

Memo

To: Sunbury Council and Mayor
From: Steve Pyles, Zoning Inspector
cc: Allen Rothermel, Kathy Belcher
Date: 6/17/20
Re: Impact Fee Annual Report

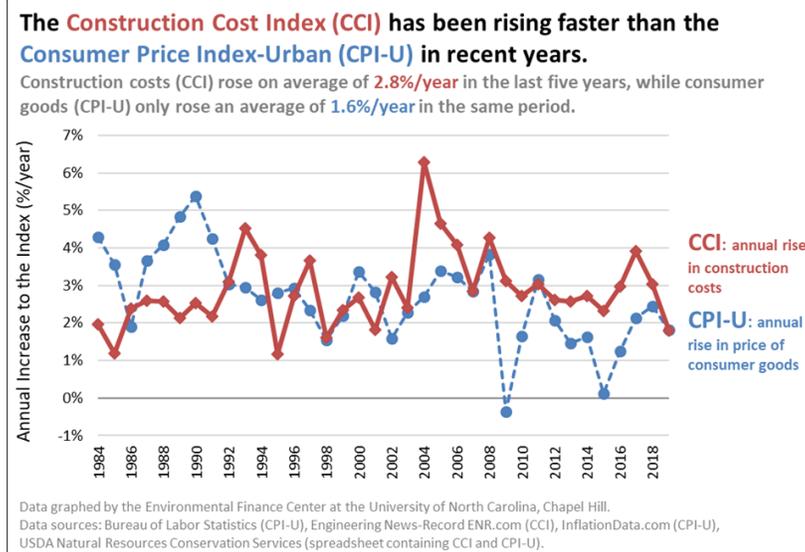
Attached is the annual report for impact fees per Chapter 963 of the Codified Ordinances of Sunbury, Ohio.

There are three items of discussion that I would like to note for your consideration. I will be happy to attend a future Council meeting once you have had time to review the report to discuss.

1. The Public Facility, the parking lot project, appears to be moving toward a completion date that could exceed six years from purchase of the property, planning, remediation and construction. The ordinance does contemplate these types of situations - 963.05 (b) (3) - and allows for appropriation of funds beyond the six-year timeframe if the project requires more time to plan, design and construct the project. The administration would request a continued limited extension to the end of calendar year 2020 for this project. It is 95% constructed as of this date.
2. Annual adjustments are allowed in the legislation – 963.07 (b) (1) - to reflect inflationary increases in the cost of providing public facilities. Adjustments must be based upon the most recent 20-City annual national average data from the Engineering News Record Construction Cost Index. Based upon this Cost Index, the increase for CY 2019 is an increase of 2.0%.

Council could also possibly determine an alternate adjustment is appropriate as annual increases have not been made since passage of the ordinance until last year. Some options would include a phased implementation to capture the increases not previously calculated, such as 20% additional over the next three years. Another option would be

to use the Consumer Price Index (CPI-U) and enter the first-year value of the impact fees and bring it up to date based on the CPI (U). The CPI website from the Department of Labor has a calculator that can accomplish this task. As the chart below indicates, the CPI (U) has generally tracked slightly below the Construction Cost Index and I believe that would be a reasonable, conservative approach to updating the Municipal Facility and Police Impact Fee amounts.



For reference:

- 1/2018-1/2019 Adjustment Based on Cost Index – 3.02%
- 1/2019-1/2020 Adjustment Based on Cost Index – 2.0%
- 1/2004 – 1/2019 Adjustment Based on Cost Index – 64.19%

3. The timing of this annual report is difficult. The current practice has been to include financial and other data for the period of 7/1 – 6/30. This makes presentation of the report difficult on or before 7/1. For example, to have the report available in mid-June this year financial data is through the end of May. I do not think that was the intention of Council when this legislation was created, but rather to assure that the report is integrated to the annual budgetary cycle. I would propose that the report be done on our financial year, January 1 – December 31, with a July 1 deadline. Staff would make the appropriate notations in the next report to reflect this change in reporting timeframe.
4. There has been internal discussions about the impact fee ordinance and doing an update that would account for the multi-year delay in calculating the allowed increase and to potentially include an additional fee related to transportation capacity impacts and even recreation. I have had conversations with some of the professional firms that specialize in impact fee studies to discuss our current situation. Some of the recommendations have ranged from an in-house update using the methodology discussed in Item #2 above to a clean slate review and new impact fee study. There was no clear consensus during the conversation as both approaches were recognized as having viability. A clean slate study will be an expensive proposition.

Council options could include doing updates in-house or via professional outside service. If the option selected is to go outside, then the next step would be for Council to approve the creation of a Request for Proposals (RFP). I have a tentative start on that RFP anticipating that option may be selected.

I would propose that this matter be brought to the Finance Committee for discussion and then on to Council once a committee consensus has been reached.