

2023 Impact Fee Study and Demonstrated Need Study on Extraordinary Circumstances

City Council Meetings:
April 24, 2023 - First Reading
May 8, 2023 – Second Reading

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PORT ST. LUCIE GROWTH

City of Port St. Lucie:

- 2nd Largest city by area, in Florida
 - There are 411 municipalities and 67 counties in Florida
 - 6th Largest by the population of 240,777 residents (*World Population Review*)
- Projected to reach a population of 486,900 by 2050
 - *This is a mid-range estimate of the population (The Florida Bureau of Economic and Business Research)*
- *Population growth since 2020 is almost 80% of the total population growth 2010-2020.*

Residential Permit Data:

- 46,000 entitled residential units (approved/undeveloped)
- 2010 – 2020, Averaged 1,110 housing units per year
- 2020 – 2022, Averaged 4,391 housing units per year

What are Impact Fees?

Local governments in Florida may assess impact fees to offset infrastructure costs necessitated by future growth.

What are impact fees?

- Impact fees are one-time payments used to construct capital improvements needed to accommodate future development.
 - Covers the cost of new capital facility capacity
 - Implements the Capital Improvement Plan (CIP) & Capital Improvements Element (CIE)

Why have impact fees?

- To maintain the level of service (LOS)
- Calculate the cost of growth
 - The demand imposed for additional capital facilities and related infrastructure increases proportionately
 - The fee represents future development's proportionate share of capital facilities and infrastructure costs

STUDY FOCUS AREAS

✓ Public Buildings

- It is the purpose of this article to ensure the provision of an adequate level of service in public buildings throughout the City. (Sec. 159.01).

✓ Law Enforcement

- Planning for additional manpower and capital equipment needed to serve new growth and development that generate additional demand for law enforcement, and the subsequent fulfillment of these needs, is a responsibility of the City. (Sec. 159.01).

✓ Parks and Recreation Facilities

- The City of Port St. Lucie has the power and responsibility to provide parks and recreation facilities in the City. Development within the City impacts the park and recreation facility capital needs of the City. Planning for capital facilities to serve new development that generates additional demand for parks and recreation facilities and the subsequent implementation of these plans, is a responsibility of the City. (Sec. 159.01).



WHY IS PSL DOING AN IMPACT FEE STUDY?

- Impact fees should be based on the most current and localized data and can only be updated every four years.
 - The parks and recreation facilities, law enforcement, and public buildings impact fees were last updated in 2013.
 - The fees have remained at 2013-study levels (10 years old).
 - Costs are continuing to increase making it difficult for local governments to fund infrastructure projects.
- Providing for a wide variety of capital improvements greatly enhances the quality of life in Port St. Lucie making it among the most desirable locations to live.
 - Safe and beautiful



Timeline

- 2019** The City began the process of contracting a consultant to update the impact fees.
- 2019** The Budget Advisory Committee (BAC) analyzed the City's impact fees and made a number of findings.
- The Committee recommended that the City study the fees and review the interlocal agreements with the County as they related to impact fees.
- 2019** Pursuant to the BAC recommendations, the impact fee study and updates were placed on hold while the City adopted mobility fees.



Timeline

- 2021** Once the mobility fees were implemented, City staff resumed the study of the impact fees.
- 2021** The Florida Impact Fee Act was updated to place limitations on how much local governments, school districts, or special districts may increase an impact fee.
- 2022** City staff and the consultant worked on the study from March 2022 – March 2023, capturing the feedback from Council.
- 2023** The First Reading of Ordinances for the Public Buildings, Law Enforcement, and Parks and Recreation Impact Fee updates was tabled at the March 27, 2023 City Council meeting.



Impact Fees adjusted for Inflation since 2013

Impact Fee	2013/2023	2023 (if adjusted for CPI)	Proposed fees
Public Buildings	406	525	516
Parks	782	1,011	3,141
Law Enforcement	205	265	366
Total	1,393	1,801	4,023



HB 337 (2021)

June 4, 2021 – Governor signed HB 337 amending Section 163.31801, F.S (The Florida Impact Fee Act)

- **Placed limits on fee increases:**

- No more than 12.5% per year
- Cannot be increased more than 50%
- Cannot be increased more than once every four years

- **Exception:**

- Included a clause to exceed these restrictions if the local governments can demonstrate extraordinary circumstances
- A study within the past 12 months demonstrating extraordinary circumstances
- Hold two public workshops discussing the extraordinary circumstances
- Increases must be approved by two-thirds of the governing body



PRE-EMPTION

- Pre-emption of Home Rule limits the power of the local jurisdiction to appropriately fund needed infrastructure improvements within its jurisdictional boundaries.
 - *The Florida League of Cities and 1000 Friends of Florida opposed HB 337.*
- To date, records indicate that at least **13** local jurisdictions have pursued extraordinary circumstances.
 - **City of Port St. Lucie (2021)** - *Approved*
Mobility
 - **City of Clermont (2023)** - *Pending*
Police, fire, water and sewer, parks and recreation
 - **City of Apopka (2023)** - *Pending*
Transportation
 - **Volusia County (2022)** - *Approved*
School facilities
 - **Palm Beach County (2022)** - *Denied*
Public buildings, fire/EMS, law enforcement, library, parks and recreation school, transportation
 - **Charlotte County (2021)** – *Approved in Part*
Transportation, libraries, parks, fire stations, public buildings and law enforcement
 - **Flagler County (2022)** - *Approved*
School facilities
 - **City of Auburndale (2021)** - *Approved*
Water and wastewater
 - **Seminole County (2021)** - *Approved*
Mobility
 - **City of Belle Isle (2021)** - *Approved*
Transportation, parks, general government facilities
 - **Lake County (2023)** - *Approved*
Roads, fire/EMS
 - **Town of Dundee (2022)** - *Approved*
Water and wastewater
 - **Nassau County (2021)** - *Approved*
Mobility



PURPOSE

- To present a demonstrated needs study establishing the existence of extraordinary circumstances necessitating the need to exceed statutory impact fee phase in limitations.

What happens if the justifiable fees are not adopted?

- The statutory limitation will not cure the deficiency level in a time frame consistent with meeting evidenced needs and planned projects, and without adopting the proposed law enforcement and parks and recreation impact fees.
- The City will be perpetually underserving residents or creating a burden on existing residents by increasing the tax rate to meet unserved needs.

Tangible cost example:

- Playground shade canopy = \$86,000 (Woodland Trails Park) - Justifiable Fee per single-family dwelling \$3,141.

WHAT IS AN “EXTRAORDINARY CIRCUMSTANCE”

- Not defined by the statute
- A local government may increase an impact fee beyond the phase-in limitations if there is a demonstrated need study justifying the increase completed within 12 months of before the adoption of the fee increase and expressly demonstrates the extraordinary circumstances necessitating the need to exceed the phase-in limitations.
- Must have a Demonstrated Needs Study to demonstrate extraordinary circumstances
- The study is based on the most recent and localized data



WHAT IS AN “EXTRAORDINARY CIRCUMSTANCE”

What does the data say?

- The City is currently operating at a deficient level of service related to law enforcement and parks and recreation.
- Impact fees are proportional and reasonably connected to, or have a rational nexus with, the need for additional capital facilities and the increased impact generated by the new residential or commercial construction.
- If the City uses the phased-in approach, the City will operate at an even more deficient level of service due to reduced impact fee revenue collections.

IMPACT FEE BALANCES

2023 Actual	
Law Enforcement	\$1,621,831.77
Public Building	\$4,753,529.80
Parks and Recreation	\$10,797,544.72

* The CIP programmed projects are funded using the existing balances. The CIP has been included in the agenda backup outlining the approved projects.



STAKEHOLDER OUTREACH

➤ **September 21, 2022**

City staff provided a PowerPoint presentation at the Bi-Annual Stakeholder meeting to inform the stakeholders of the proposed fee updates.

➤ **January 25, 2023**

City staff held two informational workshops for the key stakeholders of the local development community and the general public. These workshops highlighted the need for the impact fee schedule update.

➤ **March 13, 2023**

Additional notice of the 3/15/23 Extraordinary Circumstances Workshops was provided via e-mail and phone calls.

➤ **March 15, 2023**

The City held the two mandated public workshops solely dedicated to extraordinary circumstances necessitating the need to exceed the phase-limitations . On March 24th, the City met with the Development Task Force.



STAKEHOLDER OUTREACH

- **March 16, 2023** Bi-Annual Stakeholder meeting. The agenda included a discussion of the first reading of the impact fee ordinances scheduled for 3/27/2023.
- **March 24, 2023** City staff met with the Development Task Force.
- **March 31, 2023** City staff met with the Chamber of Commerce, Treasure Coast Builders Association, the Realtors Association, and the Economic Development Council to understand the concerns of the stakeholders, collect feedback, and discuss the technical report, presentations, and supporting documents.



STAKEHOLDER CONCERNS – QUESTION #1

Post-pandemic numbers are a concern. How did we reach that decision point to use the 2020-2022 permit data?

- The City considered utilizing both the 5 years and the last 3 years of building permits in 2021 when the Impact Fee discussion was initiated. As with many studies, staff, and consultants provide various options and recommendations utilizing best practices. In addition, staff briefed the City Council on the study in 2021, 2022, and 2023. At the March 9, 2021, City Council meeting the presentation included both 5 years and 3 years. At that meeting, TischlerBise provided an explanation regarding both approaches and that the impact fees were based on the three-year model. To date, staff has continued to utilize the data supported by the last three years.

STAKEHOLDER QUESTION #2

How do the construction costs of the police training facility, justify extraordinary circumstances, because there is a bond?

- The City has bonded for \$11.3 million of the cost to construct the training facility and that is accounted for in the study. A credit has been included to the impact fee in order to prevent future development from paying twice for the training facility and shooting range (impact fee and annual debt payments). The justification for extraordinary circumstances is multi-faceted. The City has been experiencing exponential population growth and as a result a corresponding increase in demand for services. The City is also not immune to the extraordinary inflation for goods and services experienced by certainly the state and the nation over the past several years. The current staffing level is substandard as compared to cities of comparable size, and, we do not have adequate training facilities for the police department. In addition, as the city adds uniformed police officers to serve the needs of the city, those officers require equipment including vehicles and body cameras. Our impact fees have not been increased since 2013. We don't even have a mechanism that allows the impact fees to keep pace with inflation. This means that the adequacy of the fee to mitigate the impact of development has continued to decline over time. The City needs the impact fee revenue to mitigate the impact of the new development so that city resources can then be allocated for costs not covered by impact fees, such as hiring police officers or personnel.



STAKEHOLDER QUESTION #2

How do the construction costs of the police training facility, justify extraordinary circumstances, because there is a bond?

(Continued)

- The police training facility has not gone to bid yet; however, the Opinion of Probable Costs dated July 7, 2022, estimates the cost of the facility at approximately \$24.7 million. This means that the \$11.3 million bond will not cover the cost to construct the facility. More importantly, the facility is only one component of the fee. There are vehicles, software, body cams, etc. that need to be purchased to meet the requirements of state statutes and to be provided to new officers.

STAKEHOLDER QUESTION #3

The Parks Master Plan shows 5-acre sites where the City is to locate infill parks.

What is the City's plan to acquire the land and develop these infill parks?

- The parks impact fee program will fund the recreation and park facilities needed to serve infill development. The City acquires properties as opportunities arise in developed areas. Having the appropriate resources in place to acquire land for parks will assist the city in moving quickly to capitalize on opportunities. Similar to other infrastructure improvements, (bridges, roadway expansions etc...) the City acquires property lot by lot over time.

STAKEHOLDER QUESTION #4

The study does not include McCarty Ranch and any other state or county facility within the city limits. Why were they not considered?

- The study includes all City-owned facilities designated as parks. It is best practice to calculate impact fee levels of service using infrastructure owned and operated by a local government. Yes, we included McCarty Ranch in the level of service analysis. We included 600 acres as a park which is consistent with the Comprehensive Plan allocation of 600 acres of this site as a park.

STAKEHOLDER QUESTION #5

Will there be a different consideration for the infill lots?

- **No. The study looked at the city properties comprehensively. New development on infill lots provides additional demand for general government, law enforcement, and park infrastructure.**

STAKEHOLDER QUESTION #6

How will you implement the master plan with 5-acre infill lots in a built-out city?

- The Master Plan will be implemented utilizing a combination of land acquisition, accepting land donations, and activating existing City-owned lands for parks. As vacant properties are identified and become available, PSLPRD will seek direction from City Council on the desire to acquire additional properties. 5 acres was a minimum recommendation, based on the expertise of our consultant, of what would be required to construct a neighborhood park facility if the City were able to acquire infill lots as designated on the LOS map.

STAKEHOLDER INFORMATION REQUESTS

Provide the balances of the impact fee accounts. Provide the five-year CIP.

- All development impact fee-funded capital projects should be programmed through the City's five-year Capital Improvement Program (CIP). Using a CIP can help the City identify and direct its fee revenue to public facilities projects that will accommodate future development. By programming fee revenues to specific capital projects, the City can help ensure a reasonable relationship between new development and the use of fee revenues.
 - The City's CIP showing programmed projects is attached. The impact fee account balances are as follows as of 4/10/23: Parks and Recreation (\$10,797,544.72), Public Buildings (\$4,753,529.80), Law Enforcement (\$1,621,831.77).

STAKEHOLDER FOLLOW-UP QUESTION #1

Has consideration been given to the possibility that growth demonstrated in sample areas during the pandemic does not match recent trends and may not be reliably predicted to continue into the future?

- The growth projected is an average of the last 3 years. The city has 46,000 single-family lots/units approved but not yet built. The Southwest Annexation Area is only 30% built out relative to residential units at this time. Given this construction-ready supply of lots and the continued migration into Florida, combined with the desirability of the region we anticipate continued growth. We intend to review the impact fees every 4 years moving forward as permitted by state statute and we believe this will enable the city to respond to any future changes in development trends in a responsive manner.

STAKEHOLDER FOLLOW-UP QUESTION #2

Since we have a bond on the new Law Enforcement Training Facility building in Tradition, but we don't currently have a bid on it, how are extraordinary circumstances being proven for this building? This is a similar question to the above.

- Extraordinary circumstances are being demonstrated for the Law Enforcement impact fees as a whole identified in the study. This question is similar to question number 2 from the virtual stakeholder meeting answered above. The city has bonded for \$11.3 million of the cost to construct the training facility and that is accounted for in the study. A credit has been included in the impact fee in order to prevent future development for paying twice for the training facility and shooting range (impact fee and annual debt payments). In addition, question 5 below also answers this question.

STAKEHOLDER FOLLOW-UP QUESTION #3

What's the reasoning behind citing national standards to base our police staffing levels, when Florida isn't likely to align with national crime levels?

- We cite the national standard of 2.1 officers per 1,000 residents to make a comparison to the existing level of service of 1.2 officers per 1,000 residents. The existing level of service is less than the City Council standard of 1.6 officers per 1,000 residents (suspended). Port St. Lucie does not currently meet local or national standards and limiting the law enforcement impact fees will further reduce the existing level of service. The City needs the impact fee revenue to mitigate the impact of the new development so that city resources can then be allocated for costs not covered by impact fees, such as hiring police officers or personnel.

STAKEHOLDER FOLLOW-UP QUESTION #4

Why were certain designated and approved parks and recreation areas in the Southern Grove region, areas already identified on approved site plans yet not formally dedicated to the City, not included in the Extraordinary Circumstances study. These parks and recreation areas would clearly affect the calculation with regard to the amount of land needed for Parks and Recreation (stated at 188 acres at \$407,800 per acre)?

- The acreage of parks that developers are obligated to provide to the city as part of their annexation agreements were in fact accounted for as part of the analysis which is why the projected need for additional land is not more than 188 acres. The proposed inclusion of the 188 acres is in fact conservative because even with this acreage the City will still have a reduction in Level of Service.

STAKEHOLDER FOLLOW-UP QUESTION #5

What are the “extraordinary circumstances” that is driving the City to implement the increased impact fees before June 30th, 2023? Why the rush?

- **The City has been working on the impact fee study since 2019. The study was put on hold during the work on mobility fees and then again as the City worked to resolve the solid waste problem. The work on the study resumed as the solid waste matter moved towards resolution and at this time the analysis has been completed and the project is ready for consideration by the City Council.**

STAKEHOLDER FOLLOW-UP QUESTION #5

(Continued)

- **June 30th was the timeline that was utilized for scheduling purposes. City Council directed staff to table the first hearing of the impact fees ordinance to April 24th to provide additional comment/question opportunities. The City has met the statutory requirements for appropriate comments prescribed by the statute, in addition has had an additional stakeholder meeting to receive additional input. At this time staff has prepared all the necessary ordinances and studies to present to City Council for their consideration and deliberation.**

STAKEHOLDER FOLLOW-UP QUESTION #6

How much new growth is there?

- There are 46,000 residential units alone that are entitled. We cannot stop that growth. The Southwest Annexation Area is only 30% built out and we know additional development is coming in the northwest area of the City, as well as infill development and redevelopment.

SLC QUESTION #1

Public Buildings SFR rate increase for year 1 reflects a 27% increase (from \$406 to \$516), see page 7 of the study. State Statute calls for an increase greater than 25% be implemented equally over 4 years.

- **The current residential public building fees shown in the study/presentations do not include \$1,821 per unit for debt retired in FY 2023. The proposed residential fees represent a decrease compared to the impact fee ordinance.**

SLC QUESTION #2

Parks and Recreation Impact Fee Credits do not reflect the \$5 Mil funding agreements from the County for Torino Regional Park Improvements (\$4 Mil) and Softball Fields at a to-be-determined location (\$1 Mil), see page 30-32 of the study.

- **Since the \$5 million funding agreement represents a transfer of County park impact fees paid by existing development, Port St. Lucie will use the \$5 million to fund a portion of existing development's share of planned park improvements equal to \$109.8 million (see page 32 of the study).**

SLC QUESTION #3

Projected 10-year City population increase appears to be high, see page 49 of the study. The City projects it's population will increase to 351,769, or by 115,172 residents, by 2033.

- a. On page 49 of the study, the Bureau of Economic and Business Research (BEBR) was referenced to provide the City's population growth from 2020 to 2022. Absent from the study is the BEBR population projections for the County through 2050. Per this report, projected County-wide population growth through 2035 is 30,640 (Low), 89,740(Medium), and 148,840 (High).
- The study does not use BEBR data to project future population growth, since BEBR population projections for St. Lucie County have consistently increased in recent years to account for recent growth trends. Since actual population growth outpaced BEBR projections, TischlerBise explored alternative projection methodologies.

SLC QUESTION #3

- b. The Capital Improvement Element (CIE) section of the City's Comprehensive Plan, dated October 26, 2020, states "the [City's] population in 2040 is estimated to be 302,261."**
- The CIE used data based on an older BEBR data set. Port St. Lucie's estimated 2023 population of 236,597 exceeds the 2025 population of 230,816 associated with the 2040 population of 302,261.**

SLC QUESTION #3

- c. **What is the recommendation from TischlerBise to project future housing unit growth?**
- **Since recent population growth exceeds BEBR projections, TischlerBise recommends using recent construction trends to project future population.**

QUESTIONS?

