

May 10, 2021

Canyon County Board of County Commissioners
1115 Albany Street
Caldwell, Idaho 83605

Canyon Highway District No. 4 has received a letter of comments on the Mid-Star Capital Improvement Plan (CIP) from the Canyon County Development Impact Fee Advisory Committee dated April 19, 2021 (marked "Draft", but no final document received). This document is attached for reference, and CHD4's responses to the comments and questions are detailed below:

Question/Comment 1- Construction Cost Estimates

Construction cost estimates used in the CIP are from 2019 and 2020 year projects constructed locally, and are the best available information at the time of this report. As part of the traffic impact fee ordinance, CHD4 is recommending the impact fees calculated from the projects outlined in this CIP be automatically adjusted for inflation annually. Additionally, state law governing development impact fees requires regular updates to the CIP (every 5 years at a minimum); extraordinary construction cost increases or decreases will be included in these regular updates.

Question/Comment 2- Coordination with Idaho Transportation Department

The Interstate 84 and State Highway 44 corridors are under the jurisdiction of Idaho Transportation Department, and any improvements to interchanges or intersections considered in this CIP will require detailed coordination with ITD for funding and construction. Following adoption of the CIP for the Mid-Star service area, CHD4 will recommend that COMPASS and ITD consider the CIP in preparation of future Transportation Improvement Plans and Long Range Regional Plans.

Question/Comment 3- Coordination of CIPs for Middleton and Star

This CIP has been prepared in cooperation with both the Cities of Middleton and Star, and is intended for adoption by both agencies to facilitate collection of traffic impact fees from new growth and development within their jurisdictions. It is intended to replace (update) the current CIP adopted by the City of Middleton.

Question/Comment 4- Exaction vs. Donation of Right-of-Way for Development

For projects included in the CIP, developments would be eligible for either a reduction in impact fees charged for the development, or a reimbursement from the collected impact fees as compensation for CIP project-related right-of-way donated or exacted as part of the development process. CHD4 recommends reimbursement to avoid the burden of tracking and applying different impact fee rates for each development. Public rights-of-way dedication, frontage improvements, or offsite traffic improvements required through ordinary development exactions that are not included in the CIP are not eligible for reimbursement.

Question/Comment 5- Individual Assessments

The process for applications for, engineering study of, and review of Individual Assessments for developers will be provided in the development impact fee ordinance. This process will be generally similar to that in use by Ada County Highway District.

Question/Comment 6- Snake River Valley Building Contractors Association

CHD4 presented the January 21, 2021 draft of the Mid-Star CIP to members of the SRVBA Board at a meeting on March 4, 2021 following recommendations from the County Commissioners that the group be included in review of the proposed CIP. Following that meeting, CHD4 received and responded to comments from Galena Consulting, hired by SRVBCA to review and comment on the CIP and Traffic Impact Fee documents. Copies of the correspondence between Galena Consulting and CHD4 are attached to this letter.

Respectfully,



Chris Hopper, P.E.
District Engineer
Canyon Highway District No. 4

CC: City of Middleton, City of Star

Attachments:

Canyon County Development Impact Fee Advisory Committee Draft Comments April 12, 2021
Galena Consulting (for SRVBCA) Comment Letter April 6, 2021
CHD4 Response to SRVBCA April 12, 2021
Galena Consulting (for SRVBCA) Comment Letter April 22, 201

TO: Board of Canyon County Commissioners

FROM: Canyon County Development Impact Fee Advisory Committee

- Bruce Bayne, City of Middleton
- Spencer Kofoed
- Alan Mills
- Jon Stosich
- Brent Orton
- Tom Points
- John Carpenter
- Trevor Chadwick

DATE: April 19, 2021

RE: Comments on Canyon Highway District #4 Draft Mid-Star Capital Improvements Plan

Background: The Canyon County Development Impact Fee Advisory Committee met on September 15, 2020, November 10, 2020, January 13, 2021, and March 30, 2021 to review the growth assumptions and methodology used to develop the draft Mid-Star subarea capital improvements plan. The draft CIP was distributed on January 12, 2021, and is the basis for the following comments.

Comments:

1. The construction cost estimates in the CIP need to be kept up to date due to volatility of material and ROW costs. It would be helpful if cost assumptions in the CIP could be broken down into unit costs to facilitate the annual review of the CIP to determine if amendments are necessary.
2. Coordination with ITD on the timing and funding of the SH44 intersection projects is needed. It needs to be understood how the funding held by the cities of Middleton and Star exacted from developers by ITD will be used/not used in CIP projects. The County should work with COMPASS to ensure these projects are added to the Communities in Motion Regional Transportation Plan and the Transportation Improvement Program.
3. The CIPs for the highway district, the City of Middleton, and the City of Star need to be coordinated to ensure that projects are not duplicated.
4. The difference between exactions vs. donations of ROW during the development process should be articulated, perhaps in a subsequent impact fee ordinance. Developers should know when donations can be credited should an individual assessment be requested.

5. A consistent process for requesting and responding to an individual assessment will need to be developed by the highway district.

In addition to the comments on the Mid-Star CIP, the committee also recommends the Board appoint a representative of the Snake River Building Contractors Association to the committee.

Thank you for your consideration of these comments in the County's subsequent review of the Mid-Star Capital Improvements Program.



April 6, 2021

Chris Hopper
Canyon County Highway District #4
15435 Highway 44
Caldwell, ID 83607

Mr. Hopper,

As I am sure you are aware, interest in the use of impact fees is increasing among Idaho taxing districts and numerous jurisdictions within the Treasure Valley are currently preparing to propose fees for adoption. The methodology for calculating traffic impact fees is complex and can be challenging to analyze by those who will ultimately be asked to pay the fees.

The Snake River Building Contractors Association and its state and national partners have historically been supportive of impact fees assuming the methodology is sound and the process transparent. The SRBCA recently retained our firm to review the current draft of the Canyon County Highway District #4 Traffic Impact Fee Program and DRAFT Middleton-Star Service Area Capital Improvements Plan, both prepared by Kittleson & Associates, Inc. and dated January 11, 2021. The SRBCA wanted to ensure the study had been conducted in compliance with Idaho Code 67-82 and in alignment with national impact fee case law.

Based on my experience developing capital improvements plans and impact fees in Idaho over the past 20 years, I evaluated the above documents and provided the SRBCA with my findings. In my opinion, the study follows the statutory requirements, the cost estimates are defensible and the calculation of fees is sound. However, I did find some areas in which clarification would be beneficial prior to consideration for adoption by the City of Star, City of Middleton and Canyon County. On behalf of the SRBCA, I have outlined these items below with a specific request for clarification by the consultant:

1. The land use assumptions identified in the Capital Improvements Plan Table 2, Figure 2 and Figure 3 (pages 6-8) indicate the 2020 population in the service area is 20,414 and will be 44,315 in 2040. I found it difficult to replicate the report's 2040 population numbers shown in Figures 2 and 3 with raw population data by TAZ from COMPASS, unless there are a few TAZ from the Northwest Caldwell demographic area in the Middleton-Star Service Area that I am unable to determine from the maps in the report.

Please provide the raw demographic data from COMPASS that substantiates the projected growth by 2040.

2. In the section on *Existing Capacity and Deficiencies* (page 16) the narrative says that "Fourteen intersections and two roadway segments have traffic demand that exceeds current service capacity. Twelve of the fourteen intersections are along SH 44 and all fourteen are currently 2-way-stop-controlled intersections." The narrative continues, noting "capacity improvements that address existing deficiencies are not eligible for TIF funding."

However, in Table 4 on page 16, only 5 intersections are listed, instead of all fourteen, and only these 5 intersections are included in the CIP for improvement and designated as having some existing deficiency. It is possible that the other 9 intersections are not included for improvement by 2040 and therefore not on the CIP, but the narrative is unclear.

In the section on *2040 Capacity and Deficiencies* on page 18 the report states that projected traffic demand is expected to exceed service capacity on thirty-two intersections by 2040. To me this indicates which intersections will experience a decrease in the level of service by 2040 if not improved. However, the report then states “thirteen of the thirty-two intersections have existing deficiencies...the portions of projects that address these deficiencies are not impact fee eligible.”

An “existing deficiency” would be a deficiency as of 2020, not as of 2040. Are the thirteen existing deficiencies part of the missing 9 intersections from #4 above? If so, and if these deficiencies will be corrected as part of the 20-year CIP, there should be more than 5 currently deficient intersections listed for 2020, and more than 5 intersections for which impact fees cannot be used to fund a portion of the project cost.

On page 19 in Table 5 entitled *Deficient Intersections (Year 2040)*, there are thirty-intersections listed, but again only the same 5 intersections listed in Table 4 are identified as deficient. It is possible that what are listed as “deficient intersections” in Table 5 simply means that if they are not improved by 2040, they will have become deficient due to growth. This does not explain the fourteen deficient intersections, however.

Please clarify which specific intersections and segments have any degree of deficiency as of 2020. Will these existing deficiencies be corrected in conjunction with a capital project designed to also increase capacity? If so, please identify which projects.

3. The “proportionate share” test refers whether or not new development is being asked to pay more than their fair share of the costs of improvements necessitated by that development. Examples of costs that should not be part of development’s “share” include repairs, replacements, or upgrades to existing capital items. Page 24 of the report indicates that *reconstruction of existing travel lanes is not eligible for TIF funding*, as this would be the replacement of an existing capital item. The CIP indicates there is no reconstruction of an existing roadway involved in any intersection on the CIP; and only sawcut, fog seal and restriping of existing roadways on any of the roadway projects in the CIP (approximately 3% of total widening costs).

Of the total Middleton-Star Service Area CIP, 89% of all roadway project costs and 80% of all intersection project costs are proposed to be funded with impact fees. In comparison, the Ada County Highway District’s CIP, 48% of all roadway project costs and 87% of all intersection project costs are proposed to be funded with impact fees.

The difference in TIF eligibility between the Middleton-Star Service Area CIP and ACHD’s CIP could be that the roadway system in Ada County has greater existing deficiencies to correct. Alternatively, ACHD may reconstruct more of the existing roadways within each project than CCHD4 has scoped within their projects.

To ensure appropriate proportionality, please demonstrate how existing roadways would have negligible reconstruction, particularly with the addition of multi-lane roundabouts and turn lanes, etc.

4. State statute requires some demonstration of the governmental entity’s commitment to use other available sources of revenue to cure existing deficiencies, including an identification of all sources and levels of funding available to the governmental entity for the financing of the system improvements. This requirement encourages discipline in planning to fund the CIP and is designed to ensure entities don’t collect impact fees and then be unable to build the related improvements due to unavailable funding for the non-growth portion of the CIP.

Appendix B Table B-9 on page 35 of the Middleton-Star Service Area CIP identifies how each statutory requirement is addressed. The report indicates it is CHD4, Middleton and Star’s policy to use revenue sources other than traffic impact fees to address existing deficiencies, and indicates that “revenue sources other than traffic impact fees are discussed on page 21.” There is nothing about revenue sources on page 21, but a placeholder has been put in the report on page 36.

The amount needed to fund existing deficiencies and other non-eligible items is approximately \$23M over 20 years. Please demonstrate what portion of this total amount will needed to be funded by each entity, and which revenue sources each entity intends to use.

5. Finally, it is not entirely clear from the report whether the City of Middleton will continue to assess impact fees for capital projects on its local network of streets. I was not able to locate Middleton's CIP to determine whether there is overlap or duplication.

Please clarify.

We appreciate your willingness to clarify these components of the draft reports. The SRBCA will want to provide public comment at any public hearings regarding these fees. Any additional information you can provide may lessen the concerns they might have.

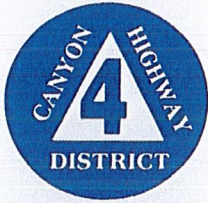
Please feel free to contact me regarding any questions you may have at (208) 860-0133.

Sincerely,

Anne Wescott

Anne Wescott
Galena Consulting

cc: City of Middleton
City of Star
Canyon County Board of Commissioners



CANYON HIGHWAY DISTRICT No. 4

15435 HIGHWAY 44
CALDWELL, IDAHO 83607

TELEPHONE 208/454-8135
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April 12, 2021

Snake River Building Contractors Association
c/o Anne Wescott
Galena Consulting
1214 S. Johnson Street
Boise, Idaho 83705

Hi Anne-

Canyon Highway District No. 4 has received your letter of April 6, 2021 regarding the draft Capital Improvement Plan and Impact Fee Program documents presented to the SRBCA in March of this year. We appreciate your thorough and detailed review of these draft documents to assist us in presenting as accurate and responsible a plan and impact fee schedule as possible to the group of land use agencies in the Middleton-Star service area.

Andy Daleiden and Mark Heisinger of Kittelson & Associates have been the lead traffic engineering consultants for CHD4 on this project, and they have provided the responses below to the questions detailed in your letter. Please review these summary responses as background for a phone or video conference to follow for a complete discussion of your comments:

Question 1- Lane Use Assumptions

Our final land use assumptions were originally based on COMPASS data and modified based on input from CHD4, the City of Middleton, and the City of Star. The resulting changes were significant, as we increased the year 2040 population of the service area by over 50%. These modifications are documented in detail in Technical Memorandum #2 (attached).

The raw demographic data from COMPASS that provided the foundation is shown in the attached pdf. Note that COMPASS underwent minor reconciliations of their data after we created these figures and before we produced the final demographic set, so TAZ population and employment counts that are off by less than 10 are due to COMPASS model updates.

Action: No additional action needed.

Question 2- Existing Capacity & Deficiencies

The narrative on page 16 incorrectly states that there are fourteen intersections that exceed service capacity under existing conditions. The existing deficiencies are correctly identified in Table 4, Table 5, Table 8, and Figure 7. All existing deficiencies are corrected by projects in the CIP, except for SH-44 which is an ITD facility.

Action: The second sentence of pg. 16 will be changed to say "Five intersections and two roadway segments have traffic demand that exceeds current service capacity. All five of the intersections are along SH-44 and are two-way stop-controlled." The third sentence on pg. 18 will be changed to say, "Five of the thirty-two intersections have existing deficiencies."

Question 3- Impact Fee Eligible Costs

Our project cost estimates were based on historical project cost data and estimates from the Treasure Valley. The historical projects that we referenced involved limited re-construction of existing travel lanes. Conversion of a two-way stop-controlled intersection to a roundabout requires a complete change in intersection configuration and does not utilize existing capacity, so it was not assumed to be classified as re-construction of existing travel lanes. Turn lanes were assumed to be built with minimal re-construction of the adjacent travel lanes.

We do not know the specifics of how ACHD cost estimates are developed, but the following factors might contribute to the discrepancy in TIF eligibility between the Middleton-Star Service Area CIP and ACHD's CIP:

- ACHD has identified a higher number of existing deficiencies in their service area.
- The Middleton-Star Service Area CIP identifies new roadway projects, none of which involve re-construction of existing travel lanes.

Action: No additional action needed.

Question 4- Revenue Commitment

Our reference in Table B-9 to page 21 is incorrect, it should be referring to the placeholder on page 36. CHD4 will provide information to address funding sources and state requirements.

Action: Kittelson will fix the page number on Table B-9 to reference page 36. CHD4 will work with the Cities of Star and Middleton to provide information on page 36 regarding funding sources and state requirements.

Question 5- Middleton Existing CIP & Impact Fee Program

CHD4 will work with the City of Middleton to address this question.

Action: CHD4 will coordinate with the City of Middleton to address this question regarding TIF eligibility on local streets.

CHD4 Note: In our discussions with Middleton City on this joint project, the CIP and Impact Fee Schedule you have reviewed would replace the current CIP and fee schedule adopted by the City. It would not be in addition to the existing impact fee program.

I will contact you by email shortly to set up a time to review your comments and Kittelson's response the these draft documents, either by phone or video conference. We would also be happy to meet with you in person if that is preferable. I look forward to talking to you soon, and thank you for your efforts on this project.

Respectfully,



Chris Hopper, P.E.
District Engineer
Canyon Highway District No. 4

CC: City of Middleton, City of Star, Canyon County Board of Commissioners



April 22, 2021

Chris Hopper
Canyon County Highway District #4
15435 Highway 44
Caldwell, ID 83607

Mr. Hopper,

Thank you for your consultants' prompt response to my April 6th letter regarding the draft Mid-Star CIP and Impact Fees. I have reviewed the response and have discussed some of my concerns more thoroughly with Tom Points, who I believe is on your advisory committee.

Tom indicated he originally shared my concerns about the high percentage of the cost of the roundabouts being attributed to growth but after discussing the specifics of the projects I was able to agree that it should be defensible against any proportional share argument. The responses regarding the growth projections, existing deficiencies and potential overlap with Middleton's CIP were also acceptable.

I have communicated to the SRVBCA that I believe this study is defensible and see no outstanding issues other than the need for a clearer representation that there are no other revenue sources that could be used to fund the impact fee items on the CIP (i.e., federal or state funds, bonds, etc.). As your response indicated, you will address this issue in greater detail in the final report. It may be useful to also document that the participating agencies will have the necessary one-time revenues to construct the non-growth portion of the CIP (approximately \$18 million?) as well as ongoing revenues to maintain these new roadways and intersections once they are completed.

Finally, I know the SRVBCA would appreciate having one of their members on the advisory committee. Tom indicated he had suggested this appointment as well. I believe the BCAs are supportive of growth paying its share of future capital improvements, as long as they see the process as compliant with statute and transparent.

Please let me and the SRVBCA know when the next draft is available for review, and when any public hearings on these fees will be held. I appreciate your time and that of Kittleson & Associates in addressing our concerns.

Please feel free to contact me if you have any additional questions at (208) 860-0133.

Sincerely,

Anne Wescott

Anne Wescott
Galena Consulting

cc: City of Middleton
City of Star
Canyon County Board of Commissioners
