

Report on Impact Fees

Library Board Meeting

June 13, 2013

Per statute and as stated by Assistant City Attorney Doran Viste in his presentation to the Library Board on May 2, 2013, the first step in implementing impact fees for Madison Public Library is to “prepare a needs assessment for the public facilities for which it is anticipated that impact fees may be imposed” (Wis. Stat. Sec. 66.0617). This public facilities needs assessment or impact fee statement must include, but is not limited to, the following:

1. An inventory of existing public facilities, including an identification of any existing deficiencies in the quantity or quality of those public facilities, for which it is anticipated that an impact fee may be imposed.
2. An identification of the new public facilities, or improvements or expansions of existing public facilities, that will be required because of land development for which it is anticipated that impact fees may be imposed. This identification shall be based on explicitly identified service areas and service standards.
3. A detailed estimate of the capital costs of providing the new public facilities or the improvements or expansions in existing public facilities identified in subd. 2., including an estimate of the cumulative effect of all proposed and existing impact fees on the availability of affordable housing within the municipality.

Wis. Stat. Sec. 66.0617(4). When compiling this required information, the library would want to include the following:

- 1) **Community profile:** this should be a brief narrative describing the “zone” for which impact fee revenue is intended. The zone could be the entire city, a section of the city, or a specific service area. Demographic, societal, and business trends could fit into this section.
- 2) **Library profile:** this section should describe the library’s current services and projections of how new users will impact these services, along with identifying existing deficiencies in library facilities. It could also include statements on the primary and expanded service areas, other libraries nearby, and information on how the libraries serve each others’ patrons. Data from our recent patron usage maps would fit here. Information on the South Central Library System and our resource-sharing agreements could also be included.
- 3) **Projections on community growth:** this section would show data from City Planning showing projected housing developments for the community for at least the next 10 years. (The usual time frame used in an impact fee statement is 10 to 25 years). Zoning information, population and building projections should be included.
- 4) **Library statistics:** this section would provide data on standard library measures such as Circulation, Registration, Visits, Programs, Program Attendance, Internet Session, Reference Transactions, Holdings, etc. Trends should be noted. Also include comparisons to peer libraries using data from sources such as *The Public Library Data Service: Statistical Report*, *the Institute of Museum and Library Services Public Library Survey*, and the Urban Library Council.
- 5) **Description of the library building(s):** this section outlines the anticipated needs of the library system to accommodate future land development as a justification for the

impact fees. The actual needs assessment findings should appear here. Accepted standards, such as those defined in the *Wisconsin Public Library Standards*, should be listed. These standards are used in the calculation of the existing and future needs for the building(s). It's important to distinguish between deficiencies that exist with the current population and those that will occur because of expanding population. *The Public Library Space Needs: a Planning Outline/2009* and the *Dane County Library Standards* could also be cited. Examples of specific elements to include:

- Facilities size
- Shelving capacity
- Seating
- Computers/Wireless access
- Programming space
- Adaptability of facilities
- Adequacy of sites – quality of location and room to expand
- Parking
- Proximity to public transportation
- ADA accessibility

This section builds on the work done by the Site Planning Task Force. The assessment process could also include gathering input from the community and staff.

- 6) **Library's Strategic Plan:** include key elements of the plan and/or provide the entire plan.
- 7) **Impact Fee Calculation:** this section is the explanation of the factors used in the calculation. Required Square Footage is one example of a commonly used factor. This is a standard measure of the library services available to the community.

Clarifications from Doran Viste (June 5, 2013):

Can revenue from impact fees be used for library materials as they are treated as a capital asset per GASB34 guidelines?

Impact fees may be used by municipalities to require that developers pay for the “capital costs that are necessary to accommodate land development.” Hence, only “capital costs” may be recovered by the use of impact fees. “Capital costs” are defined as being “the capital costs to construct, expand or improve public facilities.” “Capital costs” do not include “other noncapital costs to construct, expand or improve public facilities. Hence, while I understand that the library treats library materials as a “capital asset”, I do not think that library materials fall under this definition of capital costs. Rather, the costs that can be recovered through an impact fee are really just the building costs themselves. This could include fixtures within the library building (i.e. a media room with TVs/built in projectors), but not the Library’s property that is used within such a new building/room (books, tables, chairs, computers, etc.).

What are the time limits/restrictions on spending revenue from impact fees?

State law puts restrictions upon the City in its use of impact fees. To generally summarize the status of the law, impact fees collected within the first 7-years after an impact fee ordinance is adopted by the council must be used by the municipality within 10-years of the ordinance’s adoption. Those that are not used within this time period must be returned (with interest). A municipality may extend this 10 year period by 3-additional years if it can show extenuating circumstances or hardship in meeting the 10-year limit. Finally, those impact fees collected more than 7-years after the adoption of the impact fee ordinance must be used by the municipality with a “reasonable period of time” or they must be returned. A “reasonable period of time” is not expressly defined, but we would certainly need to be aware of this requirement. Looking at the City’s current impact fees in Chapter 20, the impact fees that work the best are those that are for defined projects (specifically designated sewer or storm water improvements). Those that are now running into these statutory limitations are the park related open ended fees. Fortunately, parks generally has enough projects available throughout the City that it can find a way to quickly use the collected fees (i.e. by upgrading or installing new and expanded playground features) as it gets close to these deadlines. However, such a quick solution may be more difficult for a library, which would be confined to using such fees for infrastructure expansion. Should the law remain the same, however, and the City crosses the 7-year mark, the City could always repeal and reenact the impact fee. However, such an action would require a new needs assessment and a showing of why the impact fee is still necessary to accommodate land development.