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Legislation requires that impact fees should be spent or encumbered within six years after each impact fee is paid. Impact fees collected in the next five to six years should be spent only on those projects outlined in the IFFP as growth related costs.

### PROPOSED CREDITS OWED TO DEVELOPMENT

Credits may be applied to developers who have constructed and donated system facilities to the City that are included in the IFFP in-lieu of impact fees. Credits for system improvements may be available to developers up to, but not exceeding, the amount commensurate with the LOS identified within this IFA. Credits will not be given for the amount by which system improvements exceed the LOS identified within this IFA. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any project that a developer funds must be included in the IFFP if a credit is to be issued.

In the situation that a developer chooses to construct system facilities found in the IFFP in-lieu of impact fees, the decision must be made through negotiation with the developer and the City on a case-by-case basis.

### GROWTH-DRIVEN EXTRAORDINARY COSTS

The City does not anticipate any extraordinary costs necessary to provide services to future development.

### SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. A two percent annual construction inflation adjustment is applied to projects completed after 2019 (the base year cost estimate).

**DRAFT**