councilor Thibodeau then made a motion to forward this to the City Council with a recommendation for approval. Councilor Mavodones seconded the motion and it passed unanimously.

Item #4: Review and vote to recommend to the City Council the proposed Real Estate Option to sell Lot 1 located in the Portland Technology Park

Mr. Mitchell said that this Real Estate Option for sale of Lot 1 would be with Capricorn Products, a biotech company currently located on Rice Street on Portland. Capricorn is expanding and this location fits their needs. The purchase price is proposed at $420,000, with the Real Estate Option at $5,000. Capricorn would build a 15,000 to 18,000 sq. ft. building.

Chair Costa opened the meeting for public comment.

Ms. Snyder asked if the $420,000 for the 3.4 acres was discounted as was the Thames Street sale by the City.

Seeing no further public comment, the Chair closed the public comment session.

Mr. Mitchell said the purchase price was determined to be fair market value. He also noted that there was no broker involvement so no commission needs to be paid.

Mr. Jennings said that the Thames Street appraisal first came in at higher price but it was based on infrastructure already in place and it was not already in place. Thus, the revised appraisal came in lower.

Councilor Thibodeau asked about the purchase prices for the other lots, and Mr. Mitchell said that they are working with a new broker now and will discuss that with them.

Councilor Thibodeau then made a motion to forward this to the City Council with a recommendation for approval; Councilor Mavodones seconded the motion.

Mr. Mitchell noted that Capricorn owner, Jane Havey, just arrived.

Ms. Havey said that they very much appreciate the option for the real estate. They are growing substantially, and this is a good location for Capricorn to grow and expand.

Chair Costa said that this Committee has discussed negotiations in executive session and thanked staff for bringing this forward and for Capricorn to grow and expand there; Committee members concurred.

A vote was then taken on the motion and it passed unanimously.

Item #5: Review and Vote to Recommend to City Council Proposed Amendments to the following Three Area-wide Tax Increment Financing (TIF) Districts and Ordinance:

a. **Bayside TIF District to expand allowable public investment options of TIF District revenue;**
b. **Downtown Transit Oriented Development TIF District to increase the annual TIF District capture rate and expand allowable public investment options of TIF District revenue;**
c. **Waterfront TIF District to expand allowable public investment options of TIF District revenue and geographic expansion of the TIF District; and,**
d. **Ordinance Amendment to Waterfront Capital Improvement and Economic Redevelopment Zone to expand the "growth" area for future Waterfront TIF District expansion to include the western waterfront from the Casco Bay Bridge to Sprague Energy.**
Note: See enclosed three memos from Greg Mitchell – one for each TIF District.

Chair Costa noted that the Committee discussed these items at length at their last meeting so the Committee is very familiar with what is being recommended by staff. These are public TIFs and the proposed amendments would increase the allowable uses for municipal TIF revenue investment, and, for the Downtown TOD TIF, would increase the capture rate to up to 100%. He also noted that the tax sheltering value involved with TIFs is very important.

Mr. Mitchell said that the proposed amendments for the Bayside TIF (BTIF) are only to increase the allowable uses for municipal TIF revenue investment. The proposed amendments for the Downtown TOD TIF are the same as the BTIF, plus recommending to increase the allowable capture rate from up to 22% to up to 100%. He also noted that the City does not have to capture 100%, which capture rate is discussed annually during the budget process and set according to the City's needs at that time. Mr. Mitchell handed out an updated spreadsheet showing the 100% capture for the remaining Downtown TOD TIF term. The original packet had duplicate tax sheltering spreadsheets, and the City website was updated earlier with this spreadsheet he handed out.

Councilor Thibodeau noted that the City could, after this TIF has expired, create a new one for 30 years. Mr. Mitchell said that the City could and would have to establish a new original assessed value at that time.

Mr. Mitchell said that the proposed amendments to the WTIF also increase the allowable uses of municipal TIF revenue investments, adds new parcels to the District, and expands the TIF growth area west up to the Sprague property. He then showed this on a map, which also included adding a portion of Fore Street to the east. This was added, from the map that was in the Committee packet, due to future infrastructure improvements anticipated to be needed.

Mr. Jennings noted that the Old Port area is nearing 100% sewer capacity so Fore Street can help mitigate that with infrastructure upgrades.

Councilor Mavodones said that because the Committee discussed these area wide TIF amendments at length at its prior meeting, he and others on the Committee are well versed and provided this direction to staff. He supports the proposed amendments.

Mr. Mitchell said the WTIF amendments would have a companion order to amend the WREZ ordinance and expand the growth area for the WTIF.

Chair Costa asked about timing of the TIF District amendments, and Mr. Mitchell suggested that they be on the Council Agenda on October 1, 2018, for a first reading, and then October 15, 2018, for a public hearing and vote. If approved, they would then be sent to MDECD for review and final approval.

Councilor Thibodeau asked about statutory limits for TIF values and acreage, and Mr. Mitchell noted that with the WTIF additional parcels, the City remains well within the statutory limits.

Chair Costa opened the meeting for public comment. Seeing none, the Chair closed the public comment session.

Councilor Mavodones made a motion to forward the amendments to the BTIF to the City Council with a recommendation for approval. Councilor Thibodeau seconded the motion, and it then passed unanimously.

Councilor Mavodones made a motion to forward the amendments to the Downtown TOD TIF to the City Council with a recommendation for approval. Councilor Thibodeau seconded the motion, and it then passed unanimously.

Councilor Mavodones made a motion to forward the amendments to the WTIF to the City Council with a recommendation for approval. Councilor Thibodeau seconded the motion, and it then passed unanimously.

Councilor Mavodones made a motion to forward the amendments to WREZ to the City Council with a recommendation for approval. Councilor Thibodeau seconded the motion, and

it then passed unanimously.

Councilor Thibodeau thank staff for the backup and work on these amendments; Councilor Mavodones agreed.

Chair Costa noted that staff has been very responsive to push these amendments along, noting its importance to the City in shielding property value that has impact on the school funding formula, municipal revenue sharing from state, and county tax, as well as on the City budget for more allowable uses of municipal TIF revenue investments, including workforce development.

Item #6: Executive Session: pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide staff guidance related to the following: negotiations for extension of Lease Agreement with Casco Bay Island Transit District (CBITD).

Councilor Mavodones said that he has a conflict of interest to participate in this item as CBITD is his employer; he then left the meeting.

Councilor Thibodeau then made a motion to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to provide staff guidance related to negotiations for extension of Lease Agreement with Casco Bay Island Transit District (CBITD). Chair Costa seconded the motion and it passed unanimously (2-0) at approximately 7:08 p.m. At approximately 7:20 p.m., the Committee came out of executive session and the meeting then adjourned.

Respectfully, Lori Paulette

Impact Fee Study Overview

REVISED PRELIMINARY MAXIMUM DEFENSIBLE FEE CALCULATIONS

City of Portland, ME

September 18, 2018

TischlerBise

FISCAL | ECONOMIC | PLANNING

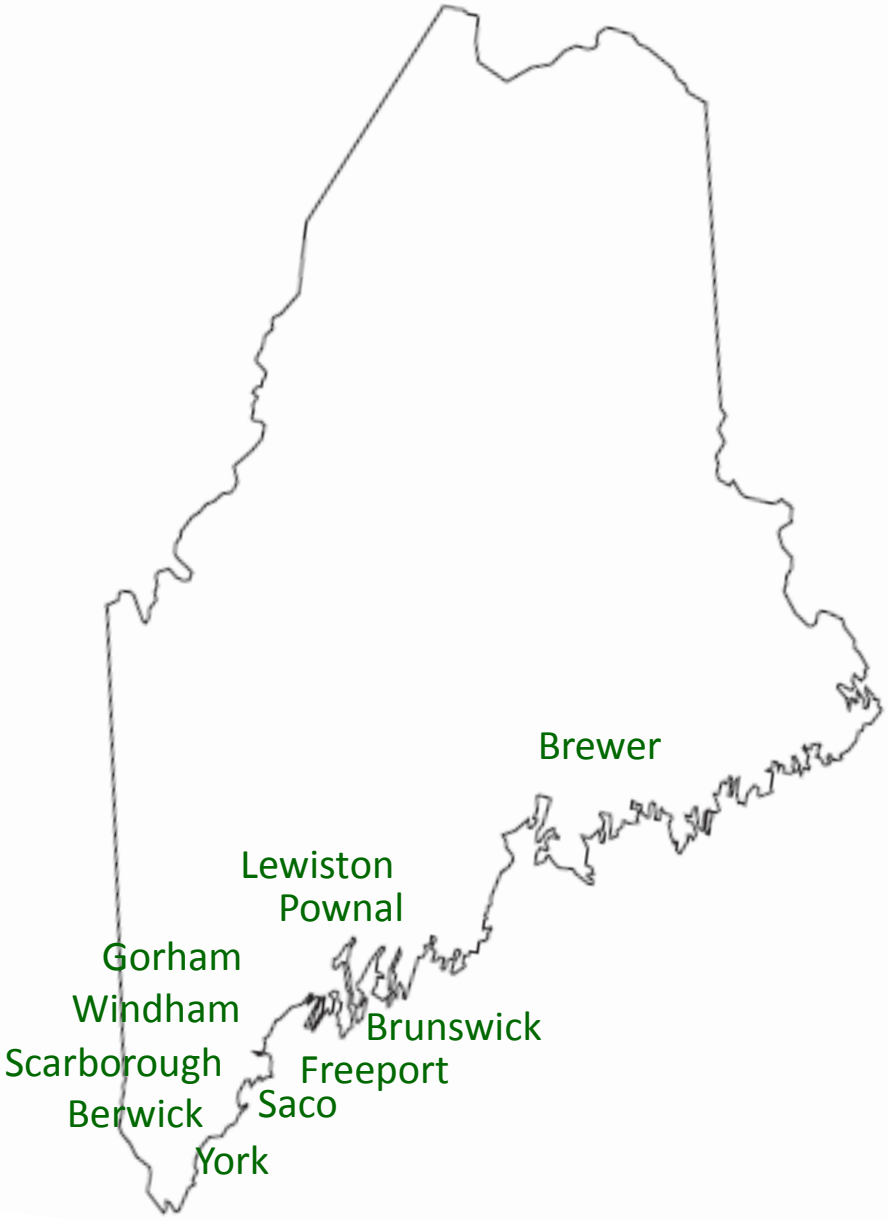
City of Portland Impact Fee Study

- Impact Fee Fundamentals
- Changes Made Based on Comments of 1st Draft Fees
- Parks & Recreation
- Transportation
- Wastewater

Impact Fee Fundamentals

- One-time payment for growth-related infrastructure, usually collected at the time buildings permits are issued
- Can't be used for operations, maintenance, or replacement
- Not a tax but more like a contractual arrangement to build infrastructure, with three requirements:
  - Need (system improvements, not project-level improvements)
  - Benefit
    - Short range expenditures
    - Geographic service areas and/or benefit districts
  - Proportionate
- Compared to negotiated agreements, streamlines approval process with known costs (predictability)

Impact Fee Fundamentals



- In Maine, authorized under the Comprehensive Planning and Land Use Regulation Act of 1987, Title 30-A MRSA, Section 4354

Changes Since 1st Draft

- Parks & Recreation
  - Incremental expansion methodology has been expanded to include nonresidential demand on facilities.
    - Workers use Parks & Recreation facilities during breaks and lunch.
  - The vehicle component was removed.
  - Adjusted facilities included in the level of service calculations.

Development Type	Parks & Rec 1st Draft	Parks & Rec Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$2,442	$1,126	($1,316)
Multifamily	$1,631	$752	($879)
Nonresidential (per 1,000 square feet)			
Retail & Service	-	$534	$534
Office	-	$677	$677
Industrial	-	$363	$363
Institutional	-	$645	$645
Accommodation (per hotel room)			
Hotel	$1,898	$875	($1,023)

Changes Since 1st Draft

- Transportation
  - Revised methodology to include five nonresidential land use categories.
  - Adjusted multimodal projects included in the plan-based methodology.

Development Type	Transportation 1st Draft	Transportation Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$3,698	$2,159	($1,539)
Multifamily	$1,752	$1,023	($729)
Nonresidential (per 1,000 square feet)			
Hospital	$5,280	-	-
Congregated Care/Assisted Living	$2,065	-	-
School	$9,615	-	-
Place of Assembly	$3,422	-	-
Retail & Personal Services	$14,132	-	-
Recreational	$14,197	-	-
Office	$4,797	-	-
Industrial	$2,443	-	-
Industrial Transportation	$691	-	-
Retail & Service	-	$8,248	-
Office	-	$2,800	-
Industrial	-	$1,130	-
Institutional	-	$3,082	-
Accommodation (per hotel room)			
Hotel	$4,118	$2,404	($1,714)

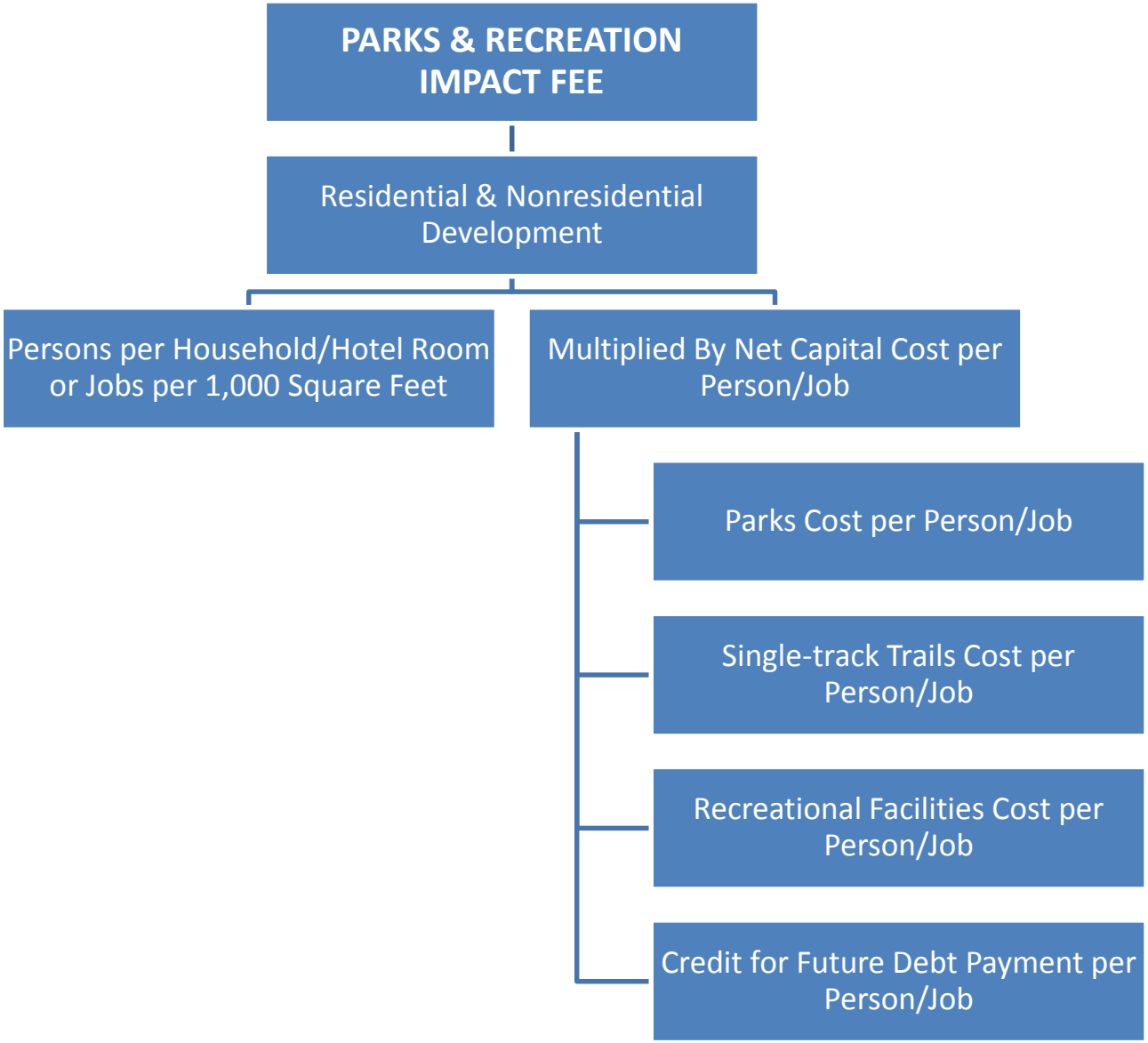
Changes Since 1st Draft

- Wastewater
  - Included additional projects into future debt payments, increasing the Debt Service Credit.

Meter Size (inches)	Wastewater 1st Draft	Wastewater Revised Draft	Increase/ Decrease
All Development (per meter)			
5/8	$2,069	$1,886	($183)
3/4	$3,104	$2,829	($275)
1	$5,173	$4,715	($458)
1.5	$10,345	$9,430	($915)
2	$16,552	$15,088	($1,464)
3	$33,104	$30,176	($2,928)
6	$103,450	$94,300	($9,150)
8	$165,520	$150,880	($14,640)

Parks & Rec Impact Fee Analysis

- Consumption-Based/Incremental Expansion Methodology



Parks & Rec Impact Fee Analysis

- Park Component – Existing Level of Service & Cost per Demand Unit

	Acres	Athletic Field	Baseball Field	Basketball Courts	Community Gardens	Dog Park Area	Base/Softball Fields	Pickleball Courts
City of Portland Total	316.3	5.0	11.0	10.0	8.0	2.0	2.0	4.0
Average Replacement Cost	$59,172	$350,000	$175,000	$45,000	$30,000	$50,000	$175,000	$45,000
Replacement Cost Subtotal	$18,716,104	$1,750,000	$1,925,000	$450,000	$240,000	$100,000	$350,000	$180,000

	Picnic Tables	Playgrounds	Pools	Skate Park	Softball Fields	Splashpads	Tennis Courts	Volleyball Courts
City of Portland Total	22.0	18.0	1.0	1.0	4.0	5.0	15.0	2.0
Average Replacement Cost	$750	$175,000	$2,000,000	$350,000	$175,000	$30,000	$45,000	$45,000
Replacement Cost Subtotal	$16,500	$3,150,000	$2,000,000	$350,000	$700,000	$150,000	$675,000	$90,000

Land Replacement Cost	$18,716,104
Improvement Replacement Cost	$12,126,500
Total Replacement Cost	$30,842,604

Total Park Acres	316.3
Total Replacement Cost	$30,842,604
Replacement Cost per Park Acre	$97,511

Source: City of Portland Parks and Recreation; Assessor's Office

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Park Acres	227.7
2018 Peak Population	83,250
LOS: Acre per 1,000 Persons	**2.74**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Park Acres	88.6
2018 Jobs	67,270
LOS: Acre per 1,000 Jobs	**1.32**

Share of Impact Days calculation found in Appendix.

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Persons	2.74
Replacement Cost Per Capita	**$267**

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Jobs	1.32
Replacement Cost Per Job	**$129**

Parks & Rec Impact Fee Analysis

- Single-Track Trail Component – Existing Level of Service & Cost per Demand Unit

Trail	Single-Track Trail (miles)
Citywide Passive Trails	36.2
Total	**36.2**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Trail Miles	26.1
2018 Peak Population	83,250
LOS: Miles per 1,000 Persons	**0.31**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Trail Miles	10.1
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.15**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Persons	0.31
Replacement Cost per Person	**$5**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Jobs	0.15
Replacement Cost per Job	**$2**

Parks & Rec Impact Fee Analysis

- Recreational Facility Component – Existing Level of Service & Cost per Demand Unit

Recreational Facilities	Square Feet	Replacement Cost
East End Community Center	23,500	$5,875,000
Peaks Island Community Center	2,000	$550,000
Portland Ice Arena	29,273	$3,125,896
Reiche Community Center	25,000	$8,750,000
Riverton Community Center	31,500	$11,970,000
Total	**111,273**	**$30,270,896**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Rec. Square Feet	80,117
2018 Peak Population	83,250
LOS: Square Feet per Person	**0.96**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Rec. Square Feet	31,156
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.46**

Cost Analysis

Costs per Square Foot	$272
LOS: Square Feet per Person	0.96
Replacement Cost per Person	**$261**

Cost Analysis

Costs per Square Foot	$272
LOS: Miles per 1,000 Jobs	0.46
Replacement Cost per Job	**$125**

Parks & Rec Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Parks & Rec facilities, a credit is necessary for future debt payments.

Residential Credit

Fiscal Year	Payment	Projected Population	Payment/ Capita
Base Year	$617,060	83,250	$7.41
2019	$715,720	83,678	$8.55
2020	$676,719	84,106	$8.05
2021	$628,339	84,534	$7.43
2022	$606,452	84,962	$7.14
2023	$554,947	85,390	$6.50
2024	$478,117	85,818	$5.57
2025	$461,771	86,246	$5.35
2026	$434,672	86,673	$5.02
2027	$386,672	87,101	$4.44
2028	$364,280	87,529	$4.16
Total	**$5,924,749**		**$69.62**
		Discount Rate	3.00%
		Total Credit	**$60**

Source: City of Portland Finance Department

Nonresidential Credit

Fiscal Year	Payment	Projected Jobs	Payment/ Job
Base Year	$239,968	67,270	$3.57
2019	$278,336	67,959	$4.10
2020	$263,169	68,648	$3.83
2021	$244,354	69,337	$3.52
2022	$235,842	70,026	$3.37
2023	$215,813	70,715	$3.05
2024	$185,935	71,404	$2.60
2025	$179,578	72,093	$2.49
2026	$169,039	72,782	$2.32
2027	$150,372	73,471	$2.05
2028	$141,665	74,160	$1.91
Total	**$2,304,071**		**$32.81**
		Discount Rate	3.00%
		Total Credit	**$28**

Source: City of Portland Finance Department

Parks & Rec Impact Fee Analysis

- Maximum Defensible Fee

Fee Component	Cost per Person	Cost per Job
Parks	$267	$129
Single-Track Trails	$5	$2
Rec. Facilities	$261	$125
Debt Service Credit	($60)	($28)
TOTAL	**$473**	**$228**

Residential (per housing unit)

Type of Unit	Persons per Household	Maximum Defensible Fee
Single Family/Duplex	2.38	**$1,126**
Multifamily	1.59	**$752**

Nonresidential (per 1,000 square feet)

Type of Unit	Jobs per 1,000 Square Feet	Maximum Defensible Fee
Retail & Service	2.34	**$534**
Office	2.97	**$677**
Industrial	1.59	**$363**
Institutional	2.83	**$645**

Nonresidential (per room)

Type of Unit	Persons per Room	Maximum Defensible Fee
Hotel	1.85	**$875**

Parks & Rec Impact Fee Analysis

- Parks & Recreation Fee Revenue

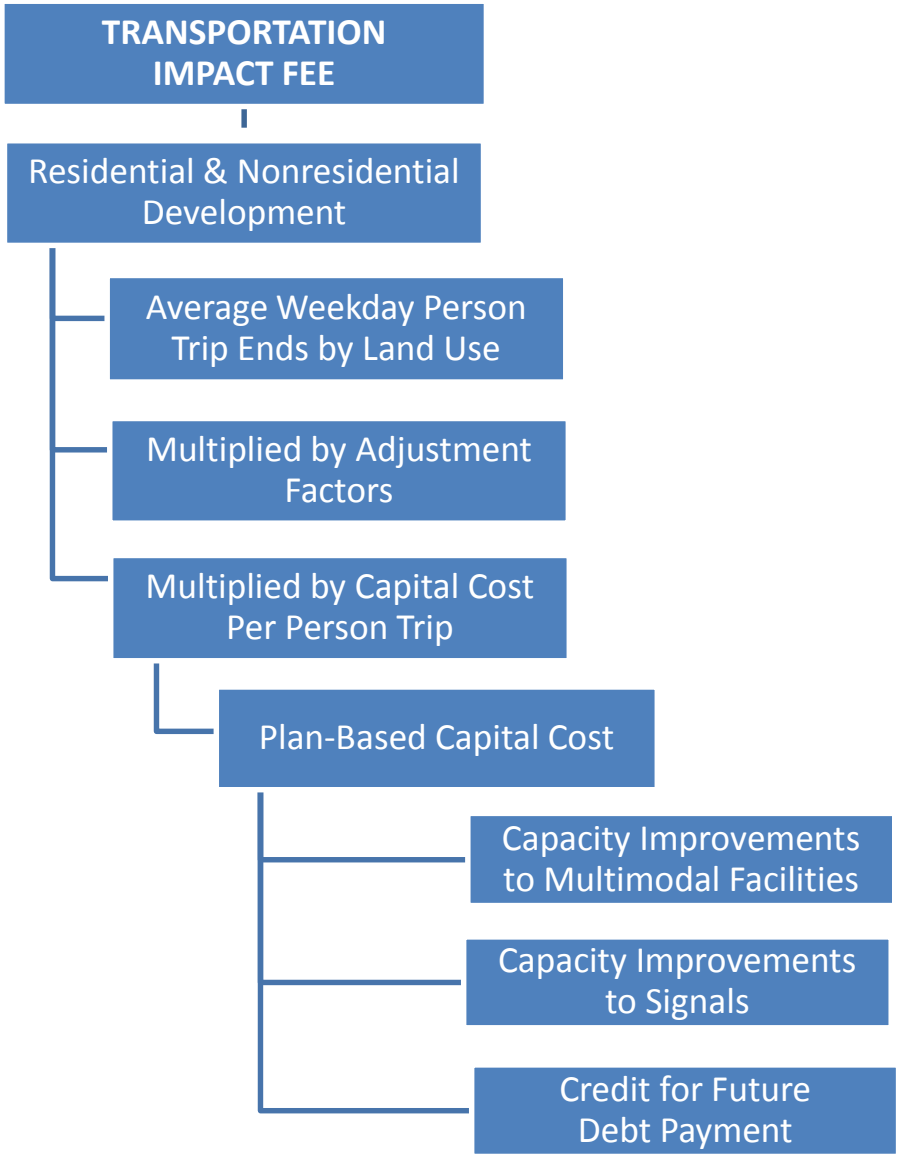
	Total Cost to Maintain LOS	Cost Attributable to Growth
Parks	$1,950,220	$1,950,220
Single-Track Trails	$34,500	$34,500
Rec Facilities	$1,979,344	$1,979,344
Total Expenditures	**$3,964,064**	**$3,964,064**

Projected Development Impact Fee Revenue

		Capital Cost per Person $473	Capital Cost per Job $228
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
	Ten-Year Increase	4,279	6,890
	Projected Revenue =>	$2,023,810	$1,570,948
		Projected Revenue =>	**$3,594,757**
		Total Expenditures =>	**$3,964,064**
		General Fund's Share =>	**$369,307**

Transportation Impact Fee Analysis

- Plan-Based Methodology – Person Trips



Transportation Impact Fee Analysis

- Multimodal Component – **High Readiness Projects**

Project	Readiness	Length of Project (linear feet)	Total City Cost	Growth's Share	Growth's Cost
W. Commercial Street Path	High	5,000	$750,000	50%	$375,000
Thames Street	High	1,200	$1,450,000	25%	$362,500
Franklin Street: I-295 to Somerset	High	700	$4,050,000	75%	$3,037,500
Congress Square Intersection Construction	High	650	$1,300,000	25%	$325,000
Marginal Way: Hanover to Plowman	High	5,600	$1,000,000	25%	$250,000
Kennebec Street Realignment at Forest Avenue	High	450	$500,000	50%	$250,000
Somerset Street	High	1,800	$1,500,000	50%	$750,000
Forest Avenue (Morrill's Corner Intersections)	High	1,600	$2,280,000	50%	$1,140,000
Brighton Avenue	High	13,000	$1,100,000	25%	$275,000
Washington Avenue Rehabilitation	High	1,500	$2,000,000	25%	$500,000
	TOTAL	31,500	$15,930,000		$7,265,000

Growth's Cost of Transportation Projects	$7,265,000
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$152**

Transportation Impact Fee Analysis

- Signal Component – **High Readiness Projects**

Project	Readiness	Total Cost	Growth's Share	Growth's Cost
Modernize Signal Systems	High	$9,375,000	75%	$7,031,250
Arterial Street Crossings	High	$2,000,000	50%	$1,000,000
	TOTAL	$11,375,000		$8,031,250

Growth's Cost of Transportation Projects	$8,031,250
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$168**

Transportation Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Transportation facilities, a credit is necessary for future debt payments.

Fiscal Year	Payment	Projected Ave. Daily Person Trips	Payment/ Person Trip
Base Year	$3,751,763	735,171	$5.10
2019	$4,314,139	739,943	$5.83
2020	$4,060,134	744,715	$5.45
2021	$3,772,123	749,487	$5.03
2022	$3,633,359	754,260	$4.82
2023	$3,323,658	759,032	$4.38
2024	$2,916,044	763,804	$3.82
2025	$2,815,726	768,576	$3.66
2026	$2,591,944	773,348	$3.35
2027	$2,374,976	778,120	$3.05
2028	$2,147,023	782,892	$2.74
Total	**$35,700,889**		**$47.24**
		Discount Rate	3.00%
		Total Credit	**$41.00**

Transportation Impact Fee Analysis

- Maximum Defensible Fee – **High Readiness only**

Input Variables	Cost per Trip for Multimodal Projects =>	$152
	Cost per Trip for Signals =>	$168
	Debt Service Credit per Trip =>	($41)
	Capital Cost per Person Trip	**$279**

Development Type	Avg Wkdy Person Trip Ends	Trip Rate Adjustment	Maximum Defensible Fee
Residential (per housing unit)			
Single Family/Duplex	13.34	58%	**$2,159**
Multifamily	6.32	58%	**$1,023**
Nonresidential (per 1,000 square feet of floor area)			
Retail & Service	77.80	38%	**$8,248**
Office	20.07	50%	**$2,800**
Industrial	8.10	50%	**$1,130**
Institutional	22.09	50%	**$3,082**
Nonresidential (per room)			
Hotel/Motel	17.23	50%	**$2,404**

Transportation Impact Fee Analysis

- Transportation Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Multimodal Projects	$15,930,000	$7,265,000
Signals	$11,375,000	$8,031,250
Total Expenditures	**$27,305,000**	**$15,296,250**

Projected Transportation Impact Fee Revenue

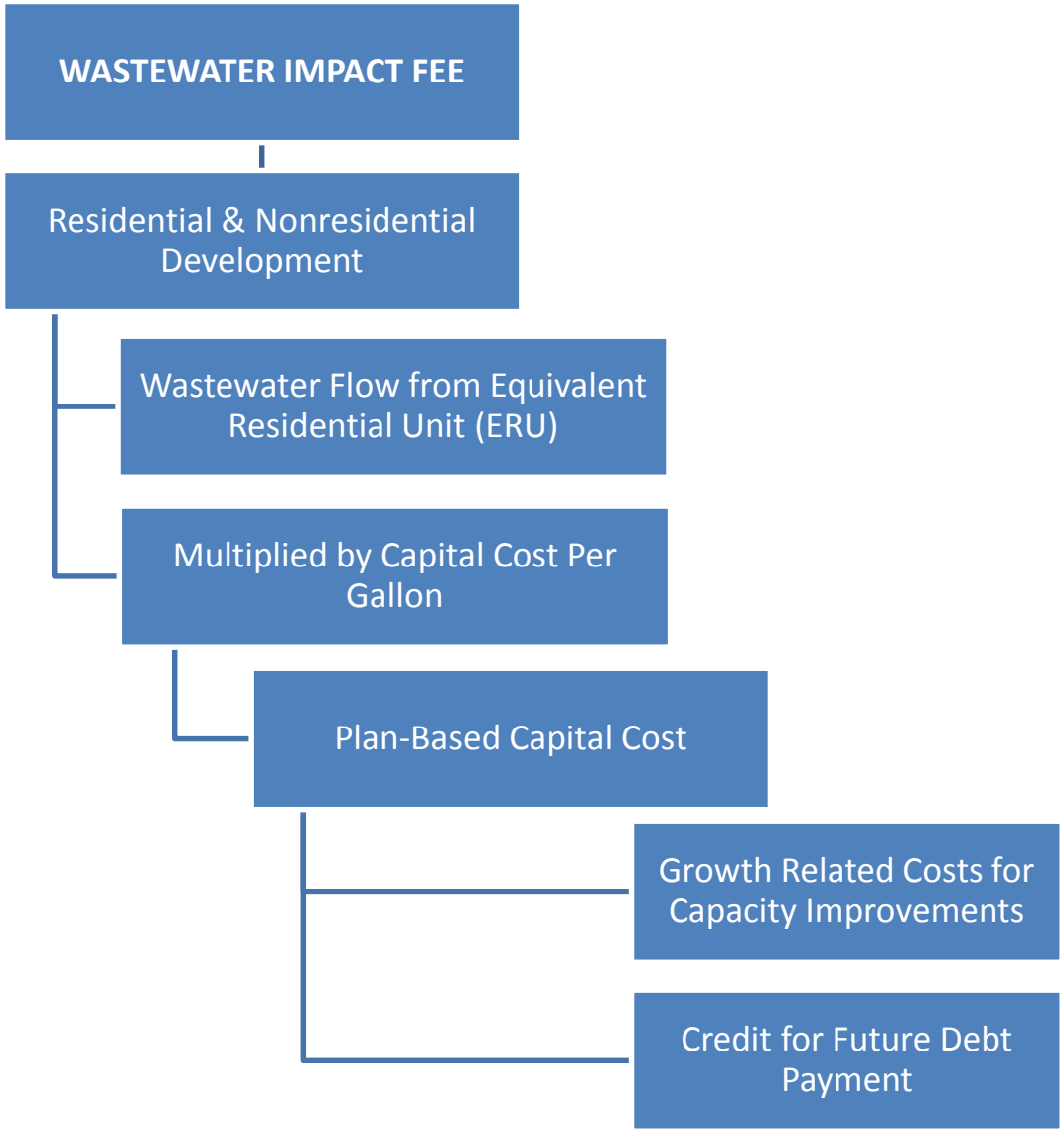
Year		Single Family Housing Units	Multifamily Housing Units	Retail & Service 1,000 Sq. Ft.	Office 1,000 Sq. Ft.	Industrial 1,000 Sq. Ft.	Institutional 1,000 Sq. Ft.
Base	2018	21,047	16,575	9,817	9,318	7,225	8,909
Year 1	2019	21,080	16,829	9,874	9,403	7,289	8,980
Year 2	2020	21,113	17,083	9,931	9,489	7,353	9,050
Year 3	2021	21,147	17,336	9,988	9,574	7,418	9,121
Year 4	2022	21,180	17,590	10,045	9,660	7,482	9,191
Year 5	2023	21,213	17,844	10,102	9,745	7,546	9,262
Year 6	2024	21,246	18,098	10,159	9,830	7,611	9,332
Year 7	2025	21,279	18,352	10,216	9,916	7,675	9,402
Year 8	2026	21,313	18,605	10,273	10,001	7,739	9,473
Year 9	2027	21,346	18,859	10,330	10,087	7,804	9,543
Year 10	2028	21,379	19,113	10,387	10,172	7,868	9,614
Ten-Year Increase		**332**	**2,538**	**571**	**854**	**643**	**704**
Transportation Impact Fee		$2,159	$1,023	$8,248	$2,800	$1,130	$3,082
Revenue Subtotal		**$716,788**	**$2,596,374**	**$4,709,608**	**$2,391,200**	**$726,590**	**$2,169,728**

Source: TischlerBise analysis

Projected Revenue => $13,310,288
Total Expenditures => $15,296,250
General Fund's Share => $1,985,962

Wastewater Impact Fee Analysis

- Plan-Based Methodology



Wastewater Impact Fee Analysis

- Sewer & Stormwater Component – Future Wastewater Projects

Project Title	Total	Growth's Share	Growth's Cost
CSO - Close CSO #42	$2,000,000	10%	$200,000
CSO - Mackworth Street and Ocean Avenue Sewer Separation Project	$6,850,000	10%	$685,000
CSO - Dartmouth Street Sewer Separation Project	$2,520,000	10%	$252,000
CMOM - Inflow and Infiltration Program	$4,050,000	50%	$2,025,000
CMOM - Pump Station Rehabilitation	$3,350,000	25%	$837,500
Eastern Waterfront Sewer / Stormwater Extension & Outfall (Thames St)	$1,025,000	85%	$871,250
Franklin Street Storm Drain	$5,300,000	75%	$3,975,000
Warren Ave Storm Drain - 517 Warren Ave to 659 Warren Ave	$990,000	10%	$99,000
TOTAL	$26,085,000		$8,944,750

Growth's Cost of Wastewater Projects	$8,944,750
10-Year Increase in Wastewater Flow (gallons)	403,049
Capital Cost per Gallon	**$22.19**

Wastewater Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for wastewater facilities, a credit is necessary for future debt payments on past sewer and stormwater projects.

Fiscal Year	Payment	Projected Wastewater Flow (gals)	Payment/ Gallon
Base Year	$4,984,702	5,661,470	$0.88
2019	$5,301,355	5,701,775	$0.93
2020	$5,185,898	5,742,080	$0.90
2021	$5,039,052	5,782,385	$0.87
2022	$4,943,283	5,822,690	$0.85
2023	$4,435,393	5,862,995	$0.76
2024	$4,084,329	5,903,299	$0.69
2025	$4,023,542	5,943,604	$0.68
2026	$3,924,669	5,983,909	$0.66
2027	$3,833,159	6,024,214	$0.64
2028	$3,671,719	6,064,519	$0.61
Total	**$49,427,101**		**$8.47**
		Discount Rate	3.00%
		Total Credit	**$7.22**

Wastewater Impact Fee Analysis

- Maximum Defensible Fee

Growth Capital Cost per Gallon =>		$22.19
Debt Service Credit per Gallon =>		($7.22)
Capital Cost per Gallon of Capacity =>		**$14.97**
Max Daily Gallons per ERU =>		**126**
Meter Size (inches)	**Capacity Ratio**	**Maximum Defensible Fee**
All Development (per meter)		
5/8	1.00	**$1,886**
3/4	1.50	**$2,829**
1	2.50	**$4,715**
1.5	5.00	**$9,430**
2	8.00	**$15,088**
3	16.00	**$30,176**
6	50.00	**$94,300**
8	80.00	**$150,880**

Source: American Water Works Association, Principles of Water Rates, Fees, and Charges, M1, 7th ed., 2017; TischlerBise analysis

Wastewater Impact Fee Analysis

- Wastewater Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Wastewater Facilities	$26,085,000	$8,944,750
Total Expenditures	**$26,085,000**	**$8,944,750**

Projected Wastewater Impact Fee Revenue

		Residential	Nonresidential
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
Ten-Year Increase		**4,279**	**6,890**
Water Demand, per Pop./Job		35.2	40.6
Cost per Gallon		$14.97	$14.97
Revenue Subtotal		**$2,254,793**	**$4,187,618**

Source: TischlerBise analysis

Projected Revenue =>	**$6,442,411**
Total Expenditures =>	**$8,944,750**
General Fund's Share =>	**$2,502,339**

Comments/Questions

Comparables

- Impact fees from comparable communities nationwide compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Burlington, VT	Concord, NH	Freeport, ME	Bozeman, MT	Boulder, CO	Eugene, OR	National Averages (2015)*
Parks and Recreation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$1,126	$1,486	$1,094	-	-	$5,603	$4,246	$2,812
Multifamily	$752	$743	$664	-	-	$3,936	$2,686	$2,099
Retail	$534	$418	-	-	-	-	$413	n/a
Office	$677	$418	-	-	-	-	$1,134	n/a
Industrial	$363	$422	-	-	-	-	$694	n/a
Institutional	$645	$418	-	-	-	-	$1,134	n/a
Hotel	$875	$418	-	-	-	-	$1,697	n/a
Transportation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$2,159	$386	$2,110	$1,500 for the first	$4,497	$216	$2,113	$3,256
Multifamily	$1,023	$196	$1,450	2,500 GFA plus	$3,053	$149	$1,226	$2,201
Retail	$8,248	$736	$3,330	$300 for each	$10,476	$540	$5,093	$5,605
Office	$2,800	$676	$1,700	additional 250	$4,535	$220	$3,212	$3,403
Industrial	$1,130	$262	$1,090	GFA. Not	$2,866	$140	$2,050	$2,063
Institutional	$3,082	$676	$2,207	exceeding	$5,435	$180	$1,965	n/a
Hotel	$2,404	$676	$1,817	$30,000.	$2,315	$168	$1,268	n/a
Wastewater (per meter)								
Single Family/Duplex	$1,886	-	-	-	$775	-	$2,396	$3,694
Multifamily	$2,829	-	-	-	$1,545	-	$2,040	$1,777
Retail	$4,715	-	-	-	$3,556	-	$683	$663
Office	$4,715	-	-	-	$3,556	-	$1,036	$640
Industrial	$4,715	-	-	-	$3,556	-	$687	$642
Institutional	$4,715	-	-	-	$3,556	-	$2,163	n/a
Hotel	$4,715	-	-	-	$3,556	-	$2,817	n/a

*Source: National Impact Fee Survey: 2015, Duncan Associates, November, 2015

Note: Single family units are assumed to be 2,000 square feet and multifamily units to be 1,000 square feet. A 5/8 inch meter is shown for single family development, 3/4 inch for multifamily development, and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size. To estimate general transportation fees for Scarborough, ME the PM peak hour trip generation rates from Trip Generation, Institute of Transportation Engineers, 10th Edition (2017) are used.

Not shown in the figure are the additional impact fees the comparable communities assess including school, fire, and police.

Comparables

- Impact fees from surrounding communities compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Brunswick[1]	Gorham[2]	Saco[3]	North Berwick	Berwick[4]	Scarborough	Freeport	Sanford	York	Lewiston
Parks and Recreation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	$1,126	$197 (avg.)	$1,715	$1,700	$500/bedro	$1,988	-	-	-	-	-
Multifamily	$752	$142 (avg.)	$1,108	-	$500/bedro	$1,317	-	-	-	-	-
Retail & Services	$534	-	-	-	-	-	-	-	-	-	-
Office	$677	-	-	-	-	-	-	-	-	-	-
Industrial	$363	-	-	-	-	-	-	-	-	-	-
Institutional	$645	-	-	-	-	-	-	-	-	-	-
Hotel	$875	-	-	-	-	-	-	-	-	-	-
Transportation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	$2,159	-	-	-	-	-	$1,042/PM peak hour trip ends (Dunstan), $990/PM peak hour trip ends (Haigis Pkwy).	$1,500 for the first 2,500 GFA plus $300 for each additional 250 GFA. Not to exceed $30,000.	$261 - $1,013/PM peak hour trip, depending on location.	-	In certain areas based on traffic study
Multifamily	$1,023	-	-	-	-	-				-	
Retail	$8,248	-	-	-	-	-				-	
Office	$2,800	-	-	-	-	-				-	
Industrial	$1,130	-	-	-	-	-				-	
Institutional	$3,082	-	-	-	-	-				-	
Hotel	$2,404	-	-	-	-	-				-	
Wastewater (meter size, inches)											
5/8	$1,886	-	-	$2,700/ 185 gpd	-	-	Specialized sewer assessment for certain areas	-	-	$2,500/ unit or EDU	$790
3/4	$2,829	-	-		-	-		-	-		$1,140
1	$4,715	-	-		-	-		-	-		$2,020
1.5	$9,430	-	-		-	-		-	-		-
2	$15,088	-	-		-	-		-	-		$8,075
3	$30,176	-	-		-	-		-	-		$18,165
6	$94,300	-	-		-	-		-	-		$72,650
8	$150,880	-	-		-	-		-	-		$129,150

[1] Brunswick has a graduated park impact fee based on size of unit. For purposes of comparison, single family and multifamily fees have been averaged.

[2] Gorham has a graduated park impact fee for multifamily units based on size of unit. For purposes of comparison, multi-family fees have been averaged.

[3] Saco charges separate recreation and open space fees, which have been combined here.

[4] Berwick has a graduated park and recreation impact fee for singlefamily and multifamily units based on number of bedrooms. Fees have been averaged.

Fee Examples

- The table below illustrates the impact fee for several different types of developments.

Development Type	Parks & Rec	Transportation	Wastewaster	Maximum Defensible Fee
Multifamily Rental (75 housing units)	$56,400	$76,725	$30,176^	**$163,301**
Multifamily Condominium (50 housing units)	$37,600	$51,150	$30,176^	**$118,926**
Downtown Hotel (150 bedrooms)	$131,250	$360,600	$30,176^	**$522,026**
Highway/ Airport Hotel (200 bedrooms)	$175,000	$480,800	$30,176^	**$685,976**
Office (50,000 square feet) + Retail (7,500 square feet)	$37,855	$201,860	$15,088*	**$254,803**
Industrial (50,000 square feet)	$18,150	$56,500	$15,088*	**$89,738**
Shopping Center (105,000 square feet)	$56,070	$866,040	$30,176^	**$952,286**

Note: The wastewater fee is based on meter size, not level of development. Developments noted with ^ are assumed to have a 3 inch meter. Developments noted with * are assumed to have a 2 inch meter.

Appendix

- Share of Impact Days Calculation
  - The calculation multiples the number of peak season residents (permanent, seasonal, and visitors) and inflow commuters by the number of days within the City of Portland.
  - Local workers are included within the total for residents.

Residents and Inflow Commuters in 2015

		Cumulative Impact Days per Year			Cost Allocation for Parks	
Residents	Inflow Commuters	Residential[1]	Nonresidential[2]	Total	Residential	Nonresidential
82,049	47,245	29,948,016	11,811,250	41,759,266	72%	28%

1. Days per Year = 365

2. Days per Year = 250 (5 Days per Week x 50 Weeks per Year)

Source: U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics.

Appendix

- To understand the effect of the maximum defensible fees on affordable housing, a household with 80% of the City's median income is compared to the cost of living.

Median Annual Household Income (2016)	Median Annual Household Income (2018)	Household Income Factor	80% of Median Annual Income	Monthly Income
$65,571	$68,560	80%	$54,848	**$4,571**

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; U.S. Bureau of Labor Statistics CPI Calculator

Current Housing Affordability

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	$4,571	$1,733	**37.9%**
Renter-Occupied	$4,571	$1,013	**22.2%**

Housing Affordability with Impact Fees

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	$4,571	$1,763	**38.6%**
Renter-Occupied	$4,571	$1,023	**22.4%**

Impact Fee Effect on Affordable Housing

Condition	Change
Owner-Occupied	**0.7%**
Renter-Occupied	**0.2%**

Monthly cost of living components for a owner-occupied unit include: mortgage payment, property tax, stormwater fee, utilities, digital utilities, and homeowners insurance.

Monthly cost of living for a renter-occupied unit is from the US Census and adjusted for inflation.

Appendix

- Residential Development Projections
  - To capture the full demand on City facilities, projections include seasonal and visitor populations
    - The seasonal population is considered those that have a second home in Portland
    - The visitor population includes overnight and day visitors to the City

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	3,391
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	457
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	431
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	4,279
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	332
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	2,538
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	2,870

Source: Portland's Plan 2030; TischlerBise analysis

Appendix

- Nonresidential Development Projections

Industry	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	1,337
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	2,537
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	1,023
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	1,992
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	6,890
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	571
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	854
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	643
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	704
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	2,773

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

Appendix

Projected Average Daily Person Trips

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	2,570
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	9,314
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	11,884
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	16,871
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	8,579
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	2,605
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	7,782
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	35,837
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	39,607
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	836
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	7,279
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Appendix

- Average Daily Person Trips by Development Type

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.23	1.76
Hotel	17.23	50%	8.62	7.07	0.17	1.38

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses, except Hotel is shown per hotel room.

Appendix

- Water Meter Capacity by Size

Meter Size (inches)	Meter Capacity	Capacity Ratio
5/8	20	1.00
3/4	30	1.50
1	50	2.50
1 1/2	100	5.00
2	160	8.00
3	320	16.00
6	1,000	50.00
8	1,600	80.00

Capacity ratios are based on meter capacity standards published by American Water Works Association, *Principles of Water Rates, Fees, and Charges, M1,* 7th ed., 2017

MEMORANDUM
PLANNING AND URBAN DEVELOPMENT DEPARTMENT
PLANNING DIVISION

To:	Economic Development Committee
From:	Nell Donaldson, Senior Planner, Department of Planning & Urban Development
Date:	September 28, 2018
Re:	Proposed Impact Fee Ordinance
Meeting Date:	October 2, 2018

I. INTRODUCTION

Portland's Plan, the City's comprehensive plan, lays a strong foundation for future growth in the city over the next ten years. The plan speaks to where and how growth should be managed and suggests mechanisms for funding improvements associated with growth. Among these recommendations, *Portland's Plan* proposes impact fees – one time fees charged to development to pay for the infrastructure necessary to accommodate that development. Perceived through this lens, impact fees are fundamentally about planning for smart and sustainable growth in the city – a way to ensure that there is adequate park, recreation facility, and trail capacity; multi-modal transportation capacity; and wastewater capacity to allow the city to grow as envisioned in *Portland's Plan*.

The City's Planning Division, with the assistance of the Department of Public Works and the Department of Parks, Recreation, and Facilities, began the process of exploring a city-wide system of impact fees for parks and recreation, transportation, and wastewater in the late winter of this year. In the time since, the *Impact Fee Study* has produced both draft fees and a draft ordinance, which have been shared and revised over multiple iterations. Altogether, the *Impact Fee Study* has been reviewed at two meetings of an informal stakeholder group convened for the study *(see list of members in Attachment 1),* three workshops of the Economic Development Committee *(Attachments 2, 3, and 4),* two workshops of the Planning Board, and one workshop of the City Council.

The intent of this hearing is to provide an opportunity for the Economic Development Committee to review the final draft impact fee ordinance, including a proposed fee schedule, and vote on a recommendation to forward this ordinance to the Planning Board. The Planning Board will meet on October 9, 2018 for a hearing on the draft impact fee ordinance. It is anticipated that the Planning Board will vote at this hearing on a recommendation to the City Council.

2. FEE CALCULATIONS

On September 18, the Planning Division, with its consultant, TischlerBise, presented a draft set of fee calculations to the Economic Development Committee *(Attachment 5)*. These fee calculations were based on an analysis of infrastructure demand associated with projected growth and the estimated cost of improvements necessary to accommodate that demand *(Attachments 6)*. These fees were subsequently presented to both the Planning Board and the City Council in workshop settings. During these workshops, Councilors and Board members discussed the capital projects which provide the basis for the transportation and wastewater fee calculations, proposed fee levels relative to the cost of growth, how the fees as presented could affect development costs, and how fees might affect land values, among other topics.

WHAT ARE IMPACT FEES?

What are impact fees?
Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into City systems, and infusing additional visitors into the City's parks and open spaces. In turn, these facilities require additional capital investment. As a result of this thinking, impact fees are widely used throughout the United States. Impact fees have been used in some communities in the United States for the past 50+ years.

Where are impact fees?
Although impact fees are particularly common in U.S. states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine, the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state, mostly in southern Maine, have developed and implemented impact fee ordinances.

How may impact fees be used?
The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees **may only be used on capital projects to construct, expand, or replace infrastructure required to serve new development.** In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. **Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.**

How are impact fees generally derived?
Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay." Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis.

The fees presented in late September are those proposed in the final draft ordinance here. It should be noted that these fees represent the second formal draft of the fee calculations, as the initial fee calculations were revised based on feedback from the study's stakeholder group in late July. The fees in the final draft ordinance are significantly lower than the calculations prepared in the early summer and originally presented to the stakeholder group.

It should also be noted that, in addition to gathering feedback on the revised fee calculations from the Economic Development Committee, Planning Board, and City Council in late September, staff has shared the calculations with the stakeholder group and offered to meet with members of the group to review and discuss. Staff also engaged Colliers International, a real estate services firm, to assess the potential impact of the fee calculations on various development types. This analysis found that the impact fees, at the level proposed in the final draft ordinance, generally represent a nominal percentage of total development cost and are projected to have a minimal impact on financial returns across the six project types modeled *(Attachment 7)*.

3. DRAFT ORDINANCE

In late September, staff also presented a draft ordinance to the Economic Development Committee, Planning Board, and City Council in workshop settings. This ordinance was developed based on the state impact fee statute; guidance from the former Maine State Planning Office; conversations with Corporation Counsel, the Department of Permitting and Inspections, and Finance; as well as examples from comparable communities both in Maine and nationwide. In the

workshop setting, Board members and Councilors discussed impact fee accounting, the process for granting modifications, and waivers for affordable housing. Following the workshops, staff made minor modifications to the draft ordinance primarily to add clarification on some of these process points. This revised final draft has been shared with Corporation Counsel prior to inclusion in this packet *(Attachment 8)*. In addition, staff has prepared a minor amendment to Division 30 of the land use code, designed to extend fee reductions for eligible affordable housing projects to impact fees *(Attachment 9).*

4. PUBLIC COMMENT

Last, it should be noted that, in addition to feedback received through the stakeholder group, staff has received four public comments on the proposed impact fee ordinance *(Attachment 10).* These comments raise questions about the treatment of parking garages, how the ordinance would align with the city's smart growth goals, comparable communities with impact fees, the composition of the stakeholder group, and how a fee system would be implemented.

5. ATTACHMENTS

1. List of Stakeholder Group members
2. Memo to the Economic Development Committee, Jeff Levine, Director, Planning & Urban Development Department, 8/31/17
3. Memo to the Economic Development Committee, Nell Donaldson, Planning & Urban Development Department (without attachments), 6/5/18
4. Memo to the Economic Development Committee, Nell Donaldson, Planning & Urban Development Department (without attachments), 9/18/18
5. Revised Preliminary Maximum Defensible Fee Calculations, TischlerBise, 9/24/18
6. Demographic Data and Development Projections for Impact Fee Study, Tischler Bise, 6/5/18
7. Portland Impact Fee Analysis, Colliers International, 9/20/18
8. Proposed Draft Impact Fee Ordinance, 9/26/18
9. Proposed Amendments to Division 30, 9/28/18
10. Public Comment
11. Impact Fee – Questions and Answers from Finance Director & Assessor, 8/12/18

IMPACT FEE STUDY STAKEHOLDER GROUP MEMBERS

Quincy Hentzel	Chamber of Commerce
Paul Peck	Chamber of Commerce
Tim Soley	East Brown Cow
Vin Veroneau	J.B. Brown
Brad Fries	Northland Enterprises
Erin Cooperrider	New Height Group
Jonathan Culley	Redfern Properties
Tyler Norod	AVESTA
Mike Barton	Congress Group
Sarah Michniewicz	Bayside Neighborhood Association
James Loeber	India Street Neighborhood Association
Tom Hambrick	Stroudwater Village Association
Sean Dundon	City of Portland Planning Board
Greg Mitchell	City of Portland Economic Development
Chris Hall	Greater Portland Council of Governments
Kara Woldrik	Portland Trails

Portland, Maine Yes. Life's good here.

Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Economic Development Committee

From: Jeff Levine, Director, Planning & Urban Development

Date: August 31, 2017

Re: Impact Fees

One of the recommendations of the Comprehensive Plan is to look at a system of Impact Fees for the City as a way of both funding city infrastructure, and providing predictability for developers. This memo outlines what Impact Fees are, how they have been applied elsewhere, and a general approach to an Impact Fee system for Portland.

What Are Impact Fees?

Impact Fees are a systematic way of having new development pay for the infrastructure demands it creates. Cities that use Impact Fees choose certain types of infrastructure they feel needs to be improved and develop a baseline and needs assessment for each of them. Costs are developed for future needs and then assigned to new development as it comes in. When sufficient funds have been collected, the improvements are made. Often there is a feedback system in place – as improvements are made, a new needs assessment is conducted and the Impact Fee system is revised accordingly.

Impact fees can be a logical and fair way to address public impacts of new development. Developers are able to plug a mitigation cost into their pro forma and plan for it, rather than having to negotiate mitigation and deal with the uncertainty of that process. The City is able to devote energy into implementing these improvements, rather than into extensive negotiations with each developer based on their documented impacts. Neighbors and community groups will know what projects in their neighborhood are being funded and more confidence that they will be completed.

Commonly, impact fees are collected to mitigate impacts on transportation systems; parks & open space; schools; and stormwater/sewer systems. Costs are charged on either a square foot basis or on a per unit basis. For example, Concord, NH, has an impact fee for transportation improvements that charges $2,110 per new single family home, $1,449 per multifamily unit, and $1.70 per square foot of office space. Concord also charges a per unit fee for recreational facilities and for schools.

It is critical that any impact fee system be based on solid data regarding current and future needs, as well as meeting tests established by the U.S. Supreme Court related to the fees having a *rational nexus* to the development (*Nollan v. California Coastal Commission*, 483 U.S. 825 (1987)) and have *rough proportionality* to the actual impact of the project (*Dolan v. City of Tigard*, 512 U.S. 374 (1994).)

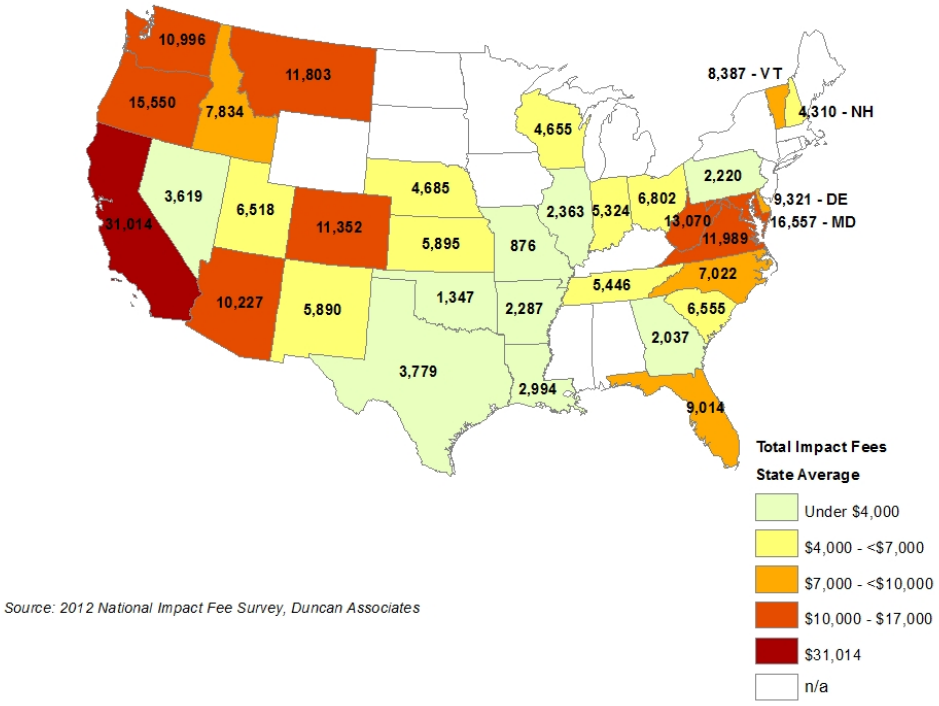
The American Planning Association has a policy guide on impact fees that provides a solid basis for thinking about their utility:

> "Impact Fees, when based on a comprehensive plan and used in conjunction with a sound capital improvement plan, can be an effective too for ensuring adequate infrastructure to accommodate growth where and when it is anticipated"

Where Are They Used Nationally?

Impact fees are used in a majority of states nationwide. A 2015 survey looked at 270 communities using impact fees as part of their development review process in 29 states and found the average impact fee for single family homes was $11,868 and the average impact fee for office development was $4,356/1000 square feet.[1]

Average Single-Family Unit Impact Fees, 2012



Source: 2012 National Impact Fee Survey, Duncan Associates

[1] *National Impact Fee Survey 2015*, Clancy Mullen, Duncan Associates, Austin, TX

Impact fees are most common in Florida, Colorado, the southwest, and the far west. However, communities in Maine, New Hampshire and Vermont use Impact Fees. Municipalities in Massachusetts are not permitted to charge impact fees for development, except in very limited cases.

Only 10 states (including Maine) have specific state legislation authorizing the use of impact fees generally. In many other states, local governments have pursued impact fees, either through home rule authority or other mechanisms.

Some communities similar to Portland have well established impact fee systems, including Concord, NH; Manchester, NH; and Burlington, VT. Generally larger cities have not implemented impact fee systems, although Chicago has an impact fee system for parks and open spaces.

In Oakland, California, there is a proposed impact fee system that is a useful example for Portland, in that it is comprehensive in approach and does not tie the fees to specific improvements. Their zone approach is an interesting methodology for a densely-developed city.

What About in Maine?

Maine's legislature authorized the use of impact fees in 1987 as part of an overall update to the state's planning and land use laws. Title 30-A M.R.S. §4354allows cities to pass an ordinance to require collection of impact fees for a variety of uses, including wastewater collection and treatment; solid waste facilities; fire protection; transportation; and parks and open space. While public education is not listed as an explicitly authorized purpose, it has been accepted as another authorized use for impact fees in Maine.

Several communities in Maine have adopted impact fees for a variety of uses. These include:

- York, where they collect impact fees for schools, water, and sewer infrastructure;
- Scarborough, where they collect impact fees for specific transportation improvements and for schools;
- Gorham, where they collect impact fees for water improvements; open space and recreation; and schools; and
- Saco, where they collect impact fees for wastewater improvements.

What Types of Impact Fees are Used?

As mentioned above, impact fees are used for a variety of public infrastructure needs. The most common fees are for:

- Schools
- Wastewater and Stormwater

- Water Supply
- Transportation Infrastructure
- Parks, Recreation and Open Space
- Libraries
- Public Safety

Fees were traditionally charged at a uniform level for each use. More recently there has been some stratification of fees. For example, some communities charge school impact fees for homes with three or more bedrooms only, or charge a lower fee for smaller units. Similarly, some impact fee systems charge less or nothing for developments utilizing existing infrastructure, such as in a traditional town center.

Table 1. Average Fees by Land Use and Facility Type, 2015

Facility Type	Single-Family (Unit)	Multi-Family (Unit)	Retail (1,000 sf)	Office (1,000 sf)	Industrial (1,000 sf)
Roads	$3,256	$2,201	$5,605	$3,403	$2,063
Water	$4,038	$1,387	$647	$606	$627
Wastewater	$3,694	$1,777	$663	$640	$642
Drainage	$1,397	$784	$1,056	$891	$1,097
Parks	$2,812	$2,099	**	**	**
Library	$403	$314	**	**	**
Fire	$472	$347	$388	$339	$211
Police	$365	$283	$403	$259	$171
General Government	$1,689	$1,200	$745	$751	$436
Schools	$4,769	$2,562	**	**	**
Total Non-Utility*	$8,298	$5,484	$6,165	$4,214	$2,751
Total*	$11,868	$6,870	$6,346	$4,536	$3,150

* Average of total fees charged by jurisdictions, not sum of average fees by facility type (non-utility excludes water and wastewater
** rarely charged to nonresidential land uses, with the exception of school fees in California

Source: National Impact Fee Survey 2015, *Clancy Mullen, Duncan Associates, Austin, TX*

What Current City Policies and Ordinances are Similar to Impact Fees?

As part of the City's site plan review process, and as delegated by the state to issue Traffic Movement Permits (TMP) for the Maine Department of Transportation, mitigation is currently negotiated on a case-by-case basis. Applicants submit a transportation study, stormwater analysis, and other documentation outlining their estimates of the impact of the development on City infrastructure. Sometimes these studies suggest mitigation proposals, and sometimes they find that no mitigation is required. City staff and consultants review these studies and offer a response. As part of the process, a mitigation package is approved as part of the site plan approval and TMP process.

Sometimes the mitigation involves a physical improvement, such as a new traffic light. Sometimes they involve an in-kind contribution to a future improvement. These contributions are held in discrete accounts in the City system until sufficient funds have been found to complete these improvements. These contributions have some similarity to impact fees but are not as comprehensive. As a result, the City may have half of the cost of a particular improvement in an account for some time, but does not have the funds needed to complete that improvement.

The current system, particularly for TMP's, is based on a "first past the threshold" trigger. In other words, until an intersection fails, developers are not asked to fund any improvements. Once the intersection fails, the cost of addressing that failure falls to the developer whose project created that last increment of impact. While that can both help and hurt the same development, it creates conflict and is not as fair as an impact fee system that would have been collecting funds from developers all along.

There is a limited form of impact fees in effect in Portland for projects that wish to reduce their parking requirement. This voluntary fee-in-lieu-of parking system in effect on the Peninsula in certain zones. That system, created in 2010, allows developers to pay a fee rather than provide some of their parking on-site. That fee goes into the Sustainable Transportation Fund and is used to fund transportation alternatives, such as transit improvements, bike parking, and sidewalks. While this ordinance has had some successes, it is very limited in scope. Similarly, the inclusionary zoning ordinance is based on a study that connects new housing development and affordable housing needs.

At present City mitigation efforts are limited to transportation, sewer and stormwater, and, very occasionally, school impacts. There is no systematic process for funding mitigation for the other categories listed above. As part of the 58 Fore Street TMP, staff negotiated a pilot impact fee system for transportation improvements. That methodology worked well, though it was isolated in that case to improvements specific to that geographic area.

<u>What is the Process to Create an Impact Fee System?</u>
While it is tempting to simply create an impact fee system and implement it, there are several important steps that must be taken to establish the public policy and legal framework for an effective program.

1. A city should first complete a Comprehensive Plan or comparable document that establishes the planning goal of an impact fee system and, as much as possible, sets city goals for infrastructure baselines. The recently approved Comprehensive Plan does much of this work, as do other studies completed in the past few years, such as the Trust for Public Land parks and open space study.

2. The City needs to determine in what areas impact fees will be pursued. Currently Portland only seeks mitigation for transportation and stormwater impacts in most cases. The more areas in which impact fees will be implemented, the more

upfront work will be needed. The cost to developers will also be higher, but greater public benefit will be provided.

3. Those infrastructure baselines need to be refined and turned into a set of public improvements that will be needed based on expected development. The City's Capital Improvement Plan does a good job at outlining these improvements, but it is fiscally constrained based on the City's existing financial resources and bonding capacity. A more extensive list of needs, with estimated costs attached, will need to be developed. This can be very simple, as in the case of Scarborough where they simply sought to fund a few specific roadway projects, or more complicated. Alternatively, they can be comprehensive and address a number of impacts at once, as Oakland is doing. That would be our current recommendation.

4. An impact fee study needs to be completed to link these costs and project new development. While it is tempting to skip the study phase, this study is especially important given U.S. Supreme Court rulings in *Nolan* and *Dolan* regarding establishing a rational nexus and rough proportionality for impact fee systems.

5. The City needs to approve an impact fee ordinance with a fee schedule, and amend any other ordinances that may need changing to create such a system in accordance with 30-A M.R.S. §4354.

6. Staff needs to be educated on the new system, and educate the development and neighborhood groups on it as well, to ensure that everyone is familiar with the new process.

7. Staff needs to track the various accounts and complete the funded improvements when collections are sufficient.

8. The list of projects and fee structure will need regular revisiting and updating. At a minimum, this should be completed every few years. Ideally this work would be ongoing as part of the CIP process.

<u>What are our Next Steps?</u>
With the approval of the Comprehensive Plan, the policy basis is in place for next steps. The planned rewrite of Chapter 14 into an updated Unified Development Code is compatible with replacing the current process with a more systematic impact fee system.

Our next step is to complete the nexus study that will document the rationale for the amount of the Impact Fees. Staff has completed a Request for Proposals for a consultant to complete that study with the $25,000 appropriated in the FY18 budget for this purpose. Planning has been working with Public Works; Economic Development; Parks, Recreation & Facilities, and other departments to prepare for this work. We hope to have a consultant selected in September and the nexus study completed this calendar year. We will then submit a proposed ordinance for Planning Board and City Council review.

Attachment 3

MEMORANDUM
PLANNING AND URBAN DEVELOPMENT DEPARTMENT
PLANNING DIVISION

To:	Economic Development Committee
From:	Nell Donaldson, Senior Planner, Planning & Urban Development Department
Date:	June 1, 2018
Re:	Impact Fee Study Update
Meeting Date:	June 5, 2018

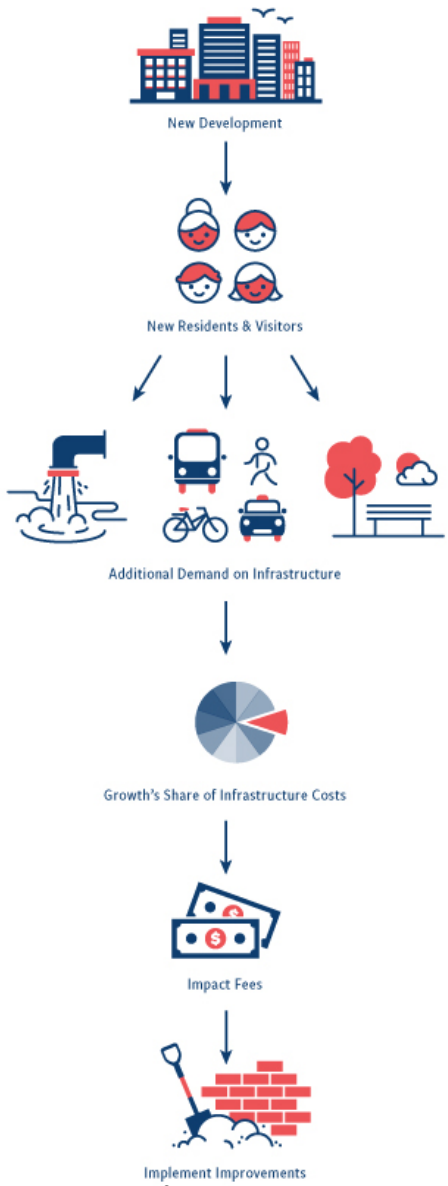


Figure 1: Impact fee process

I. INTRODUCTION

In late 2017, on the recommendation of the city's recently-adopted comprehensive plan, at the request of the City Manager, and with the support of the Council's Economic Development Committee, the city's Planning Division began an investigation into the "potential of a more robust framework for assessing development-related impacts" in the city (Portland's Plan, 67). The purpose of this exploration, as stated in Portland's Plan, is to "generate additional funding [for facilities and services], while also adding clarity and predictability to existing [review] procedures." This investigation began in earnest with staff research and engagement of a consultant with national experience in impact fee design. This Economic Development Committee meeting will provide an introduction to this consultant and to the scope of work for the Impact Fee Study.

2. WHAT ARE IMPACT FEES?

Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into these city systems, and infusing additional visitors into the city's parks and open spaces, which, in turn, require additional capital investment. As a result of this thinking, impact fees are widely used throughout the United States to assess the cost of new development's share of growth-related infrastructure needs. Impact fees have been used in some communities in the United States for the past 50+ years.

3. WHERE ARE IMPACT FEES?

Although impact fees are particularly common in states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine,

Table 1: Sample of Maine Communities with Impact Fees

	Transportation	Sewer/Water	Open Space/Recreation	Fire/EMS	Schools
Brewer	●	●			
Brunswick		●	●		
Freeport	●				
Gorham		●	●		
Lewiston	●	●			
Pownal			●	●	
Saco		●	●	●	
Scarborough	●				●
Windham	●		●		
York		●			●

the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state have developed and implemented impact fee ordinances *(Table 1)*.

4. HOW ARE IMPACT FEES USED?

The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees may only be used to construct, expand, or replace infrastructure required to serve new development. Many communities use impact fees to address growth-related capital costs associated with roads, parks, water, and sewer infrastructure. Fire and police-related impact fees are also fairly common, as are school impact fees. In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.

5. HOW MUCH ARE IMPACT FEES?

Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay" *(Maine State Planning Office, 4)*. Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis. The resulting fees must be established through a council-adopted ordinance that meets a series of state requirements around the provision of language to address the relationship between fees and growth's share of infrastructure costs, the treatment of revenues generated from impact fees, timely use of impact fees, and refunds *(Title 30-A MRSA §4354)*.

As a product of the great variation in communities that have adopted impact fees, and the great variation in uses of impact fees, the amount of impact fees varies widely from state to state and community to community. A 2015 study of impact fees across the country by Duncan Associates, a national firm specializing in impact fee work, found that state-wide average non-utility (i.e. excluding water and wastewater) impact fees for single-family residential projects ranged from less than $1,000 in Arkansas to almost $25,000 in California *(Duncan Associates)*. In New Hampshire, the study found total residential fees ranging from approximately $3,000 for a 3-br single-family home in Manchester to $5,000 in Concord. In Burlington, the study estimated a $5,000 fee for a 3-br single-family home. The same study found that fees across the country averaged approximately $6,000 per KSF for retail uses, approximately $4,000 per KSF for office uses, and approximately $3,000 per KSF for industrial uses.

6. HOW DOES THIS RELATE TO PORTLAND'S CURRENT ORDINANCE?

The City of Portland's existing site plan ordinance allows the city to require mitigation "so as to be consistent with City Council approved master plans and facilities plans and with off-premises infrastructure, including but not limited to sewer and stormwater, streets, trails, pedestrian and bicycle network, environmental management or other public facilities" *(City of Portland Land Use Code 14-526(c)1.a)*. Further, the city's *Technical Manual* requires that developments that generate more than 100 passenger car equivalents obtain a Traffic Movement Permit (TMP) under the city's delegated review authority. The issuance of a TMP includes a "summary of findings and recommendations for improvements and other impact mitigation measures" *(City of Portland Technical Manual, 2).* Under these regulations, the city negotiates mitigation on a case-by-case basis predicated on an analysis of impacts identified through the site plan or subdivision review process.

As a product of this process, in some cases, developers make in-kind physical improvements, upgrading a traffic light or installing pedestrian signalheads and ramps at a nearby intersection. In other cases, developers are required to make financial infrastructure contributions proportionate to their impacts. These contributions are held in separate "infrastructure accounts" until they can be drawn down to pay for the improvement identified through the review process.

Because this process is conducted on a case-by-case basis, it is neither as systematic or predictable as many would prefer. Further, the system often penalizes the "last one in," whose development causes an intersection level of service to fail, rather than addressing the incremental impact of all prior developments*. An impact fee framework for the City of Portland would establish a more predictable, transparent, and equitable way of assessing the impact of incremental growth on public facilities and services. An impact fee system would also provide the city with some measure of efficiency.*

7. IMPACT FEE STUDY SCOPE & SCHEDULE

In mid-2017, the City Council adopted *Portland's Plan 2030*, a new comprehensive plan designed to guide the city's growth and change over the next ten years. Among the plan's recommendations is a strong commitment to exploring new ways of funding our critical facilities and services, particularly as they are used by a growing number of residents, workers, and visitors. The plan anticipates future population and employment growth in the city and suggests an exploration of impact fees as a means of assessing capital costs associated with that growth.

In August 2017, the Economic Development Committee met to review the impact fee concept *(Attachment 1)*. With the support of the committee, and working with the Departments of Public Works and the Parks, Recreation, and Facilities, Department of Planning & Urban Development staff released an RFP for an Impact Fee Study in October of 2017. The purpose of the study, as written in the RFP, is to develop impact fee systems for multi-modal transportation infrastructure, parks and open space, and wastewater infrastructure. In January 2018, the Planning & Urban Development Department, with the assistance of DPW and the Department of Parks, Recreation, and Facilities, hired TischlerBise, a consulting firm with national experience in impact fee design, to complete the Impact Fee Study.

The study's first step is to compile the data, including population and employment growth projections, that will serve as the foundation for the impact fee analysis. In late April, Tischler developed a final draft memo summarizing demographic and development assumptions for the study (*Attachment 2*). This memo was based on data provided by the Department of Planning & Urban Development, the Department of Public Works, and the Department of Parks, Recreation, and Facilities, and includes discussion of population, development, employment, traffic, and wastewater usage trends in the city.

Figure 2: Impact Fee Study timeline

The next phase of the study will determine capital facility needs and desired service levels for each of the three fee types under consideration. The study will explore various standard methodologies for deriving fees on a per unit, per trip, or per square foot basis and identify the most appropriate methodology for each fee type. The last step of the study will analyze projected funding and cash flow to understand the likely revenue stream and capital expenditures associated with the fees. Draft and final impact fee reports, including potential impact fee schedules, will be prepared. Ultimately, a draft impact fee ordinance, including fee structures based on these reports, will be presented to the Planning Board and City Council.

8. PUBLIC INVOLVEMENT

Throughout the process, the Impact Fee Study will include a public involvement component designed to engage key stakeholders at major points in the process:

A. *Stakeholder Group* – In mid-May, staff gathered an informal group of stakeholders for an introduction to the Impact Fee Study. This informal stakeholder group is meant to include a range of community members with a stake in the outcome of the study – from developers to neighborhood association representatives to those with a broad interest in economic development in the city. The purpose of the group is to provide feedback on major work products over the course of the study. At the May meeting, Tischler gave an overview of the study and the demographic and land use assumptions that will underpin the analysis in future phases. Subsequent workshops will address capital needs, fee calculation methodologies, and potential fees.

B. *Planning Board* – Also in mid-May, the Planning Board met for the first of several workshops on the Impact Fee Study. This workshop, like the first stakeholder group meeting, focused on providing an overview of the study and presenting early demographic and land use assumptions. Subsequent workshops will address capital needs, fee calculation methodologies, and potential fees. Ultimately, the Planning Board will be responsible for reviewing not only the technical elements of the Impact Fee Study, but also reviewing ordinance language for potential adoption by the City Council.

C. *Economic Development Committee* – Updates will be provided to the EDC at important study milestones.

D. *City Council* – For impact fees to be implemented, the Council would need to adopt ordinance language, including a set of fees as generated by the Impact Fee Study.

E. *Other* - A project website has also been developed (https://www.recodeportland.me/impact-fee-study/). This website will be updated over the course of the Impact Fee Study.

Early engagement with both the stakeholder group and with the Planning Board has yielded important feedback, focused primarily on large questions around the city's existing capital funding mechanisms and the economic implications of impact fees. Questions arising from these early meetings included:

A. How would impact fees fit within the city's existing framework for funding capital projects?

- How do we fund capital improvements for each of the three impact fee categories now?
- What is our financial exposure with a plan-based approach to impact fees (i.e. the way we're thinking about transportation and wastewater projects), and do we have a funding strategy for filling any gaps?
- What is our broader strategy for filling capital funding gaps in the city?
- What happens if growth slows or we enter a recession?

- Can we quantify how development is/isn't 'paying for itself' with tax revenue right now? (and related, if developers are paying taxes, isn't this double-dipping?) What about the revaluation?

B. How would impact fees compare to our current system of collecting mitigation?

- Will it *really* replace the existing system?
- Will it cost developers more out-of-pocket?
- How much time and money will it cost the city to administer? Do we have the capacity for this?
- How will revenues compare to what we're generating in mitigation right now?

C. How will this affect the economy, housing choice, etc. down the line?

- Who actually bears the cost of impact fees?
- Will an impact fee have a negative impact on housing affordability?
- Will an impact fee have a negative effect on the pace of growth and the city's economy more broadly?

Continued discussion on these topics is expected at the next round of meetings on the study.

9. NEXT STEPS

1. Staff and the consultant to continue work on the needs analysis phase of the study;
2. Staff to schedule a second round of meetings with the Planning Board and stakeholder group to review work products and, ultimately, a draft impact fee ordinance.

10. ATTACHMENTS

1. Memo to the Economic Development Committee, Jeff Levine, Director, Planning & Urban Development, 8/31/17 *(Not included in attachments for 9/13/18 memo.)*
2. Draft Demographic Data and Development Projections for Impact Fee Study, Tischler Bise, 4/23/18 *(Not included in attachments for 9/13/18 memo.)*

MEMORANDUM
PLANNING AND URBAN DEVELOPMENT DEPARTMENT
PLANNING DIVISION

To: Economic Development Committee
From: Nell Donaldson, Senior Planner, Department of Planning & Urban Development
Date: September 13, 2018
Re: Impact Fee Study Update
Meeting Date: September 18, 2018

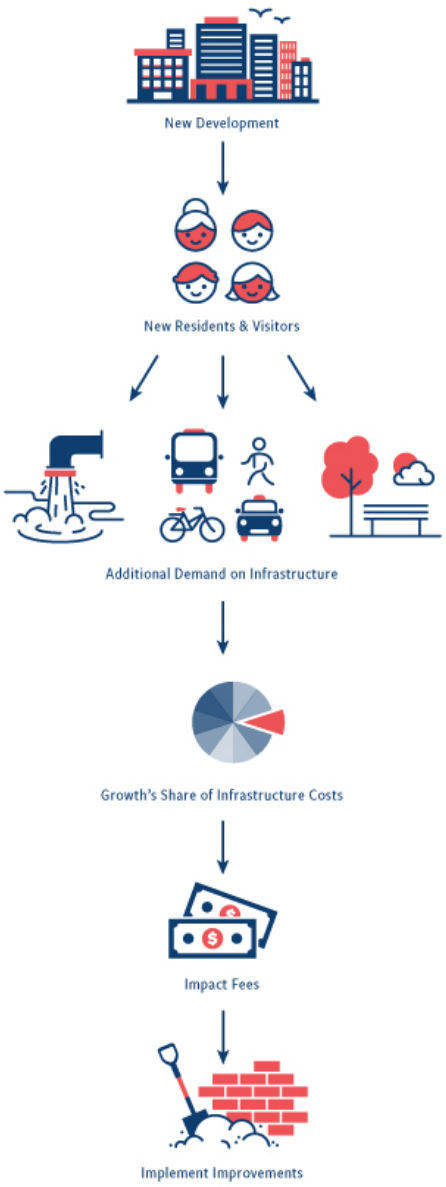


Figure 1: Impact fee process

I. INTRODUCTION

Earlier this year, the city's Planning Division, with the assistance of the Department of Public Works and the Department of Parks, Recreation, and Facilities, began the process of developing an impact fee study for the city. The intent of the study is to explore the potential for three municipal impact fees, for parks and recreation facilities, transportation, and wastewater, as a means of establishing a predictable, transparent, and equitable system for mitigating the impacts of development as it occurs in Portland over the next 10 years.

Planning Division staff met with the Economic Development Committee to introduce the *Impact Fee Study* in June of this year. That meeting included an overview of impact fees, a discussion on the ways that the city currently addresses mitigation of development impacts, and a brief synopsis of the scope of work for the study *(Attachment 2).* The purpose of this second EDC meeting is to provide an update on the study, present a set of preliminary maximum defensible fee calculations, share draft ordinance language, and gather committee feedback prior to presenting to the full Council in a workshop scheduled for September 24.

2. BACKGROUND ON IMPACT FEES

A. What are impact fees?

Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into city systems, and infusing additional visitors into the city's parks and open spaces. In turn, these facilities require additional capital investment. As a result of this thinking, impact fees are widely used throughout the United States. Impact fees have been used in some communities in the United States for the past 50+ years.

Table 1: Sample of Maine Communities with Impact Fees

	Transportation	Sewer/Water	Open Space/Recreation	Fire/EMS	Schools
Brewer	●	●			
Brunswick		●	●		
Freeport	●				
Gorham		●	●		
Lewiston	●	●			
Pownal			●	●	
Saco		●	●	●	
Scarborough	●				●
Windham	●		●		
York		●			●

B. Where are impact fees?

Although impact fees are particularly common in U.S. states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine, the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state, mostly in southern Maine, have developed and implemented impact fee ordinances *(Table 1)*.

C. How may impact fees be used?

The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees *may only be used on capital projects to construct, expand, or replace infrastructure required to serve new development*. In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. *Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.*

3. MAXIMUM DEFENSIBLE FEE CALCULATIONS

Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay" *(Maine State Planning Office, 4)*. Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis.

The City of Portland's *Impact Fee Study* is meant to provide such an analysis. To date, the study has included the following work:

A. *Development of population, employment, and land use assumptions.* The first step of the study involved the development of 10-year growth projections (i.e. the projected change in population, employees, trips, and wastewater flows for which impacts could potentially be assessed) *(Attachment 3)*. This step included the collection of background data on population, employment, land use, and wastewater flows in the city, a review of trends, and a survey of data from other sources (e.g. estimates from GPCOG, PACTS).

B. *Determination of capital facility needs and current levels of service.* The second step of the study involved the collection of data necessary to identify capital costs associated with projected growth:

- The Department of Parks, Recreation, and Facilities provided an inventory of current parks and recreation facilities and identified replacement costs for each. This inventory was used to calculate existing level of service for parks and recreation facilities on a per capita and per job basis.
- The Department of Public Works generated capital transportation and wastewater project lists based on recent Capital Improvement Plan (CIP) requests. Given the volume of the transportation projects, projects were subsequently categorized as high-, medium-, and low-readiness. DPW staff then determined the proportion of these capital projects, if any, attributable to future growth, based on project location and project type.

C. *Development of maximum defensible fee calculations.* In the third step of the study, different commonly-used impact fee methodologies were reviewed for suitability with respect to the three impact fee categories under consideration. Subsequently, maximum defensible fee calculations were developed:

- The existing parks and recreation inventory, replacement cost figures, and growth factors from the demographic analysis were combined to calculate maximum defensible parks fees for residential and non-residential land uses. This fee is based on an incremental expansion model, which is premised on the concept that, as growth occurs, it pays to maintain existing levels of service for parks and recreation facilities.
- Transportation fees were calculated using a plan-based approach. The share of high-readiness capital projects that could be attributed to growth was allocated across projected increases in person trips associated with population and employment projections, resulting in maximum defensible transportation fees for both residential and non-residential land uses.
- Likewise, for the wastewater fee calculations, a plan-based approach was used. Again, the share of capital project costs that could be attributed to growth was apportioned over projected increases in wastewater flows, resulting in maximum defensible wastewater fee calculations based on meter size.

D. *Stakeholder outreach.* In late July, these initial maximum supportable fee calculations were shared with the study's stakeholder group, consisting of neighborhood representatives, developers, and representatives of organizations with a stake in economic development in the community more broadly. This group reviewed the calculations and provided valuable feedback on methodology, assumptions, and the level of the maximum defensible fee calculations.

E. *Revisions to maximum defensible fee calculations.* In response to these comments, DPW, Parks and Recreation, and Planning staff met to discuss ways in which to respond to comments and modify assumptions to develop a revised set of fees. As a product of these discussions, several changes were made to the assumptions, including:

- Adding additional non-residential uses to the parks fee
- Eliminating parks vehicles and recreation facilities for which the city is unlikely to expand capacity in the future
- Modifying assumptions regarding future MaineDOT/federal funding
- Modifying city/growth shares for some transportation capital projects
- Broadening land use categories on the transportation fee
- Modifying the wastewater fee to include a credit for future stormwater and wastewater fees that will cover existing debt service

The resulting fee calculations are those presented here *(Attachment 4)*. These revised fee calculations are significantly lower than the calculations prepared in the early summer and originally presented to the

stakeholder group. This means that the fees will not go as far as those initially calculated in terms of covering growth-related infrastructure costs in the city. As a result, the City will need to look to the General Fund and other sources to cover a larger portion of these costs.

F. *Analysis of maximum defensible fee calculations.* In addition to gathering feedback on the revised maximum supportable fee calculations from this committee, the Planning Board, and the full City Council over the coming week, staff has shared the revised fee calculations with the stakeholder group and offered to meet with members of the group to review and discuss. Staff has also engaged a third party to assess the potential impact of the fee calculations on various development types. Last, the impact fee consultant has begun an analysis to examine the effect of the maximum supportable fee calculations on housing affordability within the city.

4. DRAFT ORDINANCE

In order to collect impact fees, municipalities must have enacted a council-adopted ordinance that meets a series of requirements established by state statute. These requirements include the provision of language to address the relationship between fees and growth's share of infrastructure costs, the treatment of revenues generated from impact fees, timely use of impact fees, and refunds *(Title 30-A MRSA §4354).* Staff has used the state statute, impact fee ordinances from communities in Maine and nationwide, and guidance from the former State Planning Office to develop draft ordinance language to accompany the fee calculations *(Attachment 5).* This ordinance language addresses not only the technical requirements of the statute but issues critical to the administration of impact fees:

A. *Applicability.* The draft ordinance is written such that any development on a site that generates an increase in impact would be subject to impact fees. This would include new development, additions to existing buildings which result in net new residential units, non-residential square footage, or wastewater meters, and changes of use which result in a net increase in impact per the impact fee schedule.

B. *Impact fee schedule and basic guidelines for the calculation of the fee.* The draft ordinance includes language designed to clarify methods for calculating fees for mixed-use development, redevelopment, additions, and changes of use.

C. *Provisions for the modification of the fee amount.* The draft ordinance has been written to allow the Planning Board, based on a property-owner's application, to grant a credit against required impact fees for any infrastructure improvements made by a developer which are part of or equivalent to the projects for which impact fees are being collected. Likewise, the draft ordinance includes language allowing the Planning Board to modify or waive impact fees for developers that can prove that a proposed use will have no or significantly-diminished demands on the capital facilities for which impact fees are being collected.

D. *Waivers for affordable housing.* The draft ordinance includes a reference to Division 30, which provides for fee reductions for affordable housing developments. Under the draft ordinance, the existing fee reductions granted in Division 30 would apply to impact fees.

E. *Administration of funds.* Lastly, the draft ordinance language also addresses the timing of impact fee collection, accounting procedures, and procedure for refunds as necessary.

The draft ordinance has been reviewed by Corporation Counsel. It is anticipated that Corporation Counsel will continue to review as future revised drafts are developed. Simultaneously, staff has begun discussions with Finance and Inspections on how fees would be collected and administered.

5. COMPARISON WITH THE CURRENT SYSTEM

At previous meetings on the *Impact Fee Study,* questions have been raised about the city's current system for collecting mitigation for projects that have impacts on municipal infrastructure. The City of Portland's existing site plan ordinance allows the city to require mitigation "so as to be consistent with City Council approved master plans and facilities plans and with off-premises infrastructure, including but not limited to sewer and stormwater, streets,

trails, pedestrian and bicycle network, environmental management or other public facilities" *(City of Portland Land Use Code 14-526(c)1.a)*. Further, the city's *Technical Manual* requires that developments that generate more than 100 passenger car equivalents obtain a Traffic Movement Permit (TMP) under the city's delegated review authority. The issuance of a TMP includes a "summary of findings and recommendations for improvements and other impact mitigation measures" *(City of Portland Technical Manual, 2).* Under these regulations, the city negotiates mitigation on a case-by-case basis predicated on an analysis of impacts identified through the site plan or subdivision review process.

As a product of this process, in some cases, developers make in-kind physical improvements, upgrading a traffic light or installing pedestrian signalheads and ramps at a nearby intersection. In other cases, developers are required to make financial infrastructure contributions proportionate to their impacts. These contributions are held in separate "infrastructure accounts" until they can be drawn down to pay for the improvement identified through the review process. For reference, data shows that, as mitigation of impacts for site plans approved between May of 2013 and May of 2018, the Planning Board and/or the Planning Authority required infrastructure contributions totaling just over $1 million. It should be noted that this figure does not include in-kind work completed by developers and some substantial contributions yet to come, including that from the Portland Company redevelopment. The majority of infrastructure contributions collected as mitigation during that timeframe were for traffic improvements.

Our current system for collecting mitigation has some significant weaknesses:

- It involves a negotiated process that creates uncertainty for developers, neighbors, and the City. This negotiation process takes additional time, and also involves expending costs that could otherwise be put directly into mitigation.
- The staff audit of infrastructure contributions over the past five years indicates that the City is not adequately planning for growth. Projects are generally not fully mitigating their impacts and allowing the City's plan for growth to be implemented in a timely fashion. As a result, the backlog of needed infrastructure projects increases without a financial plan to adequately fund the work.

6. NEXT STEPS

1. Presentation to Planning Board at workshop on 9/20/18;
2. Presentation to City Council at workshop on 9/24/18;
3. Completion of analysis and revisions to fee calculations and draft ordinance as necessary;
4. Planning Board and Council hearings

7. ATTACHMENTS

1. Memo to the Economic Development Committee, Jeff Levine, Director, Planning & Urban Development Department, 8/31/17
2. Memo to the Economic Development Committee, Nell Donaldson, Planning & Urban Development Department (without attachments), 6/5/18
3. Demographic Data and Development Projections for Impact Fee Study, Tischler Bise, 6/5/18
4. Revised Preliminary Maximum Defensible Fee Calculations, TischlerBise, 9/12/18
5. Draft Impact Fee Ordinance, 9/13/18

Attachment 5

Impact Fee Study Overview

REVISED PRELIMINARY MAXIMUM DEFENSIBLE FEE CALCULATIONS

City of Portland, ME

September 24, 2018

TischlerBise

FISCAL | ECONOMIC | PLANNING

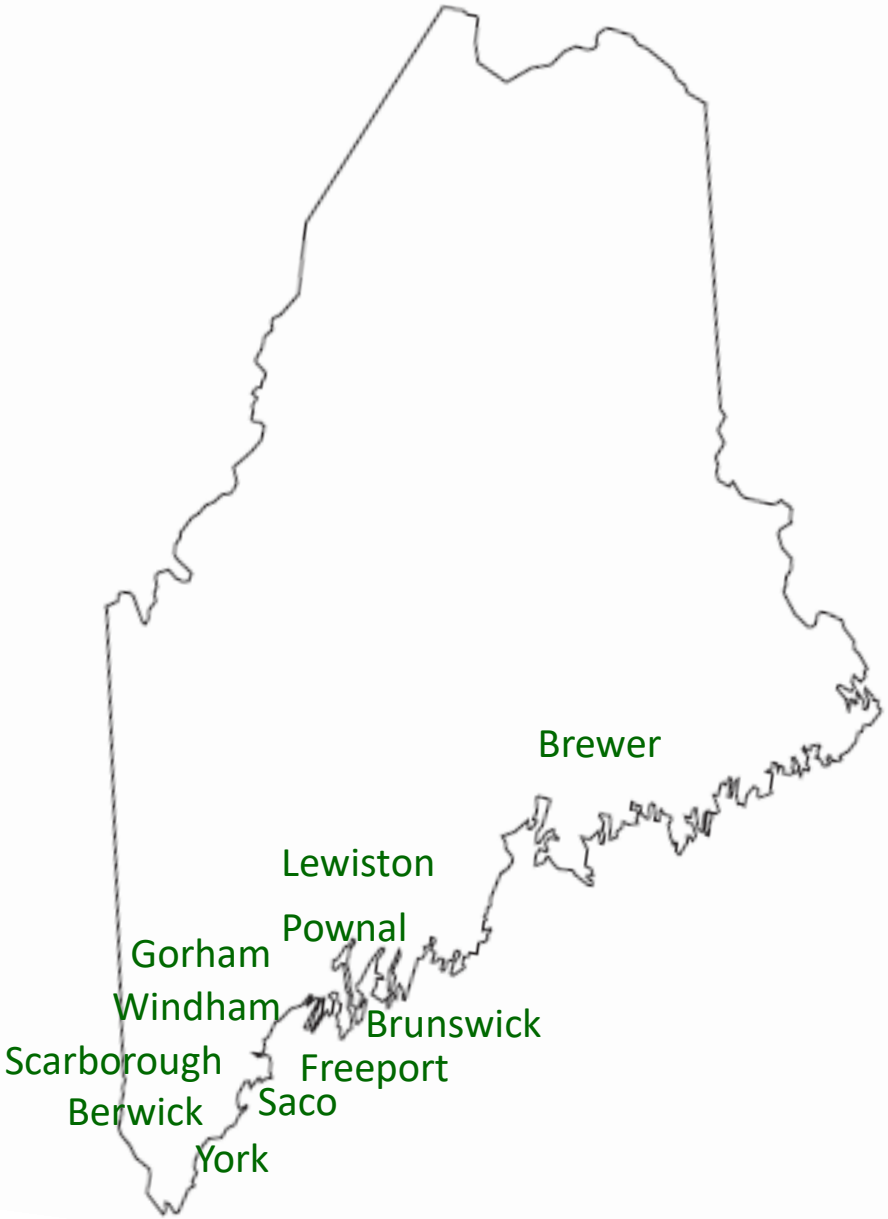
City of Portland Impact Fee Study

- Impact Fee Fundamentals
- Changes Made Based on Comments of 1st Draft Fees
- Parks & Recreation
- Transportation
- Wastewater

Impact Fee Fundamentals

- One-time payment for growth-related infrastructure, usually collected at the time buildings permits are issued
- Can't be used for operations, maintenance, or replacement
- Not a tax but more like a contractual arrangement to build infrastructure, with three requirements:
  - Need (system improvements, not project-level improvements)
  - Benefit
    - Short range expenditures
    - Geographic service areas and/or benefit districts
  - Proportionate
- Compared to negotiated agreements, streamlines approval process with known costs (predictability)

Impact Fee Fundamentals



- In Maine, authorized under the Comprehensive Planning and Land Use Regulation Act of 1987, Title 30-A MRSA, Section 4354

Changes Since 1st Draft

- Parks & Recreation
  - Incremental expansion methodology has been expanded to include nonresidential demand on facilities.
    - Workers use Parks & Recreation facilities during breaks and lunch.
  - The vehicle component was removed.
  - Adjusted facilities included in the level of service calculations.

Development Type	Parks & Rec 1st Draft	Parks & Rec Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$2,442	$1,126	($1,316)
Multifamily	$1,631	$752	($879)
Nonresidential (per 1,000 square feet)			
Retail & Service	-	$534	$534
Office	-	$677	$677
Industrial	-	$363	$363
Institutional	-	$645	$645
Accommodation (per hotel room)			
Hotel	$1,898	$875	($1,023)

Changes Since 1st Draft

- Transportation
  - Revised methodology to include five nonresidential land use categories.
  - Adjusted multimodal projects included in the plan-based methodology.

Development Type	Transportation 1st Draft	Transportation Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$3,698	$2,159	($1,539)
Multifamily	$1,752	$1,023	($729)
Nonresidential (per 1,000 square feet)			
Hospital	$5,280	-	-
Congregated Care/Assisted Living	$2,065	-	-
School	$9,615	-	-
Place of Assembly	$3,422	-	-
Retail & Personal Services	$14,132	-	-
Recreational	$14,197	-	-
Office	$4,797	-	-
Industrial	$2,443	-	-
Industrial Transportation	$691	-	-
Retail & Service	-	$8,248	-
Office	-	$2,800	-
Industrial	-	$1,130	-
Institutional	-	$3,082	-
Accommodation (per hotel room)			
Hotel	$4,118	$2,404	($1,714)

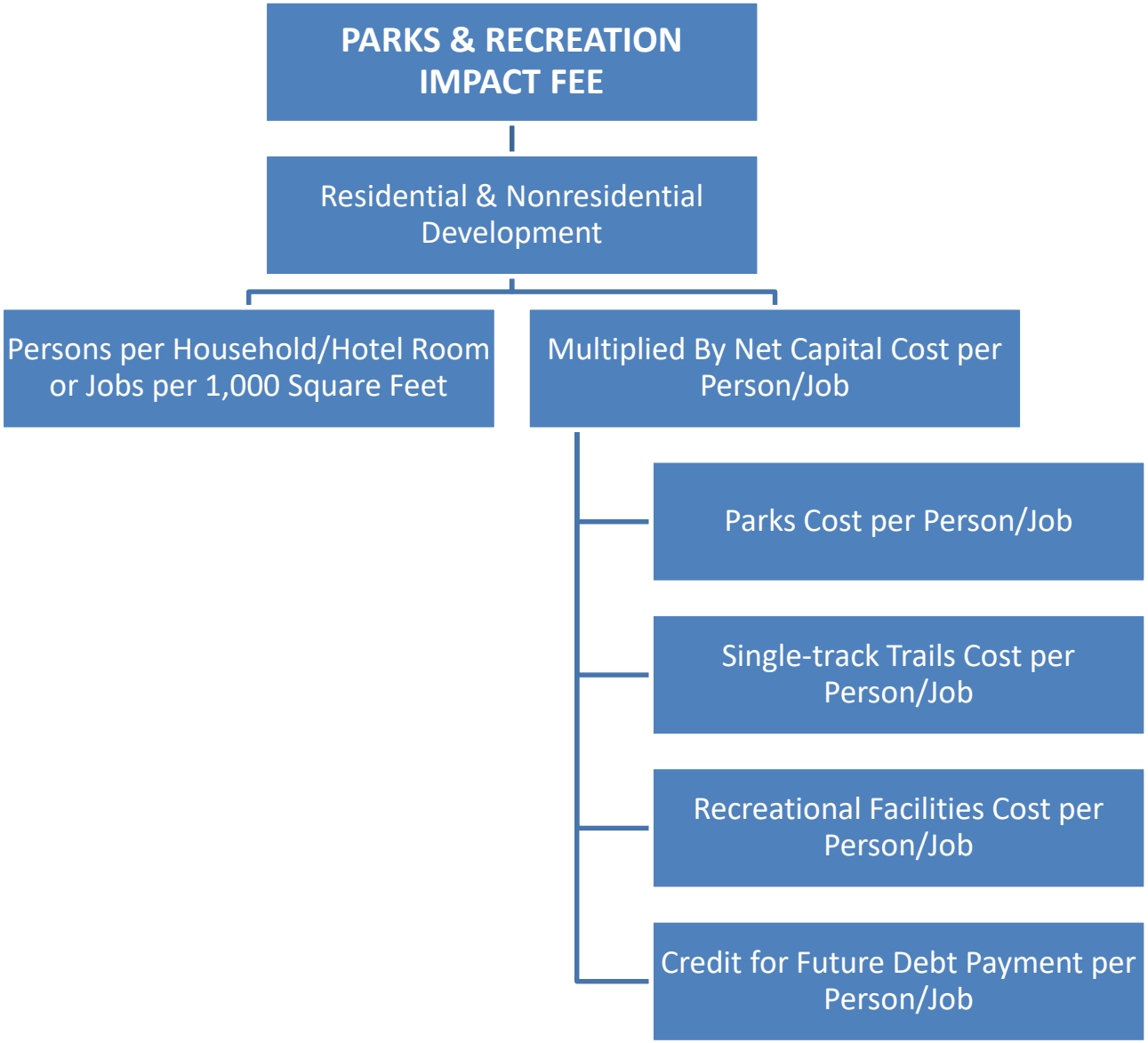
Changes Since 1st Draft

- Wastewater
  - Included additional projects into future debt payments, increasing the Debt Service Credit.

Meter Size (inches)	Wastewater 1st Draft	Wastewater Revised Draft	Increase/ Decrease
All Development (per meter)			
5/8	$2,069	$1,886	($183)
3/4	$3,104	$2,829	($275)
1	$5,173	$4,715	($458)
1.5	$10,345	$9,430	($915)
2	$16,552	$15,088	($1,464)
3	$33,104	$30,176	($2,928)
6	$103,450	$94,300	($9,150)
8	$165,520	$150,880	($14,640)

Parks & Rec Impact Fee Analysis

- Consumption-Based/Incremental Expansion Methodology



Parks & Rec Impact Fee Analysis

- Park Component – Existing Level of Service & Cost per Demand Unit

	Acres	Athletic Field	Baseball Field	Basketball Courts	Community Gardens	Dog Park Area	Base/Softball Fields	Pickleball Courts
City of Portland Total	316.3	5.0	11.0	10.0	8.0	2.0	2.0	4.0
Average Replacement Cost	$59,172	$350,000	$175,000	$45,000	$30,000	$50,000	$175,000	$45,000
Replacement Cost Subtotal	$18,716,104	$1,750,000	$1,925,000	$450,000	$240,000	$100,000	$350,000	$180,000

	Picnic Tables	Playgrounds	Pools	Skate Park	Softball Fields	Splashpads	Tennis Courts	Volleyball Courts
City of Portland Total	22.0	18.0	1.0	1.0	4.0	5.0	15.0	2.0
Average Replacement Cost	$750	$175,000	$2,000,000	$350,000	$175,000	$30,000	$45,000	$45,000
Replacement Cost Subtotal	$16,500	$3,150,000	$2,000,000	$350,000	$700,000	$150,000	$675,000	$90,000

Land Replacement Cost	$18,716,104
Improvement Replacement Cost	$12,126,500
Total Replacement Cost	$30,842,604

Total Park Acres	316.3
Total Replacement Cost	$30,842,604
Replacement Cost per Park Acre	$97,511

Source: City of Portland Parks and Recreation; Assessor's Office

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Park Acres	227.7
2018 Peak Population	83,250
LOS: Acre per 1,000 Persons	**2.74**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Park Acres	88.6
2018 Jobs	67,270
LOS: Acre per 1,000 Jobs	**1.32**

Share of Impact Days calculation found in Appendix.

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Persons	2.74
Replacement Cost Per Capita	**$267**

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Jobs	1.32
Replacement Cost Per Job	**$129**

Parks & Rec Impact Fee Analysis

- Single-Track Trail Component – Existing Level of Service & Cost per Demand Unit

Trail	Single-Track Trail (miles)
Citywide Passive Trails	36.2
Total	**36.2**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Trail Miles	26.1
2018 Peak Population	83,250
LOS: Miles per 1,000 Persons	**0.31**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Trail Miles	10.1
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.15**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Persons	0.31
Replacement Cost per Person	**$5**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Jobs	0.15
Replacement Cost per Job	**$2**

Parks & Rec Impact Fee Analysis

- Recreational Facility Component – Existing Level of Service & Cost per Demand Unit

Recreational Facilities	Square Feet	Replacement Cost
East End Community Center	23,500	$5,875,000
Peaks Island Community Center	2,000	$550,000
Portland Ice Arena	29,273	$3,125,896
Reiche Community Center	25,000	$8,750,000
Riverton Community Center	31,500	$11,970,000
Total	**111,273**	**$30,270,896**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Rec. Square Feet	80,117
2018 Peak Population	83,250
LOS: Square Feet per Person	**0.96**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Rec. Square Feet	31,156
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.46**

Cost Analysis

Costs per Square Foot	$272
LOS: Square Feet per Person	0.96
Replacement Cost per Person	**$261**

Cost Analysis

Costs per Square Foot	$272
LOS: Miles per 1,000 Jobs	0.46
Replacement Cost per Job	**$125**

Parks & Rec Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Parks & Rec facilities, a credit is necessary for future debt payments.

Residential Credit

Fiscal Year	Payment	Projected Population	Payment/ Capita
Base Year	$617,060	83,250	$7.41
2019	$715,720	83,678	$8.55
2020	$676,719	84,106	$8.05
2021	$628,339	84,534	$7.43
2022	$606,452	84,962	$7.14
2023	$554,947	85,390	$6.50
2024	$478,117	85,818	$5.57
2025	$461,771	86,246	$5.35
2026	$434,672	86,673	$5.02
2027	$386,672	87,101	$4.44
2028	$364,280	87,529	$4.16
Total	**$5,924,749**		**$69.62**
		Discount Rate	3.00%
		Total Credit	**$60**

Source: City of Portland Finance Department

Nonresidential Credit

Fiscal Year	Payment	Projected Jobs	Payment/ Job
Base Year	$239,968	67,270	$3.57
2019	$278,336	67,959	$4.10
2020	$263,169	68,648	$3.83
2021	$244,354	69,337	$3.52
2022	$235,842	70,026	$3.37
2023	$215,813	70,715	$3.05
2024	$185,935	71,404	$2.60
2025	$179,578	72,093	$2.49
2026	$169,039	72,782	$2.32
2027	$150,372	73,471	$2.05
2028	$141,665	74,160	$1.91
Total	**$2,304,071**		**$32.81**
		Discount Rate	3.00%
		Total Credit	**$28**

Source: City of Portland Finance Department

Parks & Rec Impact Fee Analysis

- Maximum Defensible Fee

Fee Component	Cost per Person	Cost per Job
Parks	$267	$129
Single-Track Trails	$5	$2
Rec. Facilities	$261	$125
Debt Service Credit	($60)	($28)
TOTAL	**$473**	**$228**

Residential (per housing unit)

Type of Unit	Persons per Household	Maximum Defensible Fee
Single Family/Duplex	2.38	**$1,126**
Multifamily	1.59	**$752**

Nonresidential (per 1,000 square feet)

Type of Unit	Jobs per 1,000 Square Feet	Maximum Defensible Fee
Retail & Service	2.34	**$534**
Office	2.97	**$677**
Industrial	1.59	**$363**
Institutional	2.83	**$645**

Nonresidential (per room)

Type of Unit	Persons per Room	Maximum Defensible Fee
Hotel	1.85	**$875**

Parks & Rec Impact Fee Analysis

- Parks & Recreation Fee Revenue

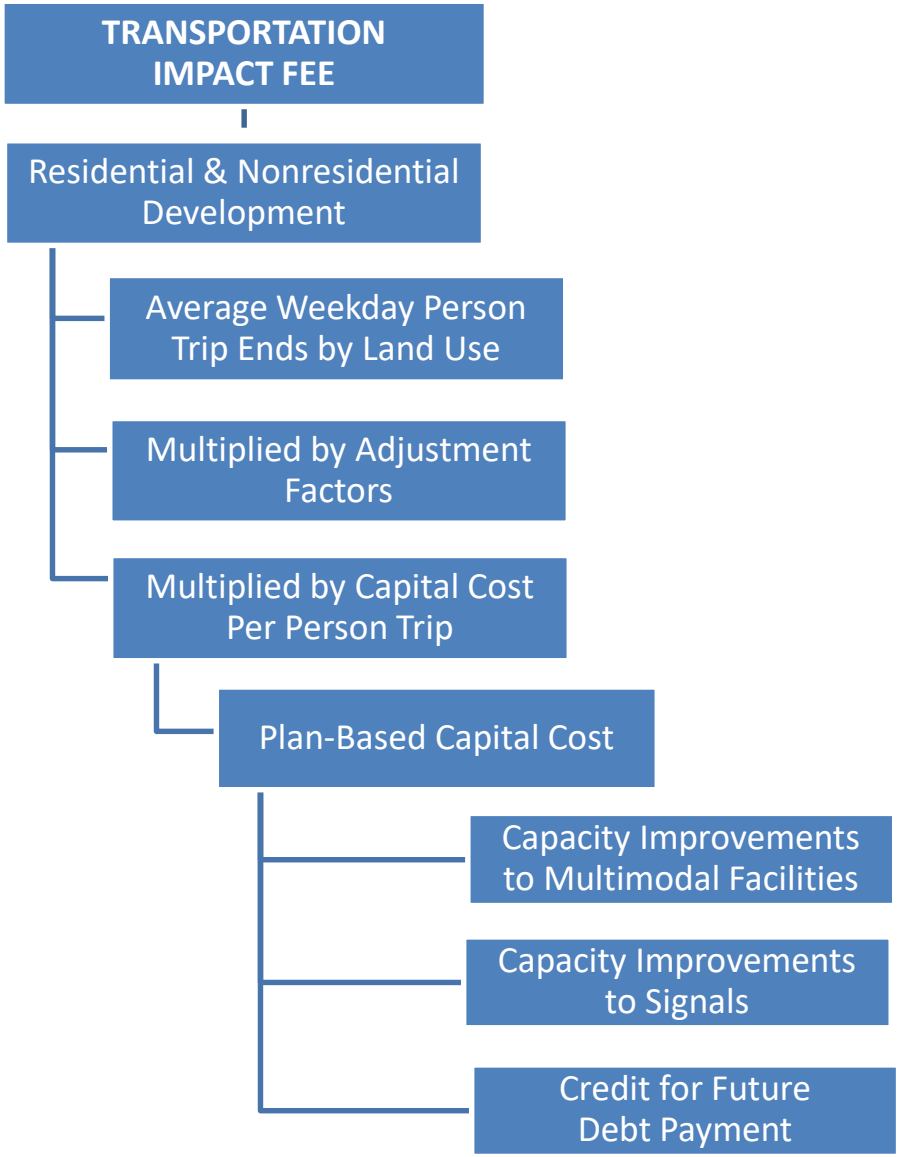
	Total Cost to Maintain LOS	Cost Attributable to Growth
Parks	$1,950,220	$1,950,220
Single-Track Trails	$34,500	$34,500
Rec Facilities	$1,979,344	$1,979,344
Total Expenditures	**$3,964,064**	**$3,964,064**

Projected Development Impact Fee Revenue

		Capital Cost per Person $473	Capital Cost per Job $228
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
	Ten-Year Increase	4,279	6,890
	Projected Revenue =>	$2,023,810	$1,570,948
		Projected Revenue =>	**$3,594,757**
		Total Expenditures =>	**$3,964,064**
		General Fund's Share =>	**$369,307**

Transportation Impact Fee Analysis

- Plan-Based Methodology – Person Trips



Transportation Impact Fee Analysis

- Multimodal Component – **High Readiness Projects**

Project	Readiness	Length of Project (linear feet)	Total City Cost	Growth's Share	Growth's Cost
W. Commercial Street Path	High	5,000	$750,000	50%	$375,000
Thames Street	High	1,200	$1,450,000	25%	$362,500
Franklin Street: I-295 to Somerset	High	700	$4,050,000	75%	$3,037,500
Congress Square Intersection Construction	High	650	$1,300,000	25%	$325,000
Marginal Way: Hanover to Plowman	High	5,600	$1,000,000	25%	$250,000
Kennebec Street Realignment at Forest Avenue	High	450	$500,000	50%	$250,000
Somerset Street	High	1,800	$1,500,000	50%	$750,000
Forest Avenue (Morrill's Corner Intersections)	High	1,600	$2,280,000	50%	$1,140,000
Brighton Avenue	High	13,000	$1,100,000	25%	$275,000
Washington Avenue Rehabilitation	High	1,500	$2,000,000	25%	$500,000
	TOTAL	31,500	$15,930,000		$7,265,000

Growth's Cost of Transportation Projects	$7,265,000
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$152**

Transportation Impact Fee Analysis

- Signal Component – **High Readiness Projects**

Project	Readiness	Total Cost	Growth's Share	Growth's Cost
Modernize Signal Systems	High	$9,375,000	75%	$7,031,250
Arterial Street Crossings	High	$2,000,000	50%	$1,000,000
	TOTAL	$11,375,000		$8,031,250

Growth's Cost of Transportation Projects	$8,031,250
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$168**

Transportation Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Transportation facilities, a credit is necessary for future debt payments.

Fiscal Year	Payment	Projected Ave. Daily Person Trips	Payment/ Person Trip
Base Year	$3,751,763	735,171	$5.10
2019	$4,314,139	739,943	$5.83
2020	$4,060,134	744,715	$5.45
2021	$3,772,123	749,487	$5.03
2022	$3,633,359	754,260	$4.82
2023	$3,323,658	759,032	$4.38
2024	$2,916,044	763,804	$3.82
2025	$2,815,726	768,576	$3.66
2026	$2,591,944	773,348	$3.35
2027	$2,374,976	778,120	$3.05
2028	$2,147,023	782,892	$2.74
Total	**$35,700,889**		**$47.24**
		Discount Rate	3.00%
		Total Credit	**$41.00**

Transportation Impact Fee Analysis

- Maximum Defensible Fee – **High Readiness only**

Input Variables	Cost per Trip for Multimodal Projects =>	$152
	Cost per Trip for Signals =>	$168
	Debt Service Credit per Trip =>	($41)
	Capital Cost per Person Trip	**$279**

Development Type	Avg Wkdy Person Trip Ends	Trip Rate Adjustment	Maximum Defensible Fee
Residential (per housing unit)			
Single Family/Duplex	13.34	58%	**$2,159**
Multifamily	6.32	58%	**$1,023**
Nonresidential (per 1,000 square feet of floor area)			
Retail & Service	77.80	38%	**$8,248**
Office	20.07	50%	**$2,800**
Industrial	8.10	50%	**$1,130**
Institutional	22.09	50%	**$3,082**
Nonresidential (per room)			
Hotel/Motel	17.23	50%	**$2,404**

Transportation Impact Fee Analysis

- Transportation Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Multimodal Projects	$15,930,000	$7,265,000
Signals	$11,375,000	$8,031,250
Total Expenditures	**$27,305,000**	**$15,296,250**

Projected Transportation Impact Fee Revenue

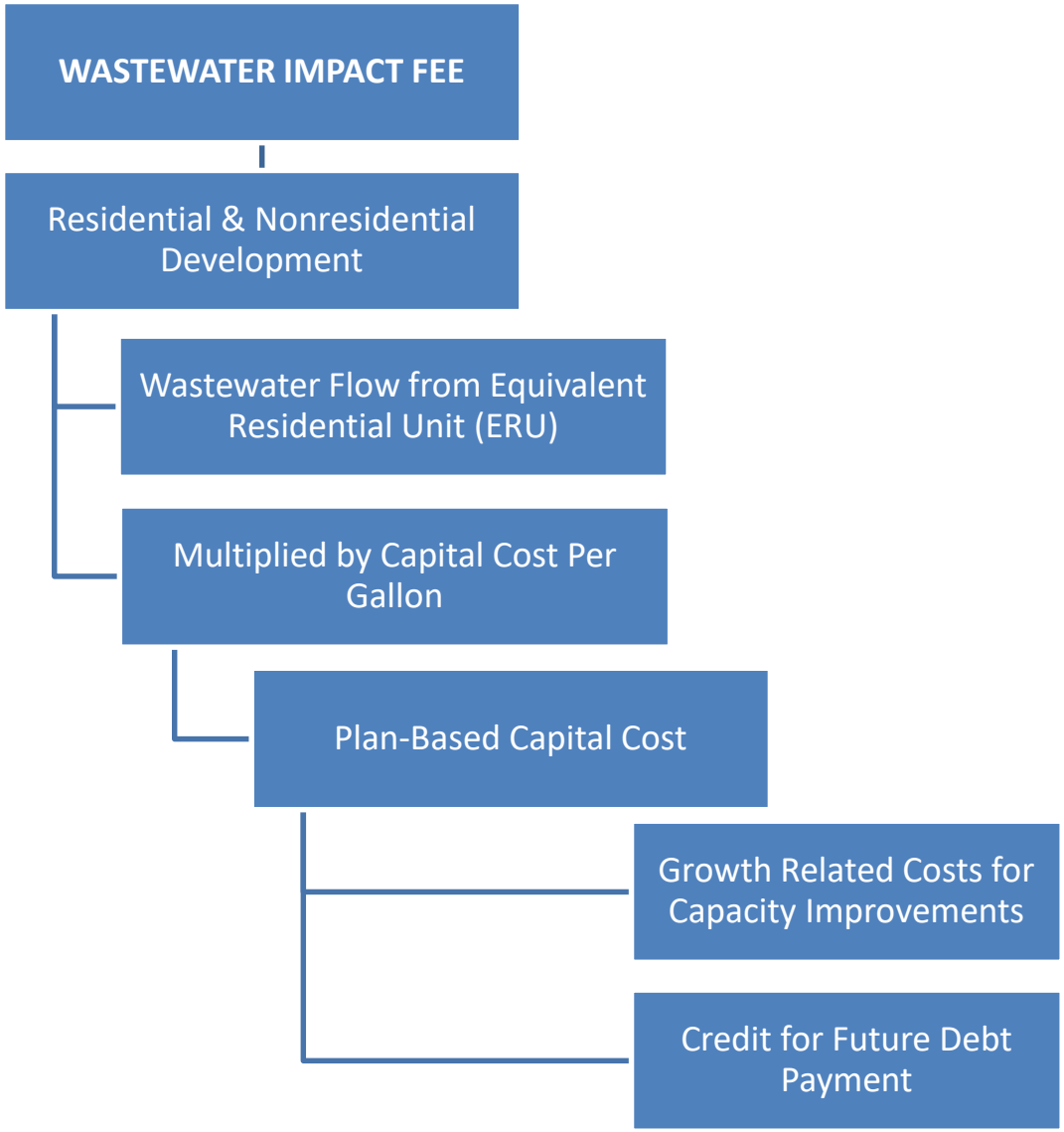
Year		Single Family Housing Units	Multifamily Housing Units	Retail & Service 1,000 Sq. Ft.	Office 1,000 Sq. Ft.	Industrial 1,000 Sq. Ft.	Institutional 1,000 Sq. Ft.
Base	2018	21,047	16,575	9,817	9,318	7,225	8,909
Year 1	2019	21,080	16,829	9,874	9,403	7,289	8,980
Year 2	2020	21,113	17,083	9,931	9,489	7,353	9,050
Year 3	2021	21,147	17,336	9,988	9,574	7,418	9,121
Year 4	2022	21,180	17,590	10,045	9,660	7,482	9,191
Year 5	2023	21,213	17,844	10,102	9,745	7,546	9,262
Year 6	2024	21,246	18,098	10,159	9,830	7,611	9,332
Year 7	2025	21,279	18,352	10,216	9,916	7,675	9,402
Year 8	2026	21,313	18,605	10,273	10,001	7,739	9,473
Year 9	2027	21,346	18,859	10,330	10,087	7,804	9,543
Year 10	2028	21,379	19,113	10,387	10,172	7,868	9,614
Ten-Year Increase		**332**	**2,538**	**571**	**854**	**643**	**704**
Transportation Impact Fee		$2,159	$1,023	$8,248	$2,800	$1,130	$3,082
Revenue Subtotal		**$716,788**	**$2,596,374**	**$4,709,608**	**$2,391,200**	**$726,590**	**$2,169,728**

Source: TischlerBise analysis

Projected Revenue => $13,310,288
Total Expenditures => $15,296,250
General Fund's Share => $1,985,962

Wastewater Impact Fee Analysis

- Plan-Based Methodology



Wastewater Impact Fee Analysis

- Sewer & Stormwater Component – Future Wastewater Projects

Project Title	Total	Growth's Share	Growth's Cost
CSO - Close CSO #42	$2,000,000	10%	$200,000
CSO - Mackworth Street and Ocean Avenue Sewer Separation Project	$6,850,000	10%	$685,000
CSO - Dartmouth Street Sewer Separation Project	$2,520,000	10%	$252,000
CMOM - Inflow and Infiltration Program	$4,050,000	50%	$2,025,000
CMOM - Pump Station Rehabilitation	$3,350,000	25%	$837,500
Eastern Waterfront Sewer / Stormwater Extension & Outfall (Thames St)	$1,025,000	85%	$871,250
Franklin Street Storm Drain	$5,300,000	75%	$3,975,000
Warren Ave Storm Drain - 517 Warren Ave to 659 Warren Ave	$990,000	10%	$99,000
TOTAL	$26,085,000		$8,944,750

Growth's Cost of Wastewater Projects	$8,944,750
10-Year Increase in Wastewater Flow (gallons)	403,049
Capital Cost per Gallon	**$22.19**

Wastewater Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for wastewater facilities, a credit is necessary for future debt payments on past sewer and stormwater projects.

Fiscal Year	Payment	Projected Wastewater Flow (gals)	Payment/ Gallon
Base Year	$4,984,702	5,661,470	$0.88
2019	$5,301,355	5,701,775	$0.93
2020	$5,185,898	5,742,080	$0.90
2021	$5,039,052	5,782,385	$0.87
2022	$4,943,283	5,822,690	$0.85
2023	$4,435,393	5,862,995	$0.76
2024	$4,084,329	5,903,299	$0.69
2025	$4,023,542	5,943,604	$0.68
2026	$3,924,669	5,983,909	$0.66
2027	$3,833,159	6,024,214	$0.64
2028	$3,671,719	6,064,519	$0.61
Total	**$49,427,101**		**$8.47**
		Discount Rate	3.00%
		Total Credit	**$7.22**

Wastewater Impact Fee Analysis

- Maximum Defensible Fee

Growth Capital Cost per Gallon =>	$22.19
Debt Service Credit per Gallon =>	($7.22)
Capital Cost per Gallon of Capacity =>	**$14.97**
Max Daily Gallons per ERU =>	**126**

Meter Size (inches)	Capacity Ratio	Maximum Defensible Fee
All Development (per meter)		
5/8	1.00	**$1,886**
3/4	1.50	**$2,829**
1	2.50	**$4,715**
1.5	5.00	**$9,430**
2	8.00	**$15,088**
3	16.00	**$30,176**
6	50.00	**$94,300**
8	80.00	**$150,880**

Source: American Water Works Association, Principles of Water Rates, Fees, and Charges, M1, 7th ed., 2017; TischlerBise analysis

Wastewater Impact Fee Analysis

- Wastewater Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Wastewater Facilities	$26,085,000	$8,944,750
Total Expenditures	**$26,085,000**	**$8,944,750**

Projected Wastewater Impact Fee Revenue

		Residential	Nonresidential
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
Ten-Year Increase		**4,279**	**6,890**
Water Demand, per Pop./Job		35.2	40.6
Cost per Gallon		$14.97	$14.97
Revenue Subtotal		**$2,254,793**	**$4,187,618**

Source: TischlerBise analysis

Projected Revenue =>	**$6,442,411**
Total Expenditures =>	**$8,944,750**
Sewer Fund's Share =>	**$2,502,339**

City of Portland Impact Fee Study

o Maximum Defensible Impact Fees

Development Type	Parks & Rec	Transportation	Wastewaster	Total
Residential (per housing unit/per water meter)				
Single Family/Duplex	$1,126	$2,159	$1,886	**$5,171**
Multifamily	$752	$1,023	$1,886	**$3,661**
Nonresidential (per 1,000 square feet/per water meter)				
Retail	$534	$8,248	$4,715	**$13,497**
Office	$677	$2,800	$4,715	**$8,192**
Industrial	$363	$1,130	$4,715	**$6,208**
Institutional	$645	$3,082	$4,715	**$8,442**
Accommodation (per hotel room/per water meter)				
Hotel	$875	$2,404	$4,715	**$7,994**

Note: a 5/8 inch meter is shown for residential development and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size.

Comments/Questions

Comparables

- Impact fees from comparable communities nationwide compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Burlington, VT	Concord, NH	Freeport, ME	Bozeman, MT	Boulder, CO	Eugene, OR	National Averages (2015)*
Parks and Recreation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$1,126	$1,486	$1,094	-	-	$5,603	$4,246	$2,812
Multifamily	$752	$743	$664	-	-	$3,936	$2,686	$2,099
Retail	$534	$418	-	-	-	-	$413	n/a
Office	$677	$418	-	-	-	-	$1,134	n/a
Industrial	$363	$422	-	-	-	-	$694	n/a
Institutional	$645	$418	-	-	-	-	$1,134	n/a
Hotel	$875	$418	-	-	-	-	$1,697	n/a
Transportation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$2,159	$386	$2,110	$1,500 for the first	$4,497	$216	$2,113	$3,256
Multifamily	$1,023	$196	$1,450	2,500 GFA plus	$3,053	$149	$1,226	$2,201
Retail	$8,248	$736	$3,330	$300 for each	$10,476	$540	$5,093	$5,605
Office	$2,800	$676	$1,700	additional 250	$4,535	$220	$3,212	$3,403
Industrial	$1,130	$262	$1,090	GFA. Not	$2,866	$140	$2,050	$2,063
Institutional	$3,082	$676	$2,207	exceeding	$5,435	$180	$1,965	n/a
Hotel	$2,404	$676	$1,817	$30,000.	$2,315	$168	$1,268	n/a
Wastewater (per meter)								
Single Family/Duplex	$1,886	-	-	-	$775	-	$2,396	$3,694
Multifamily	$2,829	-	-	-	$1,545	-	$2,040	$1,777
Retail	$4,715	-	-	-	$3,556	-	$683	$663
Office	$4,715	-	-	-	$3,556	-	$1,036	$640
Industrial	$4,715	-	-	-	$3,556	-	$687	$642
Institutional	$4,715	-	-	-	$3,556	-	$2,163	n/a
Hotel	$4,715	-	-	-	$3,556	-	$2,817	n/a

*Source: National Impact Fee Survey: 2015, Duncan Associates, November, 2015

Note: Single family units are assumed to be 2,000 square feet and multifamily units to be 1,000 square feet. A 5/8 inch meter is shown for single family development, 3/4 inch for multifamily development, and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size. To estimate general transportation fees for Scarborough, ME the PM peak hour trip generation rates from Trip Generation, Institute of Transportation Engineers, 10th Edition (2017) are used.

Not shown in the figure are the additional impact fees the comparable communities assess including school, fire, and police.

Comparables

- Impact fees from surrounding communities compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Brunswick[1]	Gorham[2]	Saco[3]	North Berwick	Berwick[4]	Scarborough	Freeport	Sanford	York	Lewiston
Parks and Recreation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	$1,126	$197 (avg.)	$1,715	$1,700	$500/bedro	$1,988	-	-	-	-	-
Multifamily	$752	$142 (avg.)	$1,108	-	$500/bedro	$1,317	-	-	-	-	-
Retail & Services	$534	-	-	-	-	-	-	-	-	-	-
Office	$677	-	-	-	-	-	-	-	-	-	-
Industrial	$363	-	-	-	-	-	-	-	-	-	-
Institutional	$645	-	-	-	-	-	-	-	-	-	-
Hotel	$875	-	-	-	-	-	-	-	-	-	-
Transportation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	$2,159	-	-	-	-	-	$1,042/PM peak hour trip ends (Dunstan), $990/PM peak hour trip ends (Haigis Pkwy).	$1,500 for the first 2,500 GFA plus $300 for each additional 250 GFA. Not to exceed $30,000.	$261 - $1,013/PM peak hour trip, depending on location.	-	In certain areas based on traffic study
Multifamily	$1,023	-	-	-	-	-				-	
Retail	$8,248	-	-	-	-	-				-	
Office	$2,800	-	-	-	-	-				-	
Industrial	$1,130	-	-	-	-	-				-	
Institutional	$3,082	-	-	-	-	-				-	
Hotel	$2,404	-	-	-	-	-				-	
Wastewater (meter size, inches)											
5/8	$1,886	-	-	$2,700/ 185 gpd	-	-	Specialized sewer assessment for certain areas	-	-	$2,500/ unit or EDU	$790
3/4	$2,829	-	-		-	-		-	-		$1,140
1	$4,715	-	-		-	-		-	-		$2,020
1.5	$9,430	-	-		-	-		-	-		-
2	$15,088	-	-		-	-		-	-		$8,075
3	$30,176	-	-		-	-		-	-		$18,165
6	$94,300	-	-		-	-		-	-		$72,650
8	$150,880	-	-		-	-		-	-		$129,150

[1] Brunswick has a graduated park impact fee based on size of unit. For purposes of comparison, single family and multifamily fees have been averaged.

[2] Gorham has a graduated park impact fee for multifamily units based on size of unit. For purposes of comparison, multi-family fees have been averaged.

[3] Saco charges separate recreation and open space fees, which have been combined here.

[4] Berwick has a graduated park and recreation impact fee for singlefamily and multifamily units based on number of bedrooms. Fees have been averaged.

Fee Examples

- The table below illustrates the impact fee for several different types of developments.

Development Type	Parks & Rec	Transportation	Wastewaster	Maximum Defensible Fee
Multifamily Rental (75 housing units)	$56,400	$76,725	$30,176^	**$163,301**
Multifamily Condominium (50 housing units)	$37,600	$51,150	$30,176^	**$118,926**
Downtown Hotel (150 bedrooms)	$131,250	$360,600	$30,176^	**$522,026**
Highway/ Airport Hotel (200 bedrooms)	$175,000	$480,800	$30,176^	**$685,976**
Office (50,000 square feet) + Retail (7,500 square feet)	$37,855	$201,860	$15,088*	**$254,803**
Industrial (50,000 square feet)	$18,150	$56,500	$15,088*	**$89,738**
Shopping Center (105,000 square feet)	$56,070	$866,040	$30,176^	**$952,286**

Note: The wastewater fee is based on meter size, not level of development. Developments noted with ^ are assumed to have a 3 inch meter. Developments noted with * are assumed to have a 2 inch meter.

Appendix

- Share of Impact Days Calculation
  - The calculation multiples the number of peak season residents (permanent, seasonal, and visitors) and inflow commuters by the number of days within the City of Portland.
  - Local workers are included within the total for residents.

Residents and Inflow Commuters in 2015

		Cumulative Impact Days per Year			Cost Allocation for Parks	
Residents	Inflow Commuters	Residential[1]	Nonresidential[2]	Total	Residential	Nonresidential
82,049	47,245	29,948,016	11,811,250	41,759,266	72%	28%

1. Days per Year = 365

2. Days per Year = 250 (5 Days per Week x 50 Weeks per Year)

Source: U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics.

Appendix

- To understand the effect of the maximum defensible fees on affordable housing, a household with 80% of the City's median income is compared to the cost of living.

Median Annual Household Income (2016)	Median Annual Household Income (2018)	Household Income Factor	80% of Median Annual Income	Monthly Income
$65,571	$68,560	80%	$54,848	**$4,571**

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; U.S. Bureau of Labor Statistics CPI Calculator

Current Housing Affordability

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	$4,571	$1,733	**37.9%**
Renter-Occupied	$4,571	$1,013	**22.2%**

Housing Affordability with Impact Fees

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	$4,571	$1,763	**38.6%**
Renter-Occupied	$4,571	$1,023	**22.4%**

Impact Fee Effect on Affordable Housing

Condition	Change
Owner-Occupied	**0.7%**
Renter-Occupied	**0.2%**

Monthly cost of living components for a owner-occupied unit include: mortgage payment, property tax, stormwater fee, utilities, digital utilities, and homeowners insurance.

Monthly cost of living for a renter-occupied unit is from the US Census and adjusted for inflation.

Appendix

- Residential Development Projections
  - To capture the full demand on City facilities, projections include seasonal and visitor populations
    - The seasonal population is considered those that have a second home in Portland
    - The visitor population includes overnight and day visitors to the City

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	3,391
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	457
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	431
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	4,279
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	332
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	2,538
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	2,870

Source: Portland's Plan 2030; TischlerBise analysis

Appendix

o Nonresidential Development Projections

Industry	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	1,337
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	2,537
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	1,023
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	1,992
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	6,890
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	571
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	854
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	643
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	704
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	2,773

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

Appendix

o Projected Average Daily Person Trips

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	2,570
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	9,314
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	11,884
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	16,871
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	8,579
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	2,605
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	7,782
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	35,837
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	39,607
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	836
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	7,279
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Appendix

- Average Daily Person Trips by Development Type

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.23	1.76
Hotel	17.23	50%	8.62	7.07	0.17	1.38

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses, except Hotel is shown per hotel room.

Appendix

- Water Meter Capacity by Size

Meter Size (inches)	Meter Capacity	Capacity Ratio
5/8	20	1.00
3/4	30	1.50
1	50	2.50
1 1/2	100	5.00
2	160	8.00
3	320	16.00
6	1,000	50.00
8	1,600	80.00

Capacity ratios are based on meter capacity standards published by American Water Works Association, *Principles of Water Rates, Fees, and Charges, M1,* 7th ed., 2017

Attachment 6

TischlerBise
FISCAL | ECONOMIC | PLANNING

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MEMORANDUM

TO: Helen Donaldson, City of Portland, Planning and Urban Development

FROM: Carson Bise, AICP, TischlerBise
Colin McAweeney, TischlerBise

DATE: June 5, 2018

RE: **DRAFT** Demographic Data and Development Projections for Impact Fee Study

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As part of our Work Scope, TischlerBise has prepared documentation on demographic data and development projections that will be used in the Impact Fee Study for Transportation, Parks and Open Space, and Wastewater. The data estimates and projections are used in the study's calculations and to illustrate the possible future pace of service demands on the City's infrastructure. Furthermore, the memo demonstrates the history of development and base year development levels in Portland. The base year assumptions are used in the impact fee calculations to determine current levels of service.

The factors provide assumptions for the final impact fee model and, once finalized, this memo will become part of the final report and/or model documentation.

This memo includes discussion and findings on:

- Household/ Housing Unit Population
- Current population and housing unit estimates
- Residential projections
- Current employment and nonresidential floor area estimates
- Nonresidential projections
- Current and projected person vehicle trips
- Current and projected wastewater flows

Note: calculations throughout this technical memo are based on an analysis conducted using Excel software. Results are discussed in the memo using one-and two-digit places (in most cases), which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

POPULATION AND HOUSING CHARACTERISTICS

Impact fees often use per capita standards and persons per housing unit or persons per household to derive proportionate share fee amounts. Housing types have varying household sizes and, consequently, a varying demand on City infrastructure and services. Thus, it is important to differentiate between housing types and size.

When persons per housing unit (PPHU) is used in the fee calculations, infrastructure standards are derived using year-round population. In contrast, when persons per household (PPHH) is used in the fee calculations, the fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. From the Maine Office of Tourism, the Greater Portland and Casco Bay region saw 5.4 million visitors in 2016. As a result, it is not just permanent residents occupying housing units in Portland. In response, City infrastructure and operating service levels are sized to accommodate not just permanent residents, but seasonal residents, seasonal workers, and visitors as well. Thus, TischlerBise recommends that fees for residential development in the City of Portland be imposed according to the persons per household (PPHH).

Persons per household (PPHH) will be held constant over the projection period since the study represents a "snapshot approach" of current levels of service and costs. Based on household characteristics, TischlerBise recommends using two housing unit categories for the impact fee study: (1) Single Family and (2) Multifamily. "Single family/Duplex" units include single family detached, single family attached, duplexes, and mobile homes, as defined in the City's land use code. Multifamily units include structures with more than 2 units. Figure 1 shows the US Census, American Community Survey 2016 5-Year Estimates data for the City of Portland. Single family/Duplex units have a household size of 2.38 persons per unit and multifamily units have a household size of 1.59 persons per unit.

Additionally, single family/duplex units have a vacancy rate of 9.8 percent and are 70 percent of the housing stock in Portland. Multifamily units have a vacancy rate of 9.4 percent and are 30 percent of the housing stock in Portland.

Figure 1. Persons per Household

Type of Structure	Persons	House-holds	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Family/Duplex Unit[1]	50,010	21,052	**2.38**	23,338	2.14	69.8%	9.8%
Multifamily Unit[2]	14,542	9,149	**1.59**	10,098	1.44	30.2%	9.4%
Total	64,552	30,201	**2.14**	33,436	1.93		9.7%

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates
[1] Includes detached, attached, duplexes, and mobile home units.
[2] Includes structures with more than 2 units.

BASE YEAR POPULATION AND HOUSING UNITS

Permanent Residents

Along with the population estimate for residents in single family and multifamily units, the American Community Survey provides population estimates for those residing in group quarters (i.e. student housing and military residents). Found in Figure 2, the household population and group quarters are considered the City's permanent population. In 2016 it is estimated that the permanent population was 66,627.

Figure 2. Permanent Population, 2016

Type of Structure	Persons	%
Single Family/Duplex Unit	50,010	75.1%
Multifamily Unit	14,542	21.8%
Group Quarters	2,075	3.1%
Total	**66,627**	**100.0%**

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

In the recently published *Portland's Plan 2030,* several population growth scenarios, modeled by the Greater Portland Council of Governments (GPCOG), are played out. The comprehensive plan shows that a medium-level growth scenario would result in a 2030 population of 71,374. Using this projection for the impact fee study, by 2030 the City of Portland is forecasted to have a permanent population of 71,374. To estimate the City's population in the interim years, a straight-line approach is used. Figure 3 illustrates the growth in permanent population. In the base year, 2018, there is estimated to be 67,305 permanent residents in Portland.

Figure 3. Base Year Permanent Population

				5-Year Increments				
	2016	2017	Base Year 2018	2019	2020	2025	2030	Total Increase
Permanent Population	66,627	66,966	67,305	67,644	67,983	69,679	71,374	**4,747**
Percent Increase		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	**7.1%**

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates; City of Portland Planning Department; TischlerBise analysis

Seasonal Residents

As mentioned, the impact fee study will be using a peak population of Portland because of the large tourism industry. It is assumed that City infrastructure and services are sized to serve a peak population not just the permanent population. In this case, two additional populations need to be calculated: seasonal and visitor. The seasonal population includes residents who have second homes in Portland and the seasonal labor influx during peak tourism months. The visitor population includes overnight and day visitors.

To calculate the seasonal population, the study assumes full occupancy of the housing units in the city. From the US Census data, in 2016, there were 2,286 vacant single family/duplex homes and 949 vacant multifamily homes. The seasonal population is calculated by multiplying the units by the corresponding the persons per household factor (PPHH). In 2016, there was a seasonal population of 6,950.

Figure 4. Seasonal Population, 2016

Type of Structure	Vacant Units	Persons per Household	Seasonal Population
Single Family/Duplex Unit[1]	2,286	2.38	**5,441**
Multifamily Unit[2]	949	1.59	**1,509**
Total	3,235	2.15	**6,950**

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates
[1] Includes detached, attached, duplexes, and mobile home units.
[2] Includes structures with more than 2 units.

Seasonal Visitors

The visitor population for Portland is found by first analyzing the state and regional totals. In 2016, there were 41.2 million visitors to Maine. The majority of the visitors came in the summer, resulting in the average daily number of visitors in the summer being 185 percent of the annual average.

Figure 5. State of Maine Visitor Totals, 2016

Season	Total Visitors	Average Daily Visitors	Percent of Annual Ave.
Winter	5,615,670	46,156	41%
Summer	25,328,066	208,176	**185%**
Fall	10,230,660	84,088	75%
Total	41,174,396	112,807	100%

Source: Maine Office of Tourism, *2016 Calendar Year Annual Report*

According to the Maine Office of Tourism (MOT), there were 5,360,000 visitors (overnight and day visitors) to the Greater Portland and Casco Bay Region in 2016. Results of the MOT's visitor survey indicate that the Portland's Waterfront was the top attraction for 33 percent of overnight visitors and for 30 percent of day visitors. The study will use a conservative method and use these percentages to allocate the regional visitor total to the City of Portland.

In Figure 6, the City of Portland's daily peak visitor population is calculated. The estimated total of overnight visitors to Portland is 745,800. The estimated total of day visitors to Portland is 930,000. As a result, the total annual visitors to the City of Portland is 1,675,800, or an average of 4,591 per day. Found above, during the summer statewide, the visitor population spikes to 185 percent of the annual average. This factor is applied to the City's average to calculate the daily peak season visitor total. As a result, in 2016, it is estimated that the City of Portland's daily peak season visitor population was 8,473.

Figure 6. City of Portland Peak Season Visitor Population, 2016

Overnight Visitors to Region	2,260,000
City's Proportion of Region	33%
Overnight Visitors to Portland	**745,800**
Day Visitors to Region	3,100,000
City's Proportion of Region	30%
Day Visitors to Portland	**930,000**
Total Annual Visitors to Portland	**1,675,800**
Average Daily Visitors	4,591
Peak Season Multipler	185%
Daily Peak Season Visitor Total	**8,473**

Source: Maine Office of Tourism, 2016; TischlerBise Analysis

The study assumes that the visitor population will have a positive relationship and follow the permanent population's growth. From 2016 to 2018 there is a 1.02 percent increase in permanent population in Portland; this is applied to the visitor population to calculate the base year total. It is assumed that during the peak seasonal period the City's seasonal population (seasonal residents and workers) occupies the vacant housing units. As a result, the seasonal population is calculated based on housing growth, described in the next section of the report. In 2018, it is estimated that the peak population for the City of Portland is 83,250.

Figure 7. Base Year Peak Population

	2016	2017	Base Year 2018
Peak Population			
Permanent	66,627	66,966	**67,305**
Seasonal	6,950	7,168	**7,386**
Visitor	8,473	8,516	**8,559**
Total	82,049	82,650	**83,250**

Source: TischleBise analysis

Base Year Housing Stock

To understand the housing growth in the City of Portland, the building permit data from the last five years is collected in Figure 8. Over the past 5 years there has been an increase of 1,435 housing units in Portland and, on average, there have been 33 single family/duplex and 254 multifamily housing units constructed annually. It is assumed this trend will continue and the averages are used to project housing development in the City of Portland.

Figure 8. Permitted Housing Units

Housing Type	2013	2014	2015	2016	2017	Total	Average
Single Family/Duplex	26	53	23	38	26	166	**33**
Multifamily	168	97	187	611	206	1,269	**254**
Total	194	150	210	649	232	1,435	**287**

Source: City of Portland Planning Department

By examining parcel data provided by the City with a GIS (Geographic Information System) software, the base year housing stock is estimated in Figure 9. In total, 56 percent of the housing in the City of Portland is single family/duplex and 44 percent multifamily. Consistent with the City's land use code, single family units include single family detached, single family attached, duplexes, and mobile homes. Multifamily units include structures with 3 or more units.

Figure 9. Base Year Housing Stock (Housing Units)

Housing Type	Base Year 2018	%
Single Family/Duplex	21,047	56%
Multifamily	16,575	44%
Total	**37,622**	**100%**

Source: City of Portland GIS Data

POPULATION AND HOUSING UNIT PROJECTIONS

Illustrated in Figure 10, by using the projections from *Portland's Plan 2030* for permanent population, a growth of 3,391 residents is projected by 2028. The seasonal population is assumed to grow with housing development. The vacancy rates found in Figure 1 are assumed to hold through the projection period and the seasonal population is found by combining the estimated vacant units with the corresponding PPHH factor. Lastly, to project the daily peak visitor population growth, the annual percent increase in permanent population is applied. Overall, there is a peak population increase of 4,279. Of the total population in 2028, 81 percent is permanent, 9 percent is seasonal, and 10 percent is visitor population.

To project the housing unit growth in Portland, the five-year annual average of building permits is used (see Figure 8). Over the ten-year projection period, the housing stock in the city is estimated to increase by 2,870 units (88 percent multifamily units).

Figure 10. City of Portland Annual Residential Development Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	**3,391**
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	**457**
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	**431**
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	**4,279**
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	**332**
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	**2,538**
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	**2,870**

Source: Portland's Plan 2030; TischlerBise analysis

CURRENT EMPLOYMENT AND NONRESIDENTIAL FLOOR AREA

The impact fee study will include nonresidential development as well. According to the U.S. Census Bureau's web application, OnTheMap, there were 65,203 jobs in Portland in 2015. The education, health care, and social assistance services accounted for the largest percentage of the total (26.2 percent).

Figure 11. Employment by Industry Sector, 2015

Industry Sector	Employment	%
Agriculture, forestry, fishing and hunting, and mining	18	0.0%
Utilities	395	0.6%
Construction	2,015	3.1%
Manufacturing	2,714	4.2%
Wholesale trade	2478	3.8%
Retail trade	5,302	8.1%
Transportation and warehousing, and utilities	2,065	3.2%
Information	1,529	2.3%
Finance and insurance, and real estate and rental and leasing	8,114	12.4%
Professional, scientific, mgmt. , admin., and waste mgmt. services	11,893	18.2%
Educational services, and health care and social assistance	17,057	26.2%
Arts, entertainment, recreation, accommodation, and food services	7,354	11.3%
Other services, except public administration	2,475	3.8%
Public administration	1,794	2.8%
Total	**65,203**	**100.0%**

Source: U.S. Census Bureau, OnTheMap 2015

The fourteen industry sectors in Figure 11 have been compiled into four industries: retail, office, industrial, and institutional. The City of Portland's employment is pretty well dispersed between the industries, with the institutional and office industries accounting for the highest percentages of employment, Figure 12.

Figure 12. Employment by Industry, 2015

Industry	Jobs	%
Retail	12,656	19%
Office	24,011	37%
Industrial	9,685	15%
Institutional	18,851	29%
Total	**65,203**	**100%**

Source: U.S. Census Bureau, OnTheMap 2015

Since the breakdown is for 2015, a projection is necessary to estimate the job totals for the base year. To estimate the current employment in the City of Portland, employment projections from Portland Area Comprehensive Transportation System (PACTS) are used. Based on employment projections at the Traffic Analysis Zone (TAZ) level, PACTS forecast an employment increase of 27.5 percent from 2014 to 2040. The annual percent increase of the PACTS projection is used to calculate the employment growth in Figure 13. The breakdown by industry in Figure 12 is then applied to total increase to calculate the growth in each industry. In the base year, it is estimated that there are 67,270 jobs in Portland.

Figure 13. Base Year Employment

	2015	2016	2017	Base Year 2018
Employment				
Retail	12,656	12,790	12,923	13,057
Office	24,011	24,265	24,518	24,772
Industrial	9,685	9,787	9,890	9,992
Institution	18,851	19,050	19,249	19,449
Total	**65,203**	**65,892**	**66,581**	**67,270**

Source: Portland Area Comprehensive Transportation System (PACTS); TischlerBise analysis

Base year nonresidential floor area for the retail, office, industrial, and institutional industry sectors are calculated with GIS parcel data provided by City staff. In Figure 14, there is a total of 35.3 million square feet of nonresidential floor area in Portland in 2018, with all sectors accounting for at least 20 percent. Additionally, the figure lists the City's land use categories used to determine the floor area of each industry.

Figure 14. Base Year Nonresidential Floor Area

Industry	Nonresidential Sq. Ft.	%	Land Use Categories
Retail	9,816,540	28%	Multiuse Commercial, Retail & Personal Services
Office	9,317,766	26%	Office & Business Services, Communications, Commercial Condos
Industrial	7,224,665	20%	Manufacturing & Constr., Multiuse Ind., Transport., Warehouse, Wholesale
Institutional	8,909,498	25%	Charitable, Government, Scientific Inst., Religious, Other Exempt by Law
Total	**35,268,468**	**100%**	

Source: City of Portland GIS data

NONRESIDENTIAL FLOOR AREA AND EMPLOYMENT PROJECTIONS

To project nonresidential floor area, square feet per employee factors from the Institute for Transportation Engineer's Trip Generation (2017) are used. To estimate the factor for retail, the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used (Figure 16).

Figure 15. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Emp Per Dmd Unit	Sq Ft Per Emp
110	Light Industrial	1,000 Sq Ft	1.63	615
130	Industrial Park	1,000 Sq Ft	1.16	864
140	Manufacturing	1,000 Sq Ft	1.59	628
150	Warehousing	1,000 Sq Ft	0.34	2,902
254	Assisted Living	bed	0.61	na
320	Motel	room	0.13	na
520	Elementary School	1,000 Sq Ft	0.93	1,076
530	High School	1,000 Sq Ft	0.63	1,581
540	Community College	student	0.08	na
550	University/College	student	0.18	na
565	Day Care	student	0.19	na
610	Hospital	1,000 Sq Ft	2.83	354
620	Nursing Home	1,000 Sq Ft	2.28	438
710	General Office (avg size)	1,000 Sq Ft	2.97	337
760	Research & Dev Center	1,000 Sq Ft	3.42	292
770	Business Park	1,000 Sq Ft	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	2.34	427

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Found in Figure 17, job growth over the next ten years is projected to follow PACTS' annual percentage increase forecast. In total, 6,890 new jobs are projected by 2028. Each industry sector is projected to have an increase over 1,000 jobs, with office topping the four with an increase of 2,537 jobs.

To project floor area, the square foot per job factors are applied to the corresponding job totals. Over the next ten years, it is projected that there will be a growth of 2.8 million nonresidential square feet in the City of Portland. The office and institutional industries are projected to have the largest increases in floor area, both over 700,000 square feet.

Figure 16. Employment and Nonresidential Floor Area Projections

Industry	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	**1,337**
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	**2,537**
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	**1,023**
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	**1,992**
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	**6,890**
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	**571**
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	**854**
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	**643**
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	**704**
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	**2,773**

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

PERSON TRIP GENERATION

Portland is a unique community with residents and workers using varying modes to travel. In general, an impact fee study calculates future developments' impact on the City's transportation infrastructure. In suburban, greenfield communities that concentrate on roadway expansion to accommodate new vehicles, a development's impact is best estimated by calculating the new vehicle trips or vehicle miles traveled (VMT) generated by the development. However, based on the urban environment and residents' travel behaviors, a multimodal approach is necessary for the City of Portland. This is also consistent with the capital improvements identified in the City's Capital Improvement Plan. As such, the multimodal approach will calculate the daily person trips generated by the varying development types in the study. To encompass the varying modes of travel used in Portland, the methodology includes persons per vehicle trip, transit trip, and non-motorized trips.

Person Trip Methodology

According to the Institute of Transportation Engineers (ITE), there are several elements necessary to calculate person trips. The following equation is provided in the ITE's Trip Generation Handbook (2017):

Person trips = [(vehicle occupancy) x (vehicle trips)] + transit trips + walk trips + bike trips

To create a more streamlined approach, this study uses "non-motorized trips" as the sum of walk trip and bike trips. The Trip Generation Handbook outlines the general approach to calculating person trips (further detail of methodology used is described in following sections):

1. **Estimate vehicle trips generated by development type.**
    a. This study uses the vehicle trip rates found in ITE's Trip Generation Manual (2017).

2. **Determine mode share and vehicle occupancy.**
    a. Trip survey data from the National Household Transportation Survey (2017) is used to calculate needed factors.
3. **Convert vehicle trips to person trips.**
    a. This conversion calculates the total person trips by combining the vehicle trip mode share and vehicle occupancy.
4. **Calculate the estimated person trips by mode.**
    a. The mode share split is applied to the total person trip rate to calculate the specific person trip rate for vehicle, transit, and non-motorized trips per land use.

Residential Vehicle Trips

A customized vehicle trip rate is calculated for the single family and multifamily units in the City of Portland. In Figure 18, the most recent data from the American Community Survey is inputted into equations provided by the ITE to calculate the vehicle trip ends per housing unit factor. A single family/duplex unit is estimated to generate 7.6 trip ends on an average weekday and a multifamily unit is estimated to generate 3.6 trip ends on an average weekday.

Figure 17. Customized Residential Vehicle Trip End Rates

		Households (2)			Vehicles per
	Vehicles Available (1)	Single Family/Duplex	Multifamily Units	Total HHs	Household by Tenure
Owner-occupied	23,000	12,312	680	12,992	1.77
Renter-occupied	17,976	8,740	8,469	17,209	1.04
TOTAL	**40,976**	**21,052**	**9,149**	**30,201**	**1.36**
Housing Units (6) =>		23,338	10,098	33,436	
Persons per Housing Unit =>		2.14	1.44	1.93	

	Persons (3)	Trip Ends (4)	Vehicles by Type of Housing	Trip Ends (5)	Average Trip Ends	**Trip Ends per Housing Unit**
Single Family/Duplex	50,010	154,055	30,926	202,330	178,192	**7.60**
Multifamily	14,542	33,220	10,050	39,892	36,556	**3.60**
TOTAL	**64,552**	**187,275**	**40,976**	**242,222**	**214,748**	**6.40**

(1) Vehicles available by tenure from Table B25046, 2012-2016 American Community Survey 5-Year Estimates.
(2) Households by tenure and units in structure from Table B25032, American Community Survey, 2012-2016.
(3) Persons by units in structure from Table B25033, American Community Survey, 2012-2016.
(4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is EXP(0.89*LN(persons)+1.72). To approximate the average population of the ITE studies, persons were divided by 286 and the equation result multiplied by 286. For multifamily housing (ITE 221), the fitted curve equation is (2.29*persons)-81.02.
(5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is EXP(0.99*LN(vehicles)+1.93). To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 485 and the equation result multiplied by 485. For multifamily housing (ITE 220), the fitted curve equation is (3.94*vehicles)+293.58 (ITE 2012).
(6) Housing units from Table B25024, American Community Survey, 2012-2016.

Nonresidential Vehicle Trips

Vehicle trip generation for nonresidential land uses are calculated by using ITE's average daily trip end rates found in their recently published 10th edition of Trip Generation. To estimate the trip generation in Portland, the weekday trip end per 1,000 square feet factors highlighted in Figure 19 are used. To estimate the trip generation for retail the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used.

Figure 18. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Wkdy Trip Ends Per Dmd Unit	Wkdy Trip Ends Per Employee
110	Light Industrial	1,000 Sq Ft	4.96	3.05
130	Industrial Park	1,000 Sq Ft	3.37	2.91
140	Manufacturing	1,000 Sq Ft	3.93	2.47
150	Warehousing	1,000 Sq Ft	1.74	5.05
254	Assisted Living	bed	2.60	4.24
320	Motel	room	3.35	25.17
520	Elementary School	1,000 Sq Ft	19.52	21.00
530	High School	1,000 Sq Ft	14.07	22.25
540	Community College	student	1.15	14.61
550	University/College	student	1.56	8.89
565	Day Care	student	4.09	21.38
610	Hospital	1,000 Sq Ft	10.72	3.79
620	Nursing Home	1,000 Sq Ft	6.64	2.91
710	General Office (avg size)	1,000 Sq Ft	9.74	3.28
760	Research & Dev Center	1,000 Sq Ft	11.26	3.29
770	Business Park	1,000 Sq Ft	12.44	4.04
820	Shopping Center (avg size)	1,000 Sq Ft	37.75	16.11

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Mode Share and Vehicle Occupancy

Data from the National Household Travel Survey (NHTS) is used to approximate the percentage split of total person trips by transportation modes in the City of Portland. NHTS has been conducting stratified, random surveys for nearly 50 years with the aim to understand the modes and purposes of travel in the US. For this study, the most recent survey, 2017, is refined to create a database of survey responses that is both from similar cities to Portland and statistically significant. Initially, the national database of responses is refined by location and population, the results are limited to New England metropolitan statistical areas (ME, NH, VT, CT, MA, RI) with less than 1 million residents. The City of Portland is within the Portland-South Portland-Biddeford, Maine metropolitan statistical area that had a population of 523,874 in 2016 (US Census American Community Survey, 2016). The database is further filtered to only include responses from urban areas and urban clusters. Lastly, only responses for trips on weekdays are included. As a result, there are 2,656 NHTS responses in the database that are used to approximate the mode splits and vehicle occupancy.

Data from NHTS indicates the purpose of a trip which allows for the mode share and vehicle occupancy to be calculated for residential and nonresidential land uses separately. It is assumed that trips for residential and nonresidential purposes have different characteristics, so by calculating separately the analysis results in more accurate trip factors. There are 1,447 survey responses that are attributed to residential and 1,209 responses attributed to nonresidential land uses. Both databases are well within a 95 percent confidence level with a confidence interval (margin of error) of less than 3.[1]

The transportation mode split for residential purpose trips is listed in Figure 20. Of the 1,447 total trips, 86 percent are by vehicle, 1 percent transit, and 13 percent non-motorized. Additionally, during the vehicle trips there were 1,877 passengers, resulting in an average vehicle occupancy of 1.51 passengers per vehicle trip.

Figure 19. Residential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	1,246	86%
Transit	18	1%
Non-Motorized	183	13%
Total	**1,447**	**100%**

Source: National Household Travel Survey, 2017; TischlerBise analysis

The transportation mode split for nonresidential purpose trips is listed in Figure 21. Of the 1,209 total trips, 82 percent are by vehicle, 2 percent transit, and 16 percent non-motorized. Additionally, during the vehicle trips there were 1,669 passengers, resulting in an average vehicle occupancy of 1.69 passengers per vehicle trip.

Figure 20. Nonresidential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	989	82%
Transit	22	2%
Non-Motorized	198	16%
Total	**1,209**	**100%**

Source: National Household Travel Survey, 2017; TischlerBise analysis

[1] A confidence level expresses the certainty that the true mean of the population falls within the confidence interval, the margin of error of the results.

Vehicle Trip Ends to Find Total Person Trip Ends

The total person trip end rate for each land use can be calculated using the vehicle trip end rate, vehicle occupancy rate, and vehicle mode share. The following formula to calculate vehicle trip ends is provided in the ITE's Trip Generation Handbook (2017):

Vehicle trip ends = [(person trip ends x (vehicle mode share)]/(vehicle occupancy)

This is rearranged to calculate total person trips:

Person trip ends = [(vehicle trip ends) x (vehicle occupancy)]/(vehicle mode share)

By inputting the vehicle trip rate, vehicle occupancy, and vehicle mode share factors found in earlier sections, the daily person trip rate for each land use is found. For example, the daily vehicle trip rate for a single family/duplex housing unit is 7.60 (Figure 18), the vehicle occupancy is 1.51, and the vehicle mode share is 86 percent (Figure 20). By inputting these factors into the formula, a daily person trip end rate of 13.34 is calculated ([7.60 vehicle trips x 1.51 occupancy rate] / [86% vehicle mode share] = 13.34). Figure 22 lists the calculated daily person trip end rate for each land use.

Figure 21. Daily Person Trip End Rate by Land Use

Development Type	Daily Vehicle Trip Ends	Vehicle Occupancy Rate	Vehicle Mode Share	Daily Person Trip Ends
Single Family/Duplex	7.60	1.51	86%	**13.34**
Multifamily	3.60	1.51	86%	**6.32**
Retail	37.75	1.69	82%	**77.80**
Office	9.74	1.69	82%	**20.07**
Industrial	3.93	1.69	82%	**8.10**
Institutional	10.72	1.69	82%	**22.09**

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Residential Trips Adjustment Factors

A person trip end is the out-bound or in-bound leg of a trip. As a result, so to not double count trips, a standard 50 percent adjustment is applied to trip ends to calculate a person trip. For example, the out-bound trip from a person's home to work is attributed to the housing unit and the trip from work back home is attributed to the employer.

However, an additional adjustment is necessary to capture residents' work bound trips that are outside of the City. The trip adjustment factor includes two components. According to the NHTS (2009), home-based work trips are typically 31 percent of out-bound trips (which are 50 percent of all trip ends). Also, utilizing the most recent data from the Census Bureau's web application "OnTheMap", 49 percent of the

City of Portland's workers travel outside the city for work. In combination, these factors account for 8 percent of additional production trips (0.50 x .31 x 0.49 = 0.08). Shown in, the total adjustment factor for residential housing units includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (8 percent of production trips) for a total of 58 percent.

Figure 22. Trip Adjustment Factor for Commuters out of the City

Employed Portland Residents (2015)	35,405
Portland Residents Working in the City (2015)	17,958
Portland Residents Commuting Outside of the City for Work	17,447
Percent Commuting out of the City	49%
Additional Production Trips	**8%**

Standard Trip Adjustment Factor	**50%**
Residential Trip Adjustment Factor	**58%**

Source: U.S. Census, OnTheMap Application, 2015

To calculate nonresidential trips, the standard 50 percent adjustment is applied to office, industrial, and institutional. A lower trip adjustment factor is used for retail uses because this type of development attracts person trips while they pass-by. Pass-by trips do not generate further traffic as it is only a stop on a trip for ultimately a different purpose. For example, when someone stops at a convenience store on their way home from work, the convenience store is not their primary destination.

Person Trips by Mode

In Figure 24, the trip adjustment factor and mode share are applied to the person trip end rate of each land use to calculate the person trips. For example, for single family/duplex housing units the trip adjustment factor is 58 percent and the vehicle mode share is 86 percent, resulting in a daily person trip rate of 6.66 for the vehicle mode (13.34 person trip ends x 0.58 trip adjustment factor x 0.86 vehicle mode share = 6.66 person trips).

Figure 23. Person Trips by Mode

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.22	1.77

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses.

VEHICLE TRIP PROJECTION

The base year person trip totals and trip projections are calculated by combining the person trip factors and the residential and nonresidential assumptions for housing stock and floor area. Found in Figure 25, in the base year, residential land uses generate 223,734 person trips (30 percent) and nonresidential land uses generate 511,437 person trips (70 percent) in the City of Portland. Through 2028, there will be an increase of 47,721 daily person trips in Portland with retail, multifamily, and office development being the three largest contributors to the increase.

In the base year, 83 percent of the person trips are by vehicle, 2 percent is by transit, and 15 percent is by non-motorized modes. The majority of the person trip increase over the 10-year projection period is from vehicles as well.

Figure 24. Total Daily Vehicle Trip Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	**2,570**
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	**9,314**
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	**11,884**
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	**16,871**
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	**8,579**
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	**2,605**
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	**7,782**
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	**35,837**
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	**47,721**

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	**39,607**
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	**836**
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	**7,279**
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	**47,721**

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

BASE YEAR WASTEWATER USAGE

Water and sewer account data has been provided by the Portland Water District (PWD) and the City's Department of Public Works. Within the database, residential, commercial, industrial, and institutional wastewater usage is calculated. Additionally, with account data, the wastewater usage of an Equivalent Residential Unit (ERU) is calculated as well. The ERU is the estimate of the daily average wastewater usage from a household with a water meter that is 5/8 inches. In the impact fee calculation, a capacity ratio factor is applied when calculating the wastewater usage and resulting impact fee for developments with larger meters.

Base Year Estimates

Shown in Figure 26, on average there is a total of 5.7 million gallons per day of wastewater flowing through the City's sewer system from these four development types. The majority of the wastewater flows from residential development, but commercial development creates a significant demand as well.

Figure 25. City of Portland Daily Wastewater Usage, 2018

Development Type	Base Year (gals/day)	%
Residential	2,933,364	52%
Commercial	1,998,656	35%
Industrial	542,244	10%
Institutional	187,205	3%
Total	**5,661,470**	**100%**

Source: City of Portland Public Works Department

Equivalent Residential Unit

The wastewater component of the impact fee study will use the wastewater flow calculated for residential units that have a water meter of 5/8 inches to represent the Equivalent Residential Unit (ERU). To calculate the ERU, the wastewater account database is filtered by active residential accounts that use the City's sewer system. Additionally, the database is further limited by only year-round accounts. These accounts are occupied households that reside in Portland permanently. Year-round accounts are approximated by accounts that have activity every month. Illustrated in Figure 27, there is an average of 61 hundred cubic feet (HCF) of wastewater per year from a year-round active residential account flowing into the City's sewer system. That equates to an average of 126 gallons per day, rounded.

Figure 26. Equivalent Residential Unit

Meter Size (inches)	Total Water (HCF)	Active Accounts	Annual Average per Account (HCF)	Annual Average (gallons)	Daily Average (gallons)
5/8	866,230	14,134	61	45,846	**126**

Source: City of Portland Public Works Department; TischlerBise analysis
Note: Provided data measured wastewater totals in hundred cubic feet (HCF), equal to 748.05 gallons

WASTEWATER PROJECTIONS

To project wastewater flows, is it assumed that the average consumptions will stay constant. As a result, the wastewater from residential accounts will increase at the same rate as the projected housing units and wastewater from nonresidential accounts will increase at the same rate as the projected growth in floor area for the respective industry. Over the next ten years, a total increase of 500,000 gallons per day is projected. Residential and commercial land uses account for the majority of the projected increase.

Figure 27. Wastewater Projections, Million Gallons Per Day (MGD)

Development Type	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential	2.93	2.96	2.98	3.00	3.02	3.05	3.07	3.09	3.11	3.13	3.16	**0.22**
Commercial	2.00	2.02	2.04	2.06	2.08	2.10	2.12	2.14	2.16	2.18	2.20	**0.20**
Industrial	0.54	0.55	0.55	0.56	0.56	0.57	0.58	0.58	0.59	0.59	0.60	**0.06**
Institutional	0.19	0.19	0.19	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.21	**0.02**
Total	5.66	5.71	5.76	5.81	5.86	5.91	5.96	6.01	6.06	6.11	6.16	**0.50**

Source: City of Portland Public Works Department; TischlerBise analysis

Attachment 7

Colliers INTERNATIONAL

DRAFT

PORTLAND IMPACT FEE STUDY

CITY OF PORTLAND PLANNING DIVISION

September 18, 2018

I. Study Objectives & Assumptions

DRAFT

- The City of Portland engaged Colliers to evaluate the impact of the proposed schedule of impact fees ("Fees") upon development in Portland
- Colliers prepared financials for several typical projects types: Multifamily, office, hotel, industrial, and retail
- Colliers analyzed each projects' return with and without the proposed impact fees
- Colliers applied the Maximum Supportable Fee as determined by TischlerBise

II. Executive Summary

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- The proposed fees will have minimal impact upon financial returns across a range of product types, reducing them (IRR and ROI) by less than 1%
- The fees are less than 2.5 percent of total development costs
- The proposed impact fees may be less than or greater than the actual, ad-hoc fees paid by some developments in the past
- Formalizing the fee schedule adds predictability, certainty, and may possibly shorten the permitting time for projects reducing costs

- For example: One month of escalation of construction costs on a $15m project is $62,500/month

- This analysis does NOT account for costs incurred by developers related to design review, compliance with other City of Portland ordinances and/or policies (other than inclusionary zoning), or delays in the permitting process

PORTLAND IMPACT FEE ANALYSIS

SUMMARY
9/20/2018

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	Multifamily Rental	Multifamily Condominium	Downtown Hotel	Suburban Airport Hotel	Office + Retail	Industrial	Shopping Center
# of Residential Units	75 Units	50 Units					
# of Hotel Room Keys			150 Keys	200 Keys			
Office GSF					50,000 GSF		
Retail GSF					7,500 GSF		105,000 GSF
Industrial GSF						50,000 GSF	
Surface Parking GSF	24,375 GSF			65,000 GSF		16,250 GSF	325,000 GSF
Structured Parking GSF		16,250 GSF					
Development GSF (ex. Parking)	67,500 GSF	55,000 GSF	52,500 GSF	70,000 GSF	57,500 GSF	50,000 GSF	105,000 GSF
Total Development Cost (Without Impact Fee)	$21,133,704	$21,703,206	$22,765,606	$27,256,344	$20,132,086	$10,171,438	$39,873,038
$/Unit/Key/GFA (Without Impact Fee)	$281,782.72/ Unit	$434,064.12/ Unit	$151,770.71/ Key	$136,281.72/ Key	$354.55/GSF	$205.22/GSF	$388.81/GSF
Estimated Impact Fee to Developer	**$163,301**	**$118,926**	**$522,026**	**$685,976**	**$254,803**	**$89,738**	**$952,286**
Percent of TDC	**0.77%**	**0.55%**	**2.29%**	**2.52%**	**1.27%**	**0.88%**	**2.39%**
IRR (**Without** Impact Fee)	9.55%	11.60%	10.19%	10.95%	15.31%	9.04%	10.38%
IRR (**With** Impact Fee)	9.38%	11.39%	9.63%	10.33%	14.91%	8.84%	9.83%
Difference in IRR	**0.17%**	**0.21%**	**0.56%**	**0.62%**	**0.40%**	**0.20%**	**0.55%**
ROI (**Without** Impact Fee)	4.18%	33.17%	5.85%	6.46%	9.72%	5.38%	6.27%
ROI (**With** Impact Fee)	4.11%	32.43%	5.50%	6.01%	9.26%	5.26%	5.86%
Difference in ROI	**0.07%**	**0.74%**	**0.35%**	**0.45%**	**0.47%**	**0.12%**	**0.41%**

9/20/2018

Multi-family (rental)

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A detailed development pro forma was prepared with the following assumptions

- 75 units with 75 surface parking spaces.
- 50,000 SF land area
- 900 GFA/unit
- 10% affordable at 100% AMI
- Wood frame construction
- $282,000 TDC/unit
- Studio rent: $1,500
- One BR rent: $1,850
- Two BR rent: $2,500

Multi-family (condo)

DRAFT

A detailed development pro forma was prepared with the following assumptions

- 50 units with 75 structured/covered parking spaces.
- 50,000 SF land area
- 1,100 GFA/unit
- 10% affordable at 120% AMI
- Wood frame construction over steel podium
- $434,000 TDC/unit
- Average sale price: $450/SF

Hotel (downtown)

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A detailed development pro forma was prepared with the following assumptions

- 150 keys with no on-site parking.
- 20,000 SF land area
- 350 GFA/key
- Wood frame construction over steel podium
- $152,000 TDC/key
- RevPAR $135.00

Hotel (suburban)

DRAFT

A detailed development pro forma was prepared with the following assumptions

- 200 keys with 200 surface parking spaces
- 125,000 SF land area
- 350 GFA/key
- Wood frame construction over steel podium
- $136,000 TDC/key
- RevPAR $120.00

Office

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A detailed development pro forma was prepared with the following assumptions

- 50,000 GFA office
- 7,500 GFA retail
- No on-site parking
- 20,000 SF land area
- Steel/concrete construction
- $355/SF TDC
- $25.00/SF NNN Rent

Industrial

DRAFT

A detailed development pro forma was prepared with the following assumptions

- 50,000 GFA industrial
- One surface parking space per 1,000 SF
- 125,000 SF land area
- Steel/concrete construction
- 205/SF TDC
- $10.00/SF NNN Rent

Retail/Shopping Center

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A detailed development pro forma was prepared with the following assumptions

- 60,000 GFA Grocery/Anchor
- 45,000 GFA other retail
- Three surface parking spaces per 1,000 SF
- 500,000 SF land area
- Steel/concrete construction
- $389/SF TDC
- $35.00/SF NNN Rent

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Questions and Answers
&
Thank You

13 IMPACT FEES

13.1 AUTHORITY

This ordinance is enacted pursuant to the authority of 30-A M.R.S.A. § 4354 and 30-A M.R.S.A. § 3001.

13.2 PURPOSE

The purpose of these impact fee provisions is to ensure that new development in the City of Portland bears a proportional or reasonably-related share of the cost of new, expanded, or replacement infrastructure necessary to service that development through:

1. The payment of impact fees dedicated to funding improvements made necessary by development, or
2. The construction of improvements as provided for herein.

13.3 APPLICABILITY

The following shall be subject to impact fees:

1. Any new building or addition to existing buildings which results in net new residential dwelling units, non-residential building square footage, or water/wastewater meters, and
2. Any change of use which results in a net increase in impact fee per *Section 13.4.6.*

13.4 CALCULATION OF IMPACT FEE

13.4.1 In General

Impact fees shall be calculated based on the impact fee schedule in effect at the time of submittal of a complete application for a building permit.

13.4.2 Determination of Use

The determination of the applicable land use category in the impact fee schedule shall be made by the Department of Permitting and Inspections with reference to the City of Portland's most recent *Impact Fee Study*. If the proposed development is of a type not listed in the impact fee schedule, then the impact fees applicable to the most nearly comparable type of land use listed in the impact fee schedule shall be used.

13.4.3 Mixed Use Development

In the event that there is more than one principal use within a building, impact fees shall be calculated separately for each principal use.

13.4.4 Redevelopment

In calculating the impact fee for a new building that involves the full or partial demolition of a building housing an existing, legally established use or uses, such new building shall be credited with an amount equal to the fee that would have been charged to the use or uses which occupied the structure at the time of demolition permit. If the impact fee calculation for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for demolitions not associated with new development or demolitions for which a permit was issued more than 12 months prior to the complete application for a building permit.

13.4.5 Building Additions

In calculating the impact fee for building additions, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of the addition of floor area. If the impact fee calculation

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for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee.

13.4.6 Changes of Use

In calculating the impact fee for changes of use, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of application for building permit. If the impact fee calculation for the proposed use is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the proposed use is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for uses which have been discontinued for a period of 12 months or more prior to the complete application for a building permit.

TABLE 13.1: PARKS & RECREATION AND TRANSPORTATION IMPACT FEE SCHEDULE[1]

Land Use Type	Unit of Measure	Parks/Recreation Impact Fee	Transportation Impact Fee
Single-family/Two-family	per unit	$1,126	$2,159
Multi-family (3+ units)	per unit	$752	$1,023
Retail/Service	per 1,000 SF GFA	$534	$8,248
Office	per 1,000 SF GFA	$677	$2,800
Institutional	per 1,000 SF GFA	$363	$1,130
Industrial	per 1,000 SF GFA	$645	$3,082
Hotel	per room	$875	$2,404

[1] Land use types included in the impact fee schedule correspond to those in the city's most recent *Impact Fee Study*.

TABLE 13.2: WASTEWATER IMPACT FEE SCHEDULE

Meter Size	Capacity Ratio	Impact Fee
⅝ inch	1.00	$1,886
¾ inch	1.50	$2,829
1 inch	2.50	$4,715
1 ½ inches	5.00	$9,430
2 inches	8.00	$15,088
3 inches	16.00	$30,176
6 inches	50.00	$94,300
8 inches	80.00	$150,880

13.5 ANNUAL ADJUSTMENT OF IMPACT FEE

To account for inflation, there shall be an automatic annual increase in the impact fee schedule reflected in this ordinance every January 1 based on the change in the construction cost index as published by *Engineering News Record*. The fee adjustment shall be calculated by dividing the index amount published on January 1 of the current year by the index amount published on January 1, 2018 and multiplying the resulting ratio by each fee amount. Annual adjustments shall be made available for public reference.

13.6 MODIFICATION OF IMPACT FEES

A required impact fee may be waived, in whole or in part, by formal vote of the Planning Board in cases when an applicant is otherwise before the Planning Board, or by the Planning Authority in all other cases, as follows:

A. Any site plan, subdivision, or building permit applicant may request a credit against impact fees otherwise due, up to but not exceeding the full obligation of impact fees to be paid pursuant to the provisions of this chapter, in the following instances:
   1. The developer or property owner who would otherwise be responsible for the payment of the impact fee voluntarily agrees to make infrastructure improvements for which the impact fee would be collected or an equivalent improvement approved by the Planning Board or Planning Authority, or
   2. The developer or property owner is required, as part of a development approval by the City or a state or federal agency, to make or to pay for infrastructure improvements for which the impact fee would be collected or an equivalent improvement approved by the Planning Board or Planning Authority.

   Credit amounts shall be determined based on plans, details, and cost estimates for the proposed infrastructure improvements for which the credit is requested. Such plans, details, and cost estimates shall be prepared by a licensed professional engineer and submitted at the time of site plan, subdivision, or building permit application. The applicant shall pay for any third-party review of plans, details, or cost estimates. On-site or immediately adjacent improvements required under subdivision or site plan regulations shall not be considered eligible under this section.

B. Any site plan, subdivision, or building permit applicant may request a modification of impact fees, up to but not exceeding the full obligation of impact fees to be paid pursuant to the provisions of this chapter, where documentation is provided to demonstrate that a proposed use will impose no or substantially-reduced demands on capital facilities for which impact fees have been adopted. Such documentation shall be prepared by a licensed professional engineer and include a written analysis of the demand for capital facilities generated by the proposed use based on industry standards and the most

DRAFT

recent *Impact Fee Study*. Documentation shall be submitted at the time of site plan, subdivision, or building permit application. The applicant shall pay for any third-party review of plans, details, or cost estimates

13.7 REDUCTION IN FEES FOR AFFORDABLE HOUSING

Any residential development including low-income or workforce housing units and qualifying as an eligible project under Division 30 shall receive a reduction of fees in accordance with *Section 14-486.*

13.8 COLLECTION OF IMPACT FEE

The City of Portland shall not issue any certificate of occupancy required under the Land Use Code until the applicant has paid any impact fees required by this ordinance.

13.9 SEGREGATION OF IMPACT FEES FROM GENERAL REVENUES

Impact fees collected pursuant to this ordinance shall be maintained in separate, non-lapsing impact fee accounts for each of the facilities for which impact fees are assessed, and shall be segregated from the City's general revenues. These accounts shall be dedicated for funding of the improvements for which the fee is collected, as determined through the City's most recent *Impact Fee Study*. Funds from these accounts shall be distributed to City departments solely for the purpose of capital projects identified in the City of Portland's most recent *Impact Fee Study*.

13.10 USE OF IMPACT FEES

Impact fees collected by the City pursuant to this ordinance may be used only for financing facility improvements which the City Council, through the City of Portland's most recent *Impact Fee Study*, has determined are made necessary by new development. The City Council has determined that fees imposed by schedules in this ordinance are reasonably related to the demands created by new development. Impact fees collected pursuant to this ordinance shall be used exclusively for capital improvements, and the City of Portland shall expend funds collected from impact fees solely for the purposes for which they were collected.

13.11 REFUND OF UNUSED IMPACT FEES

Impact fees collected pursuant to this ordinance shall be used by the City according to the schedules for the completion of specific capital improvements as specified in the City of Portland's most recent *Impact Fee Study*, but in no event later than ten years after the date upon which the impact fee was collected. Any impact fees which are not so used and any impact fees collected which exceed the City's actual costs of implementing the infrastructure improvements for which such fees were collected shall be refunded. Refunds shall be paid to the owner of record of the property for which the impact fee was collected, determined as of the date the refund is made.

13.12 REVIEW AND REVISION

The impact fees established in this ordinance are based upon the best estimates of the costs of the construction of the facilities for which the fees are collected as determined through the City's most recent *Impact Fee Study*. The Council may, by amendments to this ordinance, change the amounts of the impact fees from time to time as warranted by new information or changed circumstances.

DIVISION 30. AFFORDABLE HOUSING

...

Sec. 14-485. Definitions.

...

Development fees means:

(a) The following fees, as described in this chapter: site plan review and inspection fees; subdivision review and inspection fees; impact fees; and administrative fees; and

(b) Construction and permit fees as described in Chapter 6. "Development fees" does not include any fees charged for reviews conducted by a party other than the city.

DRAFT

Attachment 10

Portland Maine | Yes. Google's good here.

Helen Donaldson <hcd@portlandmaine.gov>

Impact fees for parking garages?

Christian MilNeil <c.neal.milneil@gmail.com> Wed, Sep 19, 2018 at 3:55 PM
To: hcd@portlandmaine.gov
Cc: Jeff Levine <jlevine@portlandmaine.gov>, planningboard@portlandmaine.gov

Thanks Nell, I understand where you are coming from w/r/t not charging impact fees to new parking garages, but I don't agree with the reasoning.

Parking garages are a land use and they are almost always subsidized – and subsidies for automobile use naturally generate more automobile trips.

We know intuitively and by observation that a 7-11 surrounded by a big, free parking lot generates more car traffic than a Rosemont Market, even though the square footages are roughly the same and the buildings' uses, from a zoning standpoint, are identical. The Bangor Savings Bank branch on Middle Street is the same land use as the Bangor Savings Bank branch on outer Brighton Avenue, but the Old Port location has virtually no impact to traffic because there is no parking there and it's been designed for walk-in traffic; the Brighton location does have a traffic impact because it's designed to privilege access for motorists. We drive to the Maine Mall because it's surrounded by parking lots, and we walk to Reny's because parking is scarce on Congress Street and the pedestrian and transit connections are excellent.

The planning department needs to bear in mind that impact fees have an important function beyond financing infrastructure projects: ideally, they could also offer a financial incentive for developers to reduce the impact of their projects; to build fewer parking lots and more transit-oriented, walkable neighborhoods where cars don't get used as much.

In its current form, the proposed ordinance will make smart growth even more expensive, and more development will go out to Westbrook and Scarborough instead, and we'll end up back at square one, with increasing traffic and none of the money we need to deal with it.

So, instead of assuming that every housing development is going to generate car traffic with a one-size-fits-all approach we have here, we could have a tiered system of impact fees such that a car-oriented development with lots of parking pays more, and a transit-oriented development that gives its tenants bus passes pays less (or not at all), and thus give developers a financial incentive to build more of the latter.

The city already acknowledges, through its transportation demand management policies, that developers can and do reduce their traffic impacts with project design and property management strategies; the prior use of TDM plans undermines the city's argument that traffic impacts are a blind function of land use multiplied by the dreary transportation mode shares of our status quo. In fact, developers' TDM plans themselves could be used as a better proxy for a development's traffic impacts, since the TDM plans explicitly set a developer's expectations for how their tenants will travel, and how much they will subsidize parking.

From a political point of view, a lot of Portlanders are upset about how much parking garage construction is happening right now downtown. It's a clear, visible demonstration of how the city and landlords are willing to spend lots of money to subsidize private parking, even as the city's public streets strain under increasing traffic congestion. This is a clear "tragedy of the commons" situation – every new parking space makes driving slightly more convenient for one motorist but incrementally increases congestion for everyone else – that demands a stronger public policy response. Impact fees would be a good place to start: a financial nudge to encourage developers to internalize the broader traffic impacts of their parking management decisions.

I'd appreciate it if you could share this message with the planning board as public comment tomorrow; I may try to attend the meeting in person as well.

A couple of other more technical points:

- Figure 24 in the memo seems to assume that the mode share for transit, walking and biking will remain constant (and miserably low) through 2028. Don't we have city goals that say we want more transit market share, and less motor vehicle use over time? Isn't shifting mode share the point of many of these infrastructure projects we want to fund? It's discouraging to see a city planning document assume failure in those ambitions, which some of us

consider pretty important!

- Mode share estimates in Table 19 seem to come from the FHWA's Household Travel Survey (https://nhts.ornl.gov/). We should be skeptical of those figures; that survey has a very small sample size (only 250 respondents from the entire state of Maine – source) that likely discounts Portland's uniquely high transit service and walkability relative to other small cities.

  The U.S. Census Bureau's American Community Survey, by contrast, surveyed 15,423 households in Maine in its 2017 survey, so it's much, much more robust. The ACS estimates that Portland's citywide transit mode share for commuting trips is 3.2% – twice as high as TischlerBise's assumed mode share, and transit ridership is growing.

- Furthermore, we know from Census tract-level estimates that mode share also varies by neighborhood, significantly. Bayside (in Census Tract 6) has a transit mode share of 9.9% and a walk/bike share of 40% for commuting trips. By the logic of this memo, a project located in Bayside should pay a significantly lower impact fee than a project located in Riverton if we use the more reliable, more statistically robust ACS data.

Christian MilNeil
- - - - - - - - - - - - -
double u double u double u dot christianmilneil dot com

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> Notice: Under Maine law, documents - including e-mails - in the possession of public officials or city employees about government business may be classified as public records. There are very few exceptions. As a result, please be advised that what is written in an e-mail could be released to the public and/or the media if requested.

Portland Maine Yes. Google's good here.

Helen Donaldson <hcd@portlandmaine.gov>

Questions on Impact Fee Presentation from 9/20/2018 Planning Board Workshop

Karen Snyder <karsny@yahoo.com> Fri, Sep 21, 2018 at 10:18 AM
To: Helen Donaldson <hcd@portlandmaine.gov>, Planning Board <planningboard@portlandmaine.gov>, Planning and Urban Development <planning@portlandmaine.gov>
Cc: Jon Jennings <jpj@portlandmaine.gov>

Hi Nell,

I applaud the City's efforts in finally implementing something to offset some of the future development CIP (Capital Investment Project) growth funding instead of thinking that the property owners are suppose to fund via their property taxes this future CIP growth when all this new development is the direct cause for the reduction of their quality of life in this city especially on the Peninsula.

Based on the Planning Board workshop and the Economic Development Council meetings held this week regarding the new impact fee ordinance that is hopefully effective enough to offset around 50% of future CIPs related to current and future development growth, I do have additional questions regarding impact fee ordinance.

9/18/2018- Economic Development Council Meeting on Impact fees
https://www.portlandmaine.gov/AgendaCenter/ViewFile/Agenda/_09182018-2563

9/20/2018 - Planning Board Workshop on Impact Fees
Agenda - 09/20/2018

Question #1: How was this "stakeholder" group selected since it was made up of developers, residents, non-residents, Representatives from Bayside, India St, and Stroudwater, and Portland Trails? Who were the developers,residents and non-residents in this stakeholder group? The original hotel room impact fee was dramatically reduced by around 50% from the first presentation of impact fees, with single family resident impact fee reduction coming in second in reduction.

Question #2: I still don't understand why parking garages and parking lots are NOT included in this impact fee.
The reason you gave last night is that wastewater is not applicable because parking lots don't have sewers even though there is stormwater runoff.

However, my understanding is that the 3 components for justifying charging impact fees are: Wastewater, Parks and Recreation, and Transportation.

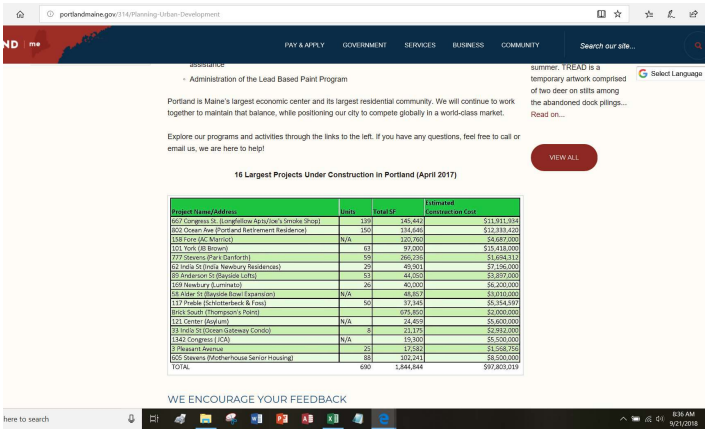
Even though wastewater component may not be applicable but the transportation component I would have thought would be applicable. Parking garages and parking lots create more traffic congestions and transportation trips so how can parking garages and parking surface lots be excluded from the transportation impact fee equation, hence the impact fee all together?

Question #3: Tuck indicated last night that future developments would be applied impact fees if the site plans have not been approved yet, Maine Med will be excluded. Knowing how many site plans still slipped through during the Munjoy Hill moratorium, does this mean the following projects are NOT applicable to the impact fees as well? Please indicate yes or no for each project listed below.
Projects in question: Maine Med-NO, 58 Fore St, 86 Newbury, 100 Fore St., 383 Congress, 0 Hancock -Wex?

Question #4: Most of the large projects such as the large hotels (Marriot-130 rooms, Hyatt-132 rooms, Press-110 rooms, and AC Hotel-178 rooms) which equate to 550 hotel rooms will NOT be charged an impact fee. Therefore, what are the list of projects in site plan review but not approved will be applicable to this impact fee ordinance?

Question #5: Nell indicated that other Maine towns all ready have impact fee ordinances. Can I have a list of these towns and the links used to review the other impact fee ordinances?

Question #6 Since the Planning Dept website has not updated for 1.5 years regarding the projects under construction status on it's home page, can the Planning Dept website please be updated to show the current projects under construction? The public has no transparency to Planning Dept's project currently under construction for the last 1.5 years.
http://portlandmaine.gov/314/Planning-Urban-Development



Project Name/Address	Units	Total SF	Estimated Construction Cost
667 Congress St. (Longfellow Apts/Joe's Smoke Shop)	139	145,442	$11,911,934
802 Ocean Ave (Portland Retirement Residence)	150	134,646	$12,333,420
158 Fore (AC Marriot)	N/A	120,760	$4,987,000
101 York (JB Brown)	63	97,000	$15,418,000
777 Stevens (Park Danforth)	59	266,236	$1,694,312
62 India St (India Newbury Residences)	29	49,901	$7,156,000
89 Anderson St (Bayside Lofts)	53	44,050	$3,897,000
169 Newbury (Luminato)	26	40,000	$6,200,000
58 Alder St (Bayside Row) Expansion)	N/A	48,857	$3,010,000
117 Preble (Schlotterbeck & Foss)	50	37,345	$5,354,597
Brick South (Thompson's Point)		675,850	$2,000,000
121 Center (Asylum)	N/A	24,469	$5,600,000
33 India St (Ocean Gateway Condo)	8	21,175	$2,912,000
1342 Congress (JCA)	N/A	19,300	$5,500,000
9 Pleasant Avenue	21	17,582	$1,568,756
605 Stevens (Motherhouse Senior Housing)	88	102,241	$8,500,000
TOTAL	690	1,644,844	$97,803,019

In conclusion, it does seem like the largest projects such as all the hotels and the waterfront projects will be excluded from this impact fee. So, I am wondering how effective will this impact fee ordinance really be if most of the largest development growth currently happening will not be charged this impact fee and the developers appear to have a heavy influence in what is being charged for these impact fees?

It is concerning how the developers continue to have such a heavy influence in setting policies instead of the overall implications to the local residents.

I would appreciate responses to the above six questions.

Regards,
Karen Snyder
Mujoy Hill Property Owner

Portland Maine Yes. Google's good here.

Helen Donaldson <hcd@portlandmaine.gov>

Impact fee ordinance concerns

Christian MilNeil <c.neal.milneil@gmail.com> Mon, Sep 24, 2018 at 3:17 PM
To: Ethan Strimling <estrimling@portlandmaine.gov>, Belinda Ray <bsr@portlandmaine.gov>, sthibodeau@portlandmaine.gov, Brian Batson <bbatson@portlandmaine.gov>, jcosta@portlandmaine.gov, Kim Cook <kcook@portlandmaine.gov>, Pious Ali <pali@portlandmaine.gov>, Nick Mavodones <nmm@portlandmaine.gov>, Jill Duson <jduson@portlandmaine.gov>
Cc: "PBPAC@googlegroups.com" <pbpac@googlegroups.com>, HCD@portlandmaine.gov, Stuart O Brien <sgo@portlandmaine.gov>

Mayor Strimling and honorable city councilors,

A lot of Portlanders are distressed about how much parking garage construction is happening right now downtown (with thousands of additional parking spaces in the planning pipeline).

These new garages are a concrete demonstration of how the city if failing in its transportation and climate goals. Landlords are willing to spend lots of money to subsidize private parking, even as the city's public streets strain under increasing congestion. It's a classic "tragedy of the commons" situation – every new parking space makes driving slightly more convenient for one motorist but incrementally increases congestion for everyone else – and it demands a stronger public policy response from the city.

Transportation impact fees could be an excellent way to tackle this issue: a financial nudge to encourage developers to internalize the broader traffic impacts of their parking management decisions.

However, in the current proposal drafted by the city's planning department, new parking garages will get a free ride.

We know intuitively and by observation that a 7-11 surrounded by a big, free parking lot generates more car traffic, while a new Rosemont Market makes more walking trips possible – even though the square footages are roughly the same and the buildings' uses, from a zoning standpoint, are identical. We drive to the Maine Mall because it's surrounded by free parking lots, and we walk to Reny's because parking is scarce on Congress Street and the pedestrian and transit connections are excellent.

These examples demonstrate that, if we want to manage the impacts of traffic from new development, we need to incentivize useful infill development that makes car trips less necessary, and we need to discourage subsidized parking.

The current draft impact fee ordinance does the opposite.

There's also a real financial risk to the city in giving parking garages a free pass. Under state law, by adopting the ordinance, the city is committing to build these capital projects whether or not the anticipated growth occurs.

In its current form, the proposed ordinance will make smart infill growth even more expensive, and thus even more development will sprawl out to cheaper suburbs like Westbrook and Scarborough instead. **If Portland builds more parking garages downtown and spends millions of dollars to increase road network capacity through these capital projects, we run the risk of getting all of the traffic from new suburban development, but not having sufficient new revenue from new in-town housing and offices to pay for it.**

By expanding the proposed fees to cover parking garages as well, smarter infill growth becomes more financially attractive and the city can mitigate this financial risk. Future developers will have a financial incentive to build lower ratios of parking to usable space, and encourage more of their tenants to walk, ride bikes or patronize our underutilized buses. In short, there's an opportunity here for the city to collect fees from a broader base of new development, while also establishing financial incentives that are aligned with the city's goals.

I also want to stress that I'm very glad the city is looking into the impact fees generally – I think it's an important tool for us to have in place. I'm just particularly concerned about the unintended effects of a parking garage loophole.

Thanks for your attention and your work on this.

Christian MilNeil
45 Smith Street
- - - - - - - - - - - - -
double u double u double u dot christianmilneil dot com

Portland Maine | Yes. Google's good here.

Helen Donaldson <hcd@portlandmaine.gov>

Impact fee ordinance concerns

Zack Barowitz <zbarowitz@gmail.com> Mon, Sep 24, 2018 at 3:30 PM
To: Portland Bicycle-Pedestrian Advisory Committee <PBPAC@googlegroups.com>
Cc: Mayor <estrimling@portlandmaine.gov>, Belinda Ray <bsr@portlandmaine.gov>, Spencer Thibodeau <sthibodeau@portlandmaine.gov>, Brian Batson <bbatson@portlandmaine.gov>, Justin Costa <jcosta@portlandmaine.gov>, Kim Cook <kcook@portlandmaine.gov>, Pious Ali At Large <pali@portlandmaine.gov>, Nicholas Mavodones <nmm@portlandmaine.gov>, Jill Duson <jduson@portlandmaine.gov>, Helen Donaldson <HCD@portlandmaine.gov>, Stuart O'Brien <sgo@portlandmaine.gov>

Pursant to Christian's large point (e.g., "These examples demonstrate that, if we want to manage the impacts of traffic from new development, we need to incentivize useful infill development that makes car trips less necessary, and we need to discourage subsidized parking.")

Urban density makes Land values and tax revenue are *far* greater in downtown Portland than in surrounding suburbs even if annual square foot rents are roughly equal. See this for example.

Thanks,
Zack

[Quoted text hidden]

> [Quoted text hidden]
> --
> You received this message because you are subscribed to the Google Groups "Portland Bicycle and Pedestrian Advisory Committee" group.
> To unsubscribe from this group and stop receiving emails from it, send an email to PBPAC+unsubscribe@googlegroups.com.
> To post to this group, send email to PBPAC@googlegroups.com.
> For more options, visit https://groups.google.com/d/optout.

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207-838-6120
917-696-5649
ZacharyBarowitz.com

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Portland, Maine Yes. Life's good here.

MEMORANDUM

DISTRIBUTE TO: Members of the Economic Development Committee

FROM: Brendan T. O'Connell - Finance Director
Chris Huff - Assessor

DATE: August 12, 2018

SUBJECT: **Impact Fee - Questions and Answers from Finance Director & Assessor**

Several questions have been passed along from the Planning and Urban Development Department on behalf of residents and businesses in regards to impact fees, the existing tax levy and City budget, property valuation growth and the upcoming revaluation, and building permit fees and stormwater service charges. This memo is intended to summarize responses to many of the frequently asked questions ("FAQ").

Frequently Asked Impact Fee Questions for Finance and Assessors

1. I read the FY19 budget includes $100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?

2. Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for City needs?

3. Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?

4. What about the Stormwater Service Charge? Was that created in response to growth-related infrastructure needs?

Question 1: I read the FY19 budget includes $100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?

Property valuation has grown by $100 million in the current year due to significant new projects breaking ground and continues our upward trajectory in overall valuation. This $100 million of new property valuation creates an additional approximately $1,133,000 in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 0.128% overall increase to our FY18 valuation of approximately $7.8 billion, and can only fund a fraction of the cost increases and budget challenges we face in FY19, many of which are outside of City control. These include the increases in Cumberland County tax ($381k), increases in pension obligation bond debt service ($872k and increasing by around $1M annually through 2026), contractually obligated union compensation increases (approximately $3.2M) and health insurance cost increases ($2M). As you can see, the increase in valuation can only fund a fraction of the cost increases that are outside of City control.

Question 2: Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the City needs?

Staff Response: No – the revaluation has no impact on total funds collected for the budget. Each year the City Manager will recommend a budget, calling for the required amount of tax dollars to be levied on property owners. The revaluation will have no impact on the dollar amount levied – the total amount of tax dollars required for City / School operations will be the same both before and after the revaluation. The revaluation will only impact how the dollars levied are split between City taxpayers. In general about 1/3 of the residents will pay more after the revaluation, 1/3 of the residents will pay the same amount, and 1/3 of the residents will pay less, but in total the amount of tax dollars collected will remain the same. When property values rise overall as a result of the revaluation, the mil rate will see a corresponding drop. For example, if total City property value increased 25% during the revaluation from $8B to $10B as a result of the revaluation (i.e. adjusting property values to their just values) the mil rate would then see a corresponding 25% percentage decrease.

EXAMPLE:

Pre-City Revaluation:
Total City Valuation: $8,000,000,000
Mil Rate: $20.00
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($8,000,000,000 / 1000 * $20.00)*

Post-City Revaluation:
Total City Valuation: $10,000,000,000
Mil Rate: $16.00 (drops because we still only need a tax levy of $160,000,000)
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($10,000,000,000 / 1000 * $16.00)*

Question 3: Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?

Staff Response: In 2017 a separate Permitting & Inspections Department was created. The new Department was created in direct response to the 2016 City Council goal to create a more efficient permitting process, including online functionality. This new Department including significant levels new staff and a new Department Head, a new software system (EnerGov) and new policies and procedures, was funded by an increase in Building Permit fees. No part of the previous increase in building permit fees was intended to fund growth-related infrastructure. Additionally, there are no excess building permit revenues available to address growth-related infrastructure.

Question 4: What about the Stormwater Service Charge? Was that created in response to growth-related infrastructure needs?

Staff Response: No. The Stormwater Service Charge was created to fund and implement projects related to the Department of Environmental Protection ("DEP") mandate for combined sewer overflow requirements. Instituting a stormwater charge more fairly and equitably distributes costs among the users of the sewer and stormwater systems rather than putting the burden entirely on sewer users. Stormwater service charges will raise approximately $7M towards the DEP mandate in FY19. The City estimates between $20M and $30M will be spent annually over the next 5-10 years to address the DEP mandate (revenues from both sewer fees and stormwater service charges will support this effort). There will be no excess of either Stormwater Service Charges or Sewer Fees to address growth related infrastructure needs.

Portland, Maine Yes. Life's good here.

Finance Department
Brendan T O'Connell, Director

MEMORANDUM

TO: Members of the Economic Development Committee

FROM: Brendan T O'Connell, CPA – Finance Director

DATE: November 14, 2017 (updated September 28, 2018)

SUBJECT: **Introduction to Payment in-lieu of Taxes (PILOT) Policy**

(A) Summary

One of the Economic Development Committee Goals for 2017 was to study a new payment in-lieu of taxes ("PILOT") policy for the City of Portland. Staff researched PILOT policy types and alternatives and presented them to the Economic Development Committee on September 5. Input was taken at two subsequent Economic Development Committee meetings in 2017 and 2018. The revised PILOT policy takes into account the community benefits provided by each exempt organization and includes guidance for City staff on opportunities to solicit participation in the PILOT.

(B) Background: Currently Exempt Property in Portland and Current PILOT Practice

According to the City Tax Assessor, the amount of tax exempt real estate within the City of Portland has risen to approximately $2 billion dollars as of June 30, 2018 and this amount may be understated. This represents nearly 21% of the total City valuation. Even after deducting the total valuation related to City owned property (approximately 4% of overall total) the remaining exempt property represents a very high percentage when compared to other municipalities nationwide (see Exhibit A). The rise in exempt valuation has put increasing pressure on the remaining property owners (referred to hereafter as "non-exempt property" owners) to fully fund the broad spectrum of services offered to residents and visitors to Portland.

The City currently has no formal PILOT policy. Agreements are negotiated with exempt property owners on very limited case by case basis, with little to no solicitation of new or extended PILOT agreements. The PILOT agreements and payments are typically negotiated to offset the cost of "basic" services in the City, loosely defined as public safety services and core

public works services. Currently 10 formal PILOT request letters are sent to nonprofit organizations annually, with a very limited number of other agreements in place with other non-exempt property owners. In total $570,000 of revenue was estimated within the FY18 budget from PILOT payments. Actual collections in FY17 were slightly higher than budgeted, due in part to certain PILOT agreements based on profits.

It is important to note that nationwide there are no laws which require PILOT payments. The current City PILOT payments are voluntary and any future PILOT payments or agreements would remain voluntary.

(C) Goals of the PILOT Policy

As noted by the Lincoln Institute of Land Policy, *PILOTs are a tool to address two problems with the property tax exemption provided to nonprofits. First, the exemption is poorly targeted, since it mainly benefits nonprofits with the most valuable property holdings, rather than those providing the greatest public benefits. Second, a geographic mismatch often exists between the costs and benefits of the property tax exemption, since the cost of the exemption in terms of forgone tax revenue is borne by the municipality in which a nonprofit is located, but the public benefits provided by the nonprofit often extend to the rest of the state or even the whole nation.*[1] PILOT policies are becoming an increasingly common way to solicit contributions from nonprofits to help offset the cost of services they consume. See Exhibit A on page 4 for a nationwide comparison of charitable nonprofit organizations registered with the IRS by type as well as their assets and liabilities.

The PILOT policy will have several goals and objectives. Above all, a uniform policy must be developed to be applied to the exempt properties within the City. A PILOT policy would provide clarity to exempt organizations who wish to locate in Portland and create a more even playing field within exempt property owners. An added benefit will be a more equitable distribution of cost of services between exempt and non-exempt property owners, although actual increases in property tax revenues from formal PILOT policies vary significantly from municipality to municipality.

As part of this uniform policy, guidelines for City staff may be included. For example, when a nonprofit expands holdings within the City, there should be protocol for initiation of a conversation around PILOT payments to offset the cost of conversion of non-exempt property to exempt property. This was recently done by the Planning Department when approving a recent development which included exempt property.

A secondary goal of the PILOT will be to review the population of exempt properties in more detail, to fully understand the organizations receiving the most value from their exemptions. It is best practice to review the benefits provided by exempt organizations during PILOT policy development. An annual report on the approved PILOT policy and program would be completed on an annual basis, highlighting the organizations with exempt property value over $2M and the

[1] Kenyon and Langley - *Payments in Lieu of Taxes - Balancing Municipal and Nonprofit Interests*, 2010

contributions made to the City, including services in lieu of taxes and payments in lieu of taxes.

(D) Arguments for Strong PILOT Policy

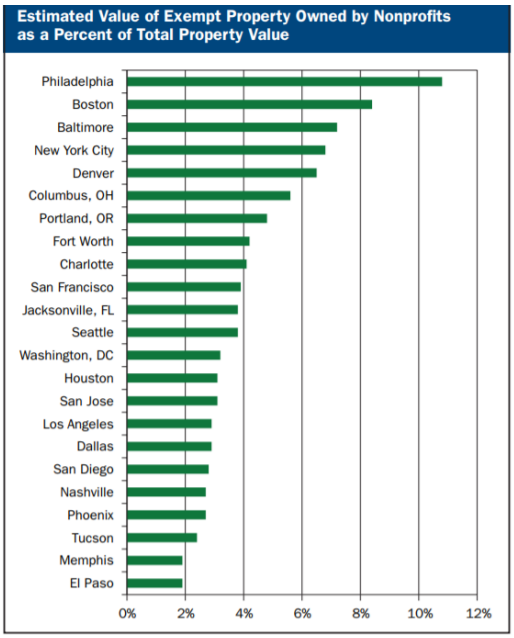
- With an increasing percentage of exempt property within City, nonprofits should share in the cost of basic services which benefit them. Police and fire protection and road maintenance are the costs most frequently allocated to exempt property owners in other municipalities.

- A strong PILOT policy has the potential to help ease the tax burden on non-exempt property owners, and create a more equitable distribution of the tax levy across those who consume core City services.

- PILOT policies can help address inequities created by the charitable tax exemption (i.e. the greatest tax savings goes to organizations who have the most valuable property holdings).

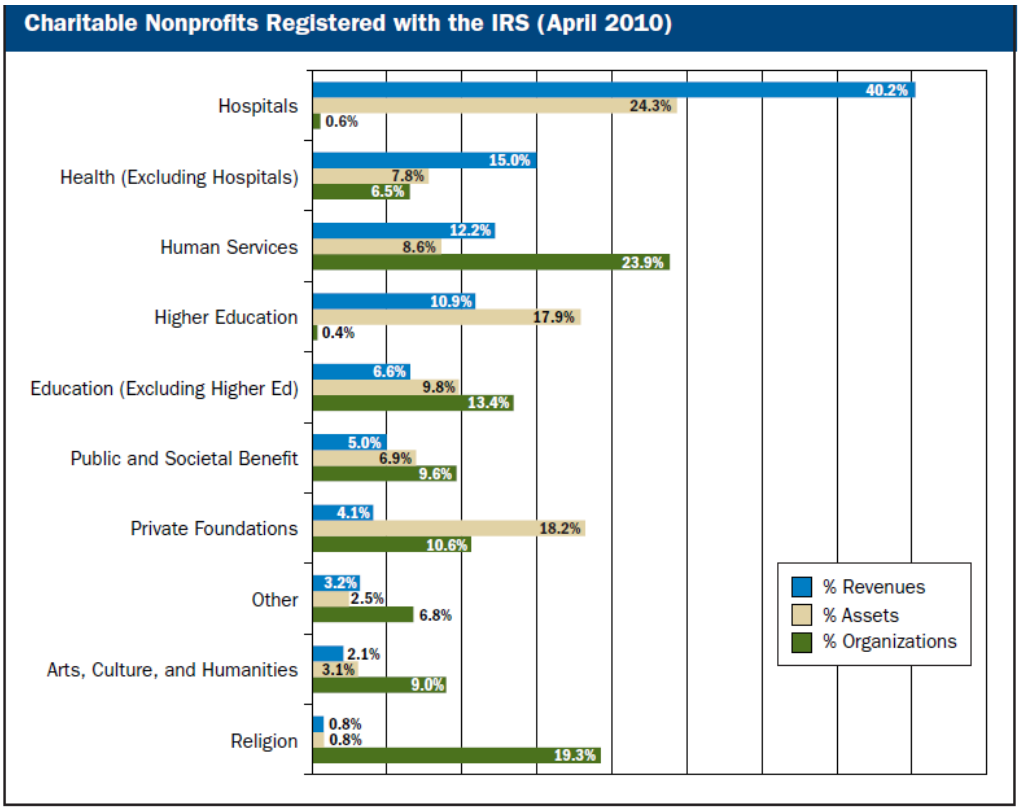
- PILOT policies can reduce inefficient location decisions made by nonprofits (i.e. exempt status creates an incentive for nonprofits to locate in cities where the tax savings are higher).

Exhibit A



Note: These statistics should be viewed as rough estimates. Policy makers should exercise caution when drawing conclusions from these data, because the quality of assessments of exempt property is wide-ranging and often unreliable (Lipman 2006b).

Source: Lipman (2006a).



Note: Religious congregations are not required to register with the IRS; nonprofits with gross receipts under $25,000 and religious congregations are not required to file IRS Form 990 with financial information. The number of organizations includes all 501(c)(3) charitable nonprofits registered with IRS (1,138,289), but revenues and assets for each subsector only include charities that filed IRS Form 990 (598,110).

Source: National Center for Charitable Statistics (2010).

Appendix A - FY19 Organizations with Exempt Value Ownership over $2M

Maine Medical Center	$	266,183,320
Portland Housing Authority	$	58,908,580
Eco Maine	$	56,604,310
Mercy Hospital	$	45,209,960
University of New England	$	38,351,400
MMC Realty Corp.	$	27,894,220
Roman Catholic Bishop of Portland	$	26,370,840
Portland Museum of Art	$	20,637,080
JHA Assisted Living, Inc.	$	18,569,700
Maine College of Art	$	14,971,220
Waynflete School	$	14,402,000
State Street Housing Preservation Corp.	$	13,715,100
The Park-Danforth	$	12,828,400
St. Ignatius Residence of the Society of Jesus	$	11,236,700
Diocesan Bureau of Housing	$	10,816,800
HFA HUD Properties, LLC	$	10,205,500
Council International Study Programs	$	8,873,400
Home for Aged Women	$	8,798,450
Home for the Aged	$	8,454,700
Cedars Nursing Care Center Inc.	$	7,766,500
Shalom House, Inc.	$	7,763,750
The Salvation Army	$	6,901,990
Maine Health	$	6,821,400
Greater Portland Transit District	$	6,810,000
Young Men's Christian Association of Portland	$	6,601,400
Avesta Housing	$	6,409,600
St. Joseph's Manor	$	6,033,800
Gulph of Maine Research Institute	$	6,026,900
Masonic Trustees of Portland	$	4,866,900
Portland VOA Elderly Housing, Inc.	$	4,461,400
Spurwink Services	$	3,990,280
First Baptist Church	$	3,866,000
Jewish Community Alliance of Southern Maine	$	3,862,300
Gulph of Maine Properties	$	3,798,420
Preble Street Resource Center	$	3,551,300
Breakwater School	$	3,522,400
Maine Historical Society	$	3,487,900
St. Lukes Parish Wardens & Vestrymen	$	3,443,100
Portland Boys Club Assoc.	$	3,291,200
Children's Museum of Maine	$	3,207,300
Temple Beth-El	$	3,100,100
EMC Affordable Housing Preservation	$	3,017,100
Grace Baptist Church	$	2,874,260
Woodfords Congregational Church	$	2,805,560
Goodwill Industries of Northern New England	$	2,444,000
State Street Congregational Church	$	2,355,100
American Red Cross	$	2,319,400
Irish Heritage Center	$	2,296,100
Williston-Immanuel United Church	$	2,289,730
Florence House Housing Corp.	$	2,283,100
Bayside II LLC	$	2,165,200
The Iris Network	$	2,133,200
	$	**809,598,370**

CITY OF PORTLAND, MAINE

PAYMENT IN LIEU OF TAXES POLICY (PILOT)

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Revised: September 28, 2018

Effective: January 1, 2019

Table of Contents

DRAFT

1. PURPOSE

In order to maintain the high standard of municipal services that Portland has historically provided, the City Council has established a policy for PILOT (Payment In Lieu of Tax) contributions from tax-exempt property owners (referred to hereafter as "exempt property" owners). The purpose of this PILOT policy document is to summarize the uniform policy to be applied to the exempt properties within the City. The policy is intended to provide clarity to exempt organizations who wish to locate in Portland. The policy includes monetary payments and consideration of other services provided by exempt organizations. The policy also provides guidance for City staff when approached with questions about PILOT policy requirements.

2. THE NEED FOR A FORMAL PILOT POLICY

According to the City Tax Assessor, the amount of tax exempt real estate within the City of Portland has risen to approximately $2 billion dollars as of June 30, 2017 and this amount may be understated. This represents nearly 21% of the total City valuation, a very high percentage when compared to other municipalities. The rise in exempt valuation has put increasing pressure on the remaining property owners in Portland (referred to hereafter as "non-exempt property" owners) to fully fund the broad spectrum of services offered to residents and visitors to Portland.

The City recognizes that non-profit organizations contribute directly to the quality of life within the community and welcomes these organizations. Portland has historically been recognized as leader in Maine the area of higher education, arts and culture, public health and religious freedom, and have encouraged non-profits to organize in the City to enrich the quality of life of its residents. The City's location, status as the economic engine of Northern New England, located just under 2 hours north of Boston, with easy access via major highway, bus, rail, and jetport, makes it attractive for non-profit institutions. This demand for land and buildings to operate non-profit organizations has absorbed significant amounts of taxable property within

the City in recent years. A continuing shift in tax burden to a diminishing tax base will have a negative impact on residents, local businesses and the overall Greater Portland community. In order to maintain the financial health of the community as a whole and to as to continue to provide a range of quality services, the City must set an objective to maintain its existing tax base and expand it where reasonably possible. Strong PILOT policies have been used in municipalities nationwide to achieve this objective. Several key reasons noted for adoption of strong PILOT policies are listed below.

- With an increasing percentage of exempt property within a City, nonprofits should share in the cost of basic services which benefit them. Police and fire protection and road maintenance are the costs most frequently allocated to exempt property owners in other municipalities.

- A strong PILOT policy has the potential to help ease the tax burden on non-exempt property owners, and create a more equitable distribution of the tax levy across those who consume core City services.

- PILOT policies can help address inequities created by the charitable tax exemption (i.e. the greatest tax savings goes to organizations who have the most valuable property holdings).

- PILOT policies can reduce inefficient location decisions made by nonprofits (i.e. exempt status creates an incentive for nonprofits to locate in cities where the tax savings are higher).

DRAFT

3. FIVE BASIC PRINCIPLES OF THE PILOT POLICY

I. Participation in the PILOT Program is voluntary

Consideration was given to seeking an ordinance change to require PILOT payments and ensure more uniform participation. However any attempt to impose a legal or statutory requirement would face significant opposition and runs counter to the spirit of partnership between the City and its local institutions that a successful PILOT program would provide.

II. PILOT should be applied equally to all current and future non-profit groups in Portland

All non-profit institutions should participate in the PILOT program. While significant focus has been placed on the City's medical and educational institutions, the City's museums, cultural facilities, and other significant non-profits share a similar interest in the City.

However, while broad participation is essential to the program's success, the City has determined that an exception should be made for smaller nonprofits which may lack the resources to fully engage in the PILOT process. Normally, a threshold of **$2 million** in assessed value would meet this goal. An exemption of this amount will be applied to all organizations under this policy, eliminating the PILOT completely for the smaller institutions, while mitigating the financial impact of PILOT payments on institutions just beyond this threshold.

III. PILOT contributions should offset cost of basic City services: 25% of full tax levy

PILOT contributions should be based on the value of real estate owned by an institution. This approach both reflects the size and quality of the institution's real estate holdings and is consistent with the approach taken for taxable properties. PILOT policies nationwide set contribution levels at an amount designed to cover the portion of the tax levy related to basic and core City services. For purposed of this PILOT, those services have been designated as public safety services (police and fire) and basic public works services including snow removal. This amount has remained at approximately 25% of the City's tax levy over many years and this level has been deemed to be appropriate for the current policy.

IV. PILOT policy includes a SILOT (Services In Lieu of Taxes) deduction up to 50%

Community benefits are an important aspect of an institution's contribution to the City. Institutions should receive up to a 50% PILOT deduction for qualifying community programs and services that uniquely benefit Portland residents. In the case of exceptional opportunities for partnership, the 50% cap may be exceeded. Institutions should also receive a credit on their PILOT in the amount of real estate taxes paid on properties that would ordinarily qualify for a tax exemption based on use and a credit for costs paid which would otherwise be paid. Section X of this document contains more detail on criteria for the SILOT deduction.

V. The new PILOT formula should be phased in over a 5-year period starting in FY 2019

While the payments currently made by some institutions approach the levels indicated by the program levels recommended above, most institutions fall below the recommended amounts. Institutions will require time to make the necessary adjustments in their budget and financial plans to accommodate increased PILOT

DRAFT

amounts. To ensure a smooth transition, the Task Force recommends that the new formula be phased in over a time period of not less than 5 years.

4. IS THE PILOT POLICY APPLICABLE TO MY ORGANIZATION?

All tax exempt organizations are encouraged to participate in the PILOT policy. As noted previously an exemption amount of $2M will be applied to all organizations under this policy, eliminating the PILOT completely for the smaller institutions, while mitigating the financial impact of PILOT payments on institutions just beyond this threshold. These exempt organizations will be noted in the PILOT Policy Annual Report published each fiscal year.

5. CALCULATION OF PILOT PAYMENT DUE

PILOT contributions are based on the value of real estate owned by an institution. The calculation of recommended PILOT payment due can be determined as follows:

Step 1: Begin with total assessed value of exempt property owned by an organization

Step 2: Subtract the $2M of PILOT exemption

Step 3: Divide by $1000 (the mil rate is applied per $1000 of assessed value)

Step 4: Multiply by the current City of Portland fiscal year mil rate

Step 5: Multiply by 25%

Step 6: Subtract any agreed upon SILOT credit (see Section 6 for more details on SILOT)

The calculation begins with 100% of an exempt property owner's assessed value related to their

exempt property only (i.e. non-exempt property is already included in the regular property tax billing and should be excluded from the PILOT calculation). The $2M of PILOT exemption should be subtracted from this total, and the remaining total should be divided by $1000. The result should be multiplied by 25% to determine the PILOT amount due. The 25% represents the cost of the City's "core" services which are public safety (Police and Fire Department) and basic street maintenance / winter operations. The PILOT payment due is then reduced by any available SILOT (Services-in-lieu-of-taxes) credit which has been applied to the exempt organization by the City. SILOT credits are not guaranteed to every organization and are calculated on a case by case basis by the City. The SILOT credit may not exceed 50% of the total amount of the PILOT due. See the SERVICES IN LIEU OF TAXES (SILOT) CREDIT section for complete details on SILOT criteria and calculation.

6. SERVICES IN LIEU OF TAXES (SILOT) CREDIT

In consideration of the community benefits of the exempt organization within the City, the PILOT policy includes a deduction for services provided. A list of items which WOULD qualify for SILOT credit are listed below. In general only activities which are outside an exempt organization's core mission would be considered for SILOT credit, however exceptions will be considered when a direct benefit to City of Portland residents can be reliably measured. An exempt entity will have an opportunity on an annual basis to outline their SILOT contributions via a standard form distributed with the estimated PILOT bill.

Participation in City Initiatives

- Targeted scholarships for Portland residents
- Summer Job Creation / Youth Employment
- Set Up Initiative Health Disparities Initiative

Policy Based Collaborations

- Public/Community Health Initiatives
- Partnerships with Local Schools
- Job Training Initiatives
- Direct support on City Council Goals / participation on Task Forces

Other Direct Contributions

- Real Estate Taxes on Property Used for Institutional Purposes
- Donations to City capital projects or initiatives
- Donations in kind (i.e. real estate, personal property)
- Provision of services otherwise provided by the City (i.e. snow removal on public right of way, maintenance of a public facility, security services provided in public areas)

Good Neighbor Activities

- Volunteer Efforts of Students/Employees
- Sponsorships of local organizations

A non-comprehensive listing of items which would NOT qualify for SILOT credit is below:

- Real Estate Taxes on Property used for Non-institutional Purposes
- Linkage Payments
- Permits Inspection Fees
- Student Spending
- Salaries Paid to Employees
- Construction Costs
- Purchase of Goods, Services
- Grants Received / Outside Money
- Operating Support for Community Health Clinics
- Unreimbursed Medicare or Medicaid

If an exempt property owner is considering a formal PILOT payment to the City and would like SILOT credit the Finance Department should be contacted to begin the process.

DRAFT

7. ANNUAL BILLING AND FIVE-YEAR PHASE IN (FY20-FY24)

Annual Billing

The annual billing for the PILOT will be performed by City staff. PILOT bills will be sent on a semiannual basis on a schedule similar to regular property tax billing – typically PILOT bills will be sent in July of each fiscal year. A SILOT credit application will also be enclosed with the PILOT bill and each exempt organization will have 30 days to complete and return form. The City will review the forms and notify each organization of SILOT credits received – including a revised PILOT bill for the current fiscal year. PILOT payments will be due on the regular property tax payment dates – typically the second Friday in September and March of each year.

Five Year Phase In – New PILOT Agreements

For any exempt organizations impacted by this policy, who currently exist in the City and are remaining in their existing locations, a five year phase in is permitted. The amounts due in the first five tax years of the new program are as follows:

FY20 – 10% of the normal PILOT amount

FY21 – 20% of the normal PILOT amount

FY22 – 30% of the normal PILOT amount

FY23 – 40% of the normal PILOT amount

FY23 – 50% of the normal PILOT amount

For any NEW exempt organizations seeking to locate within the City or Portland the full PILOT amount is due in FY20. For exempt organizations who currently exist within the City and are seeking to expand their footprint within the City, the full PILOT policy would be due on any new

DRAFT

property acquired.

8. GUIDANCE FOR CITY STAFF – ENCOURAGING PARTICIPATION IN THE PILOT PROGRAM AND ANNUAL REPORTING ON PILOT PAYMENTS

Several common transactions should be used as opportunities for City staff to inform exempt organizations about the PILOT policy and in some cases encourage participation.

Property Sale – Where conversion to exempt property	Strongly encourage signing of a new PILOT agreement, present policy along with standard agreement.
Building Permit – Where conversion to exempt property	Strongly encourage signing of a new PILOT agreement, present policy along with standard agreement.
Zoning Amendment Request	Strongly encourage signing of a new PILOT agreement, present policy along with standard agreement.
Site Plan Review	Inform of PILOT policy – present copy of document
Passage of Formal Pilot Policy / Amendments to PILOT Policy	Notify all potentially impacted exempt organizations

Finally, the Finance Department along with the Assessors Department will publish a **PILOT Annual Report** each fiscal year noting the complete listing of exempt organizations who have been sent a PILOT letter, noting any PILOT contributions received, and any SILOT credits granted.

DRAFT