

PARK IMPACT FEE AND LAND DEDICATION POLICY
NEEDS ASSESSMENT

PREPARED FOR THE CITY OF SUN PRAIRIE

PREPARED MAY 20, 2020 BY:



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EXECUTIVE SUMMARY

This Park Impact Fee and Land Dedication Policy Needs Assessment provides the City of Sun Prairie (the “City”) with the necessary analysis to support amendments to the City’s land dedication and park impact fee ordinances in compliance with Wis. Stat. §§ 236.45 and 66.0617.

The objective of these legislative efforts is to utilize a combination of land dedication, payment in lieu of dedication, and impact fees to support a successful park system. These efforts recognize two distinct cost components related to park development. The first is the cost of acquiring parkland and the second is the cost of constructing park improvements. These efforts account for all types of new residential development that affect the demand for park services within the City, acknowledging that housing for older persons affects demand for park services differently than other types of residential development.

I. SUMMARY OF CURRENT LAND DEDICATION AND PARK IMPACT FEE ORDINANCES AND CITY OBJECTIVES

The City’s current land division ordinance requires applicants for land divisions to dedicate land, pay a fee in lieu of dedication, or both, for park purposes as a condition of approval for a subdivision plat or certified survey map. The requirement is codified in §§ 16.28.090 and 16.36.070, Sun Prairie Code of Ordinances. The dedication requirement is at least 1 acre per 23 dwelling units. If the dedication of land is not appropriate, the ordinance requires the applicant to pay an in lieu fee equal to an amount per dwelling unit set by the Common Council. Ordinances, § 16.36.070A.

The City’s park impact fee ordinance establishes two types of park impact fees:

- (1) a “park improvement impact fee” that applies to all new residential and mixed use development. This fee—currently \$480 per dwelling unit (other than assisted living dwelling units)—was sized to fund new growth’s proportionate share of the improvement of land for park purposes.
- (2) a “parkland acquisition impact fee” that applies to all new residential development unless the City has previously obtained a land dedication or an in lieu fee with respect to the subject dwelling unit. This fee—currently \$1,220 per non-assisted living dwelling units—was sized to fund new growth’s proportionate share of the acquisition of parkland.

Since 2007, the City has primarily relied on park impact fees to fund new development’s share of the capital costs of parks. For most neighborhoods platted after 2007, the City had not previously obtained a park land dedication or collected a fee in lieu of dedication.

The City wishes to:

1. Modify the land dedication and fee in lieu of dedication requirements for residential subdivision projects in conformance with Wis. Stat. § 236.45, Wisconsin's subdivision law. By their nature, these requirements apply only to new development involving a land division and are imposed upon a subdivider as a condition of approval of a subdivision plat or certified survey map. Both the dedication requirement and in lieu fee will be sized to support the *acquisition* of parkland.
2. Modify the City's two types of park impact fees in conformance with Wis. Stat. § 66.0617, Wisconsin's impact fee law:
 - a. the "park improvement impact fee" that will apply to all new residential development. This fee will not duplicate the City's "in lieu fee," as the park improvement fee will be sized to fund new growth's proportionate share of the *improvement* of land for park purposes.
 - b. the "parkland acquisition impact fee" that will apply to all new residential development unless and to the extent the City has previously obtained a land dedication or an in lieu fee with respect to the subject dwelling unit. This fee will be sized to fund new growth's proportionate share of the *acquisition* of parkland.

The new land dedication, fee in lieu of dedication and park impact fee program will apply, in varying degrees, to applicants for land division approvals and applicants for building permits that will create additional residential dwelling units within the City including, but not limited to, single-family homes, townhouses, condominiums and apartments. Tables 1.1 -1.3 summarize these four park funding mechanisms, each of which is a one-time charge against new development.

Table 1.1 – Summary of Park Funding Mechanisms

Funding Mechanism	Purpose	Affected Party	When Made or Collected
Land Dedication	Fund acquisition of parkland	Applicant for subdivision plat or CSM approval who is required by the City to dedicate land	Upon approval of subdivision plat or CSM
Fee in Lieu of Dedication	Fund acquisition of parkland	Applicant for subdivision plat or CSM approval who is required by the City to pay a fee in lieu of dedication	Upon issuance of building permit *
Parkland Acquisition Impact Fee	Fund new residential development's proportionate share of acquisition of parkland	Applicant for building permit unless and to the extent the City has previously obtained either (a) a land dedication or (b) a fee in lieu of dedication with respect to the subject property. E.g., developer of a new apartment building on an existing lot	Upon issuance of building permit*
Park Improvement Impact Fee	Fund new residential development's proportionate share of park improvements	All applicants for residential building permits	Upon issuance of building permit*

* With exceptions when fee exceeds \$75,000.

Table 1.2 – Parkland Funding Mechanism by Common Land Use

Land Use	Land Dedication Required?	Fee in Lieu of Dedication Required?	Parkland Acquisition Impact Fee Required?
Newly created vacant lot planned for residential development with dwelling units	Yes <i>unless</i> land dedication is not feasible in whole or in part	Yes as reduced or zeroed out by any contemporaneously provided land dedication	No
Existing vacant lot being developed or redeveloped to create dwelling units	No	No	Yes as reduced or zeroed out by an appropriate credit for a previously provided land dedication or fee in lieu of dedication.
Existing Nonresidential Building being converted or modified to include dwelling units	No	No	Yes for the number of dwelling units created
Existing Residential or Mixed Use Building being modified to create additional dwelling units	No	No	Yes for the increase in number of dwelling units

Table 1.3 – Summary of Park Development Funding Mechanism

Type of Residential Development	Park Improvement Impact Fee Required?
New Construction, including demolition and replacement	Yes
Modification or Expansions of Existing Building	Yes
Conversion Of Existing Building	Yes

In order to examine the City’s current park land and infrastructure needs, the City hired Vandewalle & Associates Inc. to prepare a 2017-2022 Parks and Open Space Plan (the “Parks Plan” or “Plan”). The City adopted the Parks Plan in 2017. The Parks Plan estimates existing development and future growth that increases demand for park facilities; reviews and updates information on the physical facilities and lands that make up the City’s park system; estimates the costs of parkland and park improvements; and provides guidance for future improvement and expansion of the park system to serve new development. The Plan was used extensively to inform this Assessment. The following portions from the Plan are expressly incorporated herein by reference:

1. inventory of existing City park facilities, including the identification of any existing deficiencies in the quantity or quality of those park facilities, for which it is anticipated that an impact fee may be imposed;
2. identification of the new park facilities, or improvements or expansions of existing park facilities, that will be required because of land development for which it is anticipated that impact fees may be imposed; and
3. a detailed cost estimate of the capital costs of providing the new park facilities, or the improvements or expansions in existing park facilities identified in subparagraph 2.

II. LEGAL FRAMEWORK: WISCONSIN’S IMPACT FEE LAW AND SUBDIVISION LAW

A. Impact Fee Legislation

Wisconsin’s impact fee legislation, Wis. Stat. § 66.0617, authorizes the City to enact or amend an ordinance imposing fees to pay the capital costs of eligible park facilities that are necessary to accommodate new development. The statute allows for impact fees to be charged to all new development that increases the need for capital park facilities, including in-fill projects.

1. Standards

Impact fees must satisfy nine statutory standards, each designed to ensure the fees imposed are fair to both existing and new development. Wis. Stat. § 66.0617(6). These requirements of the impact fee statute determine the structure, scope, and amount of the proposed fee program. Under these requirements, impact fees imposed by an ordinance enacted under § 66.0617:

1. Shall bear a rational relationship to the need for new, expanded or improved public facilities that are required to serve land development. Wis. Stat. § 66.0617(6)(a).
2. May not include amounts for an increase in service capacity greater than the capacity necessary to serve the development for which the fee is imposed. Wis. Stat. § 66.0617(6)(am).
3. May not exceed the proportionate share of the capital costs that are required to serve land development, as compared to existing uses of land within the municipality. Wis. Stat. § 66.0617(6)(b).
4. Shall be based upon actual capital costs or reasonable estimates of capital costs for new, expanded or improved public facilities. Wis. Stat. § 66.0617(6)(c).
5. Shall be reduced to compensate for other capital costs imposed by the municipality with respect to land development to provide or pay for public facilities, including special assessments, special charges, land dedications or fees in lieu of land dedications under ch. 236 or any other items of value. Wis. Stat. § 66.0617(6)(d).
6. Shall be reduced to compensate for moneys received from the federal or state government specifically to provide or pay for the public facilities for which the impact fees are imposed. Wis. Stat. § 66.0617(6)(e).
7. May not include amounts necessary to address existing deficiencies. Wis. Stat. § 66.0617(6)(f).
8. May not include expenses for operation or maintenance of a public facility. Wis. Stat. § 66.0617(6)(fm).
9. In general, shall be payable by the developer or the property owner to the municipality in full upon the issuance of a building permit by the municipality. Wis. Stat. § 66.0617(6)(g).

Wis. Stat. § 66.0617(6)(a)-(g).

2. Eligible Impact Fee Expenditures

Park impact fee revenue and interest earned on such revenue may be expended only for the particular capital costs for which the impact fee was imposed. Wis. Stat. § 66.0617(8); *see also* Wis. Stat. §§ 66.0617 (1)(a) (defining “capital costs”) and (f) (defining “public facilities”). Park impact fees may be used to increase user service or capacity within an existing park in order to accommodate demand by new growth.

3. Implementation Requirements

The impact fee statute includes an impact fee deferral program for large developments. Section 66.0617(6)(g) allows for the deferral of impact fees for a project where (i) the fees exceed \$75,000 and (ii) the fees are designated to pay for the construction of future planned but not yet approved public facilities. Subsection (6)(g) allows developers to provide a letter of credit or bond at building permit issuance in the amount of the unpaid fees, and delay paying the fees until a later date. The deferral period is four (4) years from the date of building permit issuance or a date which is six months before the municipality incurs the “costs to construct, expand, or improve the public facilities related to the development for which the fee was imposed, whichever is earlier.” Wis. Stat. § 66.0617(6)(g).

Impact fees must be held in a separate segregated interest-bearing account. Wis. Stat. § 66.0617(8). At the time the municipality collects an impact fee (that is, upon issuance of a building permit), it must provide the payer with an accounting of how the fee will be spent. Wis. Stat. § 66.0617(7r).

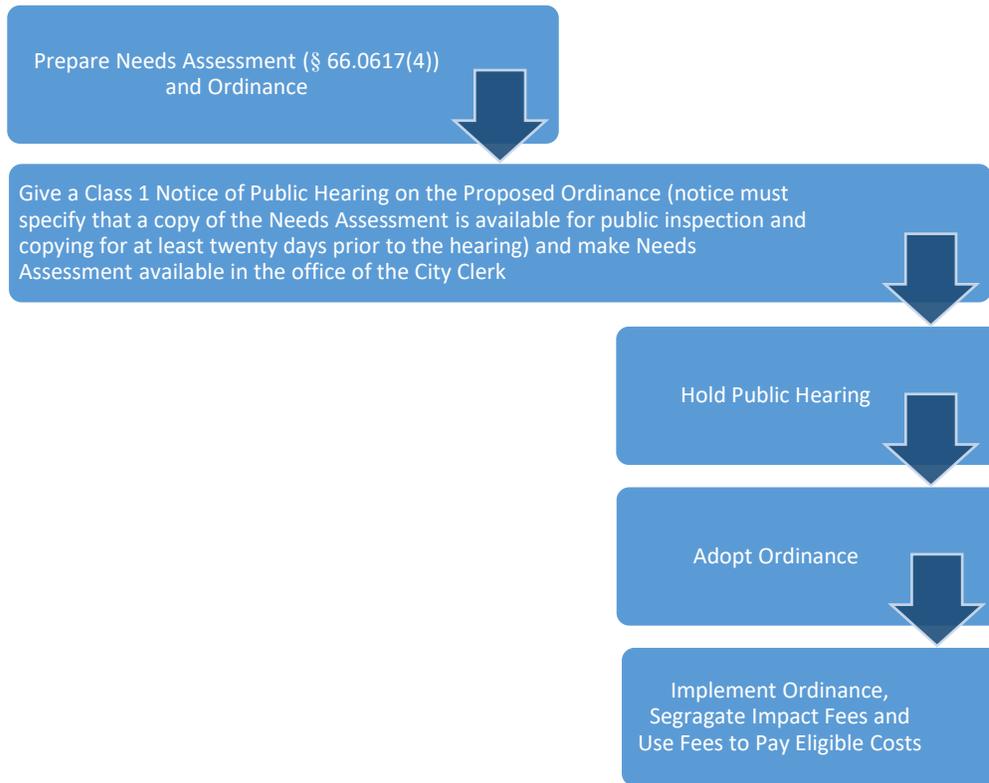
Park impact fees that are not used within eight years after they are collected to pay the capital costs for which they were imposed shall be refunded to the payer, along with accrued interest. Wis. Stat. § 66.0617(9). This eight-year limitation cannot be extended. *Id.*

Prior to enacting or amending an ordinance that imposes an impact fee, a municipality must prepare a needs assessment for the public facilities for which it is anticipated that impact fees may be imposed and hold a public hearing. § 66.0617(3)-(4). Section 66.0617(4)(a) prescribes the content of a public facilities needs assessment.

Additionally, Wis. Stat. § 66.0617(7) authorizes an impact fee ordinance to provide for an exemption from or reduction in the fee for land development that provides low-cost housing, with certain exceptions. The impact fee ordinance must specify a procedure under which a person upon whom an impact fee is imposed may contest the amount, collection or use of the impact fee to the governing body of the municipality. Wis. Stat. § 66.0617(10).

Figure 1 depicts the process for adopting or amending an impact fee ordinance.

Figure 1: Process for Adopting or Amending an Impact Fee Ordinance



4. Impact Fee Methodologies and Selected Method

There are three basic methods for determining new development’s fair share of planned public facilities costs: the existing inventory or incremental expansion method; the system plan method; and the planned facilities method. The existing inventory or incremental expansion method is best suited for public facilities that will be expanded incrementally in the future. The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development. Under this method, new development funds the expansion of facilities at the same standard currently serving existing development. By definition, the existing inventory method ensures that the impact fee will not charge new development to correct any existing deficiency.

This Needs Assessment uses the existing inventory or incremental expansion method to calculate two park impact fees: a parkland acquisition impact fee and a park improvement impact fee. This method is designed to assist the City in maintaining the existing level of park service through the 2027 planning horizon. For this reason, the proposed park impact fees are based on the existing inventory standard to ensure that the City can at least maintain its current level of park service per capita as growth occurs. “Existing,” when used in this Assessment, means existing in 2017 given this Assessment’s reliance on the 2017 Parks Plan data.

The method recognizes that (a) all new residential development (and consequent population increases) in the City creates additional demands on park level of service (or

capacity) and (b) if park capacity is not increased to satisfy that demand, the quality and quantity of the City's park services will deteriorate. In other words, when more households are added and the quantity or quality of park facilities stays the same, the level of service is degraded. The major underlying assumption of this method is that maintaining park facilities provided by the City requires continuing the existing level of service, measured as the amount of park acreage per capita, based on the existing cost to provide park facilities. The method often assumes a simple linear relationship between the addition of a new household (representing demand for park facilities) and the need for certain additional parks (supply). Under this method, the existing level of service and the construction cost of park facilities (land and improvements) are the key variables.

B. Land Division Law

Under land division law, local governments, as a condition of approval of a subdivision or other division of land, have the authority to require a land dedication, easement, or other public improvement or fee for the acquisition or initial improvement of land for a public park. Wis. Stat. § 236.45(6)(b). Any land dedication, easement or other improvement or fee must bear a rational relationship to the need for the land dedication, easement, or other improvement or fee and must be proportional to the need. *Id.*

Before April 4, 2018, a political subdivision was prohibited from imposing, as a condition of approval of a subdivision, a fee or other charge to fund the acquisition or improvement of real or personal property, except that a local government could impose a fee or other charge to fund the acquisition or initial improvement of land for public parks. Under current law, a political subdivision may impose a public park in-lieu fee *only if* the authorizing ordinance of the local government is enacted by following the same procedures, and meeting the same requirements that apply to the imposition, collection and use of impact fees. Wis. Stat. §236.45(6)(am).

Current law also provides that, if a political subdivision's ordinance requires, as a condition of approval of a subdivision, that a subdivider dedicate land for a public park, the political subdivision may offer the subdivider the option of either dedicating the land or paying a fee or other charge in lieu of the dedication. If the subdivider elects to pay the fee or other charge, it is payable to the political subdivision upon the issuance of a building permit by the municipality. Wis. Stat. § 236.45 (6)(c).¹ If the subdivider elects to dedicate land, unless the municipality, town, or county agrees otherwise, the subdivider may only dedicate land that is consistent with the municipality's, town's, or county's park plan and comprehensive plan. Wis. Stat. § 236.45(6)(c).

¹ There is an apparent inconsistency between § 236.45(6)(c)—requiring payment of in lieu fee upon issuance of building permit—and § 66.0617(6)(g) (made applicable to in lieu fees by § 236.45(6)(am))— allowing for deferral of payment under certain circumstances. It is possible a court will interpret § 236.45(6) to allow developers to defer payment of an in lieu fee where (i) the fees exceed \$75,000 and (ii) the fees are designated to pay for the construction of future planned but not yet approved park facilities.

The process for amending the City’s subdivision ordinance requires a recommendation from the Planning Commission. It also requires the same process used to adopt an impact fee ordinance (or amendment to such ordinance) as illustrated in Figure 1.² Wis. Stat. § 236.45(4).

Because the guidelines for statutorily-valid impact fees inform the standards for statutorily-valid fees in lieu of dedication, this Needs Assessment begins with the determination of the proposed park impact fees and then considers a recommended land dedication policy.

III. PARK IMPACT FEES

Park impact fees are calculated to fund the cost of park facilities required to accommodate growth. The four steps in a needs assessment include:

1. Estimate existing development and future growth that reflects increased demand for park facilities.
2. Identify facility standards used to plan for new and expanded park facilities.
3. Determine park facilities required to serve new development and their costs.
4. Calculate fee schedule by allocating facilities costs per unit of new development.

A. Growth Projections, Land Use Types and Occupation Densities

Analyzing the impact of new development on the need for park facilities requires the definition of a common unit of demand for such facilities. This Needs Assessment uses City residents as the units of demand or service unit for the park impact fees. The need for, usage of, and benefit from parks are primarily attributable to residential development. Accordingly, the 2017 population is used as an indicator of existing park facility demand and to determine the current level of park service. The estimate of total development at the 2027 planning horizon is used as an indicator of future demand to determine total park facilities needed to accommodate growth.

The land use categories used to define development for impact fee purposes have important implications for the fee amounts and the ease or difficulty of impact fee administration. In establishing impact fees assessed against new residential development, the City has historically charged the same fee per residential (dwelling) unit without differentiating rates by residential development type (single family or multi-family). All fees in this Needs Assessment are calculated based on dwelling units without differentiating rates among land use types with one exception. The Assessment proposes a differential fee for residential land development that provides senior housing.

Occupation density assumptions ensure a reasonable relationship between the size of a development project, the increase in population associated with the project, and the amount of

² There is an apparent inconsistency between § 236.45(4)—requiring a class 2 notice of the required public hearing—and Wis. Stat. § 66.0617(3) (made applicable to in lieu fees by § 236.45(6)(am))—requiring a class 1 notice.

the fee. To calculate the number of persons residing in a dwelling unit—the occupation density factor—the Parks Plan recommends using the “average household size.” Average household size is the ratio of household population to the number of occupied units. This Assessment uses 2.46 as the City’s average household over the ten-year planning period. <https://www.census.gov/quickfacts/sunprairiecitywisconsin>.

Table 2 shows the estimated number of residents and dwelling units (households), in 2017 and in 2027. According to the Parks Plan, the City’s population is anticipated to reach 41,260 by 2027. This figure reflects an increase of 8,895 people and 3,698 dwelling units over a ten-year period.

Table 2: 2017 and Projected Residential Development

	2017	2027	Increase
Residents	32,365	41,260	8,895
Dwelling Units	13,242	16,940*	3,698

Source: Parks Plan; U.S. Census Quick Facts, Sun Prairie, Wisconsin.

* Based on 2.4356 persons per dwelling unit (2027).

B. Park Inventory and Standards

The City’s proposed park impact fees are based on the 2017 level of service, as determined by the Parks Plan. A level of service standard is a policy that indicates the amount of facilities required to accommodate demand for the service. Facility standards for parks are typically expressed as a ratio of park acres per 1,000 residents.

In this Needs Assessment, the existing level of service is defined as the ratio of acres of unconstrained parkland to population as determined in 2017 and reported by the Parks Plan.³ Table 3 presents the calculation of the existing level of service (“LOS”) for two park types included in the Parks Plan inventory. As summarized in Table 3 and detailed in the Plan, the City had 246.7 total unconstrained acres of park facilities in 2017. Of the existing parks, approximately 74.8% were community parks and 25.2% were neighborhood parks. The City was providing a service level of 7.6 acres of parks per 1,000 residents in 2017.

While the Park Plan recommends a future level of park service of 10 acres per 1,000 residents, impact fees may not include amounts to finance an increase in level of park service or to correct a deficiency in the existing level of service. These limitations require that the City calculate park impact fees on the assumption that the City seeks to maintain the 2017 service level of 7.6 acres of developed parkland per 1,000 persons over the planning period. The City must look to revenue sources other than impact fees for funding an increase in the level of park service.

Table 3: 2017 Level of Service (LOS) Standards

³ Land owned by the School District and constrained acreage (land within 100-year floodplains, drainage ways, etc.) were excluded from the inventory.

	Existing Park (Acres)(a)	2017 Population(b)	LOS 2017 (Acres per 1,000)(c)	LOS (Sq. Ft. per Person)(d)
Neighborhood	62.1	32,365	1.9	83.58
Community	184.5	32,365	5.7	248.31
Total	246.7*	32,365	7.6	332.03*

(a) Source: Parks Plan, Figure 9.

(b) Source: Parks Plan.

(c) Existing/2017 parks acreage (a) divided by 32,365 population (b) multiplied by 1,000 residents.

(d) Existing/2017 parks acreage (a) multiplied by 43,560 (square feet per acre) divided by population (b).

*The total is different from the sum of the values in this column because the total is calculated using the rounded total value reported in the Parks Plan.

Table 4 provides the estimate of the park acreage needed to accommodate the demand generated by new residents at the existing level of service. As shown, the City will need an additional 66.876 acres of improved parks to serve the City residents in 2027 at the 2017 (existing) level of service.

Table 4: Needed Parks to Maintain Existing LOS

Table 4: Existing and Planned Park Use – Based on Existing Level of Service				
	Existing LOS(1)	2017 Existing Park (Acres)(2)	Total Additional Unconstrained Acres Needed by 2027(3)	New Park Acreage Needed by 2027 to meet Existing LOS(4)
Neighborhood	1.9	62.1	78.394	16.294
Community	5.7	184.5	235.182	50.682
Total	7.6	246.7*	313.576	66.876

(1) Source: Park Plan.

(2) Source: Park Plan, Figure 9.

(3) Existing LOS divided by 1,000 multiplied by projected 2027 population—41,260 (based on Parks Plan).

(4) Total needed acres minus existing park acreage.

* The total is different from the sum of the values in this column because the total uses the rounded total value reported in the Parks Plan.

C. Parkland and Park Improvement Development Costs

The proposed impact fees for the City’s parks use the existing inventory and valuation of the existing park assets to calculate the current investment per person. As a reminder, “existing” means 2017 given the reliance on the 2017 Parks Plan data. The 2017 investment per person is multiplied by the future population to identify the value of additional park assets needed to provide growth with the same level of service/investment that the City owns for the 2017 population.

The value of the existing inventory of parks is calculated by determining the value of parkland and improvements. The sum of all the values equals the existing value of the City’s park system. Tables 5 and 6.2 list the inventory of parkland and improvements that make up the

City's park system. The values are based on replacement cost estimates set forth in the Parks Plan and as supplemented by City staff in Table 6.1. Table 7 provides the total value of park inventory.

Table 5: Parkland Inventory and Capital Value

Park Type	Quantity (Acres)	Unit Value per Acre (Land)(1)	Total Parkland Capital Value(2)
Neighborhood	62.1	\$110,000	\$6,831,000
Community	184.5	\$110,000	\$20,295,000
Total	246.7*		<u>\$27,126,000</u>

Source: Park Plan, Figure 9 and Figure 13.

(1) Includes a 10% allowance for legal, engineering and design costs.

(2) Unit Cost per Acre multiplied by acreage.

* The total is different from the sum of the values in this column because the total uses the rounded total value reported in the Parks Plan.

Table 6.1: Parkland Improvement Costs

Neighborhood Park

Item	Approximate Cost	Assumptions	Total
A. Open Air Shelter	\$35,000	1	\$35,000
B. Playground Equipment	\$100,000	1	\$100,000
C. Small Seating/Benches/Picnic/Rest Area	\$6,000	1	\$6,000
D. Basketball Court	\$60,000/Court	1	\$60,000
E. Tennis/Pickle Ball Court	\$85,000/Court	1	\$85,000
F. Full Sized Soccer/Play Field (without lights or nets)	\$30,000/Field	1	\$30,000
G. Parking Lot Improvements	\$3,000/Stall	2	\$6,000
H. Park Size			5
I. Total Playground/Play Improvements/acre (A-F (\$322,000)÷H)			\$64,400
J. Landscaping & Lighting			\$1,500/acre
K. Sidewalks and Paths			\$9,000/acre
L. Grading and Seeding			\$2,000/acre
Total Playground and Play Feature/Improvement Costs (I-L)			\$76,900
Approximate Cost per Square Foot			\$1.76538108

Source: Vandewalle & Associates and City staff

Community Park

Item	Approximate Cost	Assumptions	Total
A. Pavilion with Restrooms	\$500,000	1	\$500,000
B. Large Playground	\$150,000	1	\$150,000

C. Large Seating/Picnic/Rest Area	\$15,000	1	\$15,000
D. Basketball Court	\$60,000/Court	2	\$120,000
E. Tennis Court/Pickle Ball Court	\$85,000/Court	4	\$340,000
F. Little League Baseball Field	\$150,000	1	\$150,000
G. Full Sized Soccer/Play Field (without lights or nets)	\$30,000/Field	4	\$120,000
H. Park Size			25
I. Total Playground/Play Improvements/acre (A-H (\$1,395,000)÷H)			\$55,800
J. Landscaping & Lighting			\$1,500/acre
K. Sidewalks and Paths			\$9,000/acre
L. Parking Lot Improvements	\$3,000/Stall	4/acre	\$12,000/acre
M. Grading and Seeding			\$2,000/acre
Total Playground and Play Feature/Improvement Costs (I-M)			\$80,300
Approximate Cost per Square Foot			\$1.84343434

Source: Vandewalle & Associates and City staff

Table 6.2 Average Playground, Play Features, and Improvement Cost per Acre

	Neighborhood	Community
A. Total Playground and Play Feature/Improvement Costs	\$76,900	\$80,300
B. Acres per 1,000 Residents	1.9	5.7
C. Percent of Total Acres per 1,000 Resident	25%	75%
Average Improvement Cost per Acre (weighted average of A based on C (\$76,900 x .25)(\$19,225) + (\$80,300 x .75)(\$60,225)	\$79,450	
Average Improvement Cost per Square Foot	\$1.82392103	

Table 6.3: Park Improvements and Capital Value

Park Type	Quantity (Acres)	Unit Value per Acre (Improvements)(1)	Total Park Improvements Capital Value (2)
Neighborhood	62.1	\$76,900	\$4,775,490.00
Community	184.5	\$80,300	\$14,815,350.00
Total			\$19,590,840.00

Source: Park Plan and Table 6.1.

(1) Does not include a 10% allowance for legal, engineering and design costs.

(2) Unit Value per Acre (Improvements) multiplied by acreage.

Table 7: Total Value of Current Park System

Park Type	Quantity (Acres)	Unit Value per Acre (Land)	Unit Value per Acre (Improvements)	Total Park System Value (Land and Improvements) per Acre (1)+(2)	Total Capital Value
Neighborhood	62.1	\$110,000	\$76,900	\$186,900	\$11,606,490.00
Community	184.5	\$110,000	\$80,300	\$190,000	\$35,110,350.00
Total	246.7*				<u>\$46,716,840.00</u>

Source: Park Plan, Tables 5 and 6.

* The total is different from the sum of the values in this column because the total uses the rounded total value reported in the Parks Plan.

The total value of current City park and improvements is \$46,716,840.00. Dividing total value of parks by total existing population (service units) results in a park development cost of \$1,443.44 per person to maintain the current level of service, as shown in Table 8.

Table 8: Value of Current Parks per Person

Asset	Total Capital Value	Current (2017) Population	Total Capital Value Per Persons
Land(1)	\$27,126,000.00	32,365	\$838.1276
Improvements	\$19,590,840.00	32,365	\$605.3094
Land and Improvements	<u>\$46,716,840.00</u>	32,365	\$1,443.4370

Source: Park Plan.

Impact fees must be related to the needs of growth. The first step in determining growth's need is to calculate the total value of parks that are needed for growth. The calculation is accomplished by multiplying the capital value per person by the number of new persons that are forecasted for the City's growth over the planning period. Table 9 shows this calculation.

Table 9: Value Needed for Growth

Capital Value Per Person	Growth of Population (2027)	Value Needed for Growth
\$1,443.44	8,895	\$12,839,398.80

D. Calculation of Park Impact Fees

We understand the City desires to continue a new two-tiered park impact fee structure, with one tier to fund the acquisition of parkland and a second tier to fund park improvements. As shown in Table 10, the maximum supportable parkland acquisition impact fee is \$2,078.55 per

dwelling unit. The maximum supportable park improvements impact fee is \$1,501.17 per dwelling unit.

Table 10: Maximum Park Impact Fees Per Dwelling Unit (Unit of Development)

	Cost Per Resident Land (a)	Cost Per Resident Improvements Only (b)	Household Size (c)	Parkland Acquisition Impact Fee (Funds Land Costs (a*c))	Park Improvements Impact Fee (Funds Improvement Costs (b*c))
Per Dwelling	\$838.1276	\$605.3094	2.48	\$2,078.55	\$1,501.17

Consistent with Wis. Stat. § 66.0617(6)(d), this Needs Assessment considers credits due certain property owners against the park land acquisition impact fee. A property owner is entitled to a credit against the park impact fees imposed by the City in any of the following illustrative situations:

- (i) Whenever a land division was granted approval subject to a condition that the developer provide land for parks or provide park system improvements; or
- (ii) Whenever a developer has agreed, pursuant to the terms of a voluntary agreement with the City, to provide land for parks or provide park system improvements; or
- (iii) Whenever a developer has paid a fee in lieu of dedication.

In any of the above cases, the credit is based on the value of land dedicated, facility constructed, or fee paid properly allocated.

The City may consider a reduction in the amount of park impact fee on development that provides for housing for older persons. Such a reduction may be based on the assumption that housing for older persons does not create the same demands on park services as other types of housing. One method of calculating the amount of the reduction assumes that the demand on park services created by housing for older persons is one-half the demand created by other residential housing. Where, however, the development is later converted to a permanent use as non-age restricting housing, the City’s ordinance may provide for collection of the impact fees imposed at that time (less a credit for the amount previously paid).

The City may also consider an exemption from park impact fees for facilities for long-term care. These facilities include housing facility or long-term care facilities providing “assisted living services,” “enhanced adult residential care,” or “nursing home” care. The City may also wish to provide that the exemption ceases if the housing facility is later converted to permanent use as a single-family or multifamily residence not providing such services, in which case impact fees would be imposed at that point. Special care in drafting the City’s ordinance may be required to account for a housing facility providing a mixture of independent senior housing in

combination with any of the above-mentioned services. In such a case, the City may wish to limit the exemption to that portion of the facility providing such services, and the impact fee shall be appropriately calculated on a per dwelling unit basis for that portion of the facility not providing such services.

E. Effect on Affordable Housing

Pursuant to Wisconsin Stat. § 66.0617(4)(a)3, a needs assessment must estimate the cumulative effect of all proposed and existing impact fees on the availability of affordable housing within the City. Including \$4,327.72 (the total maximum justifiable park impact fees of \$3,579.72, plus the aggregate of all other impact fees expected to be in effect during 2020) in a 30-year mortgage at 3.25% would increase the monthly mortgage payment by \$18.83 and the annual payment by \$226.⁴ The annual increase is about 0.32% of \$70,295 – the median household income for the City. *See* U.S. Census Quick Facts. Other impacts of the fee on housing affordability are set forth in the Table 11 below, based on data derived from the U.S. Census Quick Facts (2012-2016).

Table 11: Effect of Impact Fees on Housing Affordability

Median Housing Value	\$226,600
Annual Mortgage Payment	\$19,932
Median Household Income	\$70,295
Mortgage Payment as % Median Household Income	28.35%
Impact Fee Added to Mortgage	\$4,327.72
Increase in Annual Mortgage Payment due to Impact Fee	\$226
Annual Housing Cost + Fees	\$20,158
% Increase in Annual Payment	1.13%
Mortgage Payment + Fees % of Income	28.68%

The effect of the park impact fees or the effect of the sum of the park improvement fee and fee in-lieu of dedication, as well as the cumulative effect of all the impact fees imposed by the City,⁵ should not have a significant adverse impact on the availability of affordable housing within the community.

IV. DETERMINATION OF LAND DEDICATION REQUIREMENT AND IN-LIEU FEE

A. Land Dedication Requirements

Under the Land Division statute, the dedication of land must bear a rational relationship, and be proportional to the need for the land dedication, easement, or other improvement. This section evaluates a land dedication requirement in light of these “nexus” standards.

⁴ The other impact fees expected to be in effect during 2020 is \$748 traffic impact fee.

⁵ As explained in Section IV.B, the fee in lieu dedication fee is the same as the parkland acquisition impact fee.

As detailed in Table 3, the City currently provides a service level of 7.6 acres per 1,000 resident, or 332.03 square feet per person (821.02 square feet per dwelling unit) for neighborhood and community parks.⁶ The City intends to maintain the current service level in the long term. An updated parkland dedication requirement based on this, the existing level of service, is calculated in Table 12 by multiplying persons per dwelling unit by the existing level of service.

Table 12 – Land Dedication Based Upon Existing LOS

	Average Household Size*	Existing Service Standard (Acres per 1,000 Population)*	Sq. ft. of Park Land per Dwelling Unit
<i>Calc.</i>	<i>a</i>	<i>b</i>	$c=(a*b)/1000*43,560$
Dwelling Unit	2.48	7.6	823.10

*Source: Parks Plan. (The calculation here includes more places after the decimal in the existing service standard than is reported in the Park Plan.)

The primary goal of the rational relationship test is to demonstrate that the size of the proposed dedication is not arbitrary, but is justified through an analysis that correlates directly to need, as determined by the City Common Council. As a matter of policy, the Common Council has determined the need for park service to be a function of the existing level of service. This results in a maximum justifiable land dedication requirement of 823.10 square feet per dwelling unit.

Table 13 shows the projected land dedication that would be generated by projected new development through 2027 *if* all new development was subject to the land dedication requirement.

Table 13 – Estimated Project Land Dedication (2028), Assuming All New Development Dedicates Land

	New Dwelling Units	Land Dedication Per Dwelling Unit (Sq. Ft.)	Total Land Dedication as of 2027 (Acres)
<i>Calc.</i>	<i>a</i>	<i>b</i>	$c=(a*b)/43560$
Dwelling Unit	3,698	823.10	69.876

*Source: Park Plan.

B. Fees In Lieu of Dedication

Current law prohibits the use of in-lieu and impact fees to fund an increase of the level of park service or to correct existing deficiencies in the provision of park services. Like impact fees, the fee in lieu of dedication requirements must be based on the existing level of service. The fees in lieu of dedication and impact fees calculated in this Assessment use the City’s existing service standard, and the cost of developing new neighborhood and community parks, to estimate the cost of maintaining the existing level of service to new residents through the buildout of the

⁶ The calculations in this Assessment include more places after the decimal than reported in the Park Plan.

Parks Plan. As a result, the in-lieu fee and park impact fee will *not* include amounts to fund an increase in service capacity greater than the capacity necessary to serve the existing and new development and will not include amounts necessary to address existing deficiencies in the City’s provision of community parks.

The current level of service provided by existing parks is 7.6 acres per 1,000 residents. This equates to 823.10 square feet per dwelling unit (assuming household size is 2.48).

The Parks Plan estimates the cost of parkland in the City (plus an allowance for soft costs) at \$110,000 per acre or \$2.52 per square foot. Figure 9, Parks Plan. Based on the existing level of service and the current value per square foot, the updated fee in lieu is calculated in Table 14.

Table 14 – Fee In Lieu of Dedication

	Sq. Ft. per Dwelling Unit Based on Existing LOS	Cost per Square Foot	Fee per Dwelling Unit
<i>Calc.</i>	<i>a</i>	<i>B</i>	$c=(a*b)$
Land Cost inclusive of soft costs	823.10	\$2.52	\$2,078.55*

*The calculations here include more places after the decimal than shown.

The maximum justified fee in-lieu of dedication is \$2,078.55 per dwelling unit. By design, this fee is equal to the park land impact fee.

VI. IN LIEU OF DEDICATION AND IMPACT FEE FINDINGS

The updated fee in lieu of dedication and proposed park impact fee each satisfies the Wis. Stat. § 66.0617(6) standards for the following reasons.

The rational relationship and proportionality standards of § 66.0617(6)(a) and (b) are satisfied since the fees are charged to new residential development. The City’s fee programs assume new commercial or industrial development does not create a demand for park facilities. The fee also demonstrates proportionality by measuring the demand for park facilities by the number of persons generated by new residential dwelling units. Impact fees derive proportionate share fee amounts by using per capita and per dwelling unit or persons per household standards.

The fees meet the actual or estimated capital costs standard of § 66.0617(6)(c) by using the estimated or adjusted-for-inflation actual cost of constructing park facilities in the City. Consistent with § 66.0617(6)(fm), the fees do not contain any amounts for operation and maintenance expenses.

Subsection (d) requires that the fee be reduced to compensate for other “capital costs imposed by [the City] with respect to land development to provide or pay for the public facilities, including special assessments, special charges, land dedications or fees in lieu of land dedications” Wisconsin’s impact statute does not require a reduction for general property tax revenue generated by new development. While new development will provide property tax

revenue, such revenue is not earmarked to fund capital facilities (or repayment of debt used to finance capital improvements).

Subsection (e) requires that the fee be reduced to compensate for federal or state grants received by the City to pay for park capital costs. We are unaware of any grant revenue secured by the City to offset against the impact fees or in lieu of dedication fee.

Subsection (am) prohibits the use of fees to increase service capacity and (f) prohibits the use of fees to address existing deficiencies. Where, as here, impact fees and in-lieu fees are based on the existing level of service, the fees need not be adjusted by a credit that accounts for the contribution of new development toward remedying existing deficiencies. By its nature, the method used ignores any existing infrastructure deficiencies. New residential development pays only its proportionate share (here, 100%) to maintain a level of service, without regard to deficits or surpluses in that level of service.

Finally, the City’s proposed, updated in-lieu fee and new park impact fee represents a one-time charge collected when new dwelling units are authorized by the issuance of a building permit by the City except where the total amount of fees for a development will be more than \$75,000. In such an instance, the developer may defer payment as provided in § 66.0617(6)(g). This manner of collection satisfies the requirements of that subparagraph.

Pursuant to Wis. Stat. § 66.0617(7), an impact fee ordinance may provide for an exemption from, or a reduction in the amount of impact fees on land development that provides low-cost housing. However, no amount of an impact fee for which an exemption or reduction is provided may be shifted to any other development in the land development in which the low-cost housing is located or to any other land development in the municipality. The amended in lieu ordinance and the new park impact fee ordinance may permit a waiver of or adjustment to the amount of the fee on development that provides low-cost housing.

VII. ESTIMATED FEE INCOME AND USE OF FEES

The City plans to use park impact fees and fees in lieu of dedication to acquire parkland and construct park facilities to serve new development. As depicted in Table 9, the total value of park facilities needed for the 2027 population at the existing level of service is estimated at approximately \$13,000,000.00.

Table 16 shows the projected revenue generated by projected development through 2027, assuming all new development would be subject to both the parkland acquisition impact fee and the park improvement impact fee.

Table 16: Estimated Park Impact Fee Revenue from Development as of 2027

	New Dwelling Units	Proposed Fee	Fee Revenue
Parkland Acquisition	3,586	\$2,078.55	\$7,453,680.30
Park Improvements	3,586	\$1,501.17	\$5,383,195.62
TOTAL	3,586		\$12,836,875.90

- Population growth 8,895, average household size 2.48 persons

The projected park fee revenue through 2027 is \$12,836,875.90, assuming the City will see 3,586 new households over the next seven-year period. Changes in growth rates will affect the timing and need for future infrastructure improvements.

The City should use impact fees and fees in lieu on first-in, first-out basis and monitor compliance with the refund requirements.

VIII. MAXIMUM FEE SCHEDULES AND IMPLEMENTATION

This Assessment estimates the park impact fees and in-lieu fee schedules that will fund new development’s fair share contribution to the City’s investment in parks. The City may choose to charge parks facility impact and in-lieu fees below the maximum supportable fee schedule. Such downward adjustments, if selected, are typically based on policy considerations related to development feasibility (that is, the effect of all applicable impact fees and other fees on private development) and fee levels in peer municipalities.

Table 18 shows the maximum justifiable calculation of the in-lieu fee (rounded to the nearest whole dollar) to apply to subdivision projects that do not opt to dedicate parkland.

Table 19 shows the City’s maximum supportable park impact fee schedule (rounded to the nearest whole dollar for ease of administration). These maximum fees represent the maximum impact fees the City could charge consistent with § 66.0617. The City has discretion to adopt any fee up to the maximum amount supported by this analysis.

Table 18: In Lieu Fee

	Maximum In-Lieu Fee
Per Dwelling Unit	\$2,078

Table 19: Maximum Park Facilities Impact Fees

	Maximum Park Impact Fee	
	Parkland Acquisition Fee (Land only)	Park Improvement Impact Fee (Improvements only)
Per Dwelling Unit	\$2,078	\$1,501

The combined in lieu fee and park improvement impact fee for subdivision projects where a land dedication is not feasible is \$3,579. The combined parkland acquisition impact fee and park improvement impact fee for non-subdivision projects is \$3,579.

Fees may be adjusted annually for inflation in development costs.

The City must comply with reporting requirements of the impact fee statute. These require that at the time a fee is collected, the City provide the developer with an accounting of

how the fee will be spent. Wis. Stat. § 66.0617(7r). The City should deposit park impact fee revenue into a separate restricted, interest-bearing account. Wis. Stat. § 66.0617(8).