Education Facility Impact Fee Study

Prepared for:

Williamson County, Tennessee

September 3, 2022

TischlerBise

FISCAL | ECONOMIC | PLANNING

4701 Sangamore Road, Suite S240
Bethesda, MD
301.320.6900
www.tischlerbise.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY

TischlerBise was retained by Williamson County, Tennessee, to calculate impact fees for public schools to meet the demands generated by new residential development for school facilities in the County. The County has been granted authority by the State to implement impact fees for school facilities by private act of the Tennessee General Assembly. Education facility impact fees were adopted under Resolution 11-16-6, Section 10, which mandates the fees be updated every three years.

Impact fees are one-time payments used to defray the cost impacts of school facilities necessary to accommodate new development. The payment amount represents new growth's fair share of capital facility needs. TischlerBise evaluated possible methodologies and documented appropriate demand indicators by type of development for the fee amounts. Specific capital costs have been identified using local data and current dollars. Level-of-service (LOS) standards and cost factors are presented in this report and are the basis for the calculations. It should be noted that although growth affects both capital and operating expenses incurred by schools, the impact fee analysis addresses new development's impact on *capital* facilities only. It is further limited to capital improvements that provide additional capacity as opposed to maintenance or rehabilitation.

Williamson County is served by two school systems, Williamson County Schools (WCS) and the Franklin Special School District (FSSD). Students living in FSSD attend these schools from kindergarten to eighth grade, after which they attend WCS high schools. This report details only impact fees for WCS. New residential construction located in FSSD will be charged for only the high school component of the education impact fee, since students generated from these homes will only attend Williamson County Schools for high school.

IMPACT FEE METHODOLOGIES

There are three basic methodologies used to calculate impact fees. The **incremental expansion method** documents the current levels-of-service for each type of public facility in both quantitative and qualitative measures. The intent is to use fee revenue to expand or provide additional facilities, as needed to accommodate new development, based on the current cost to provide capital improvements. The **plan-based method** is commonly used for public facilities that have adopted plans or engineering studies to guide capital improvements, such as utility systems. A third approach, known as the **cost recovery method**, is based on the rationale that new development is paying for its share of the useful life and remaining unused capacity of an existing facility or land.

Maximum supportable education facility impact fees for Williamson County Schools are derived using the incremental expansion approach. For school capital improvements, the most common methodology employed is typically the incremental expansion method when future capacity needs are anticipated. This approach allows for the greatest flexibility in providing future capacity improvements. Under this methodology, the fees are based on current levels-of-service and costs for each type of school facility (i.e., grades K-8 and grades 9-12), land, support facilities, and buses. The level-of-service is documented, and the intent is to use fee revenue to provide additional or expanded public school and related facilities as needed to accommodate new development.

The current level-of-service and capital costs for new or expanded facilities are used to derive a cost per student for each type of school facility. Using the cost per student and the average Williamson County Schools student generation rate by size of unit, a cost per residential unit is derived. The term "student generation rate" refers to the average number of public school students per housing unit in the Williamson County School system. Further discussion on student generation rate calculations is provided in the body of this report and in Appendix A.

A general requirement common to impact fee calculations is the evaluation of *credits*. Two types of credits should be considered, **credits for offsetting revenue** and **site-specific credits**. Credits for offsetting revenue are necessary to avoid potential double payment situations arising from the payment of a one-time impact fee plus the payment of other revenues (e.g., Adequate School Facility Privilege Tax) that may also fund growth-related capital improvements. Credits for offsetting revenue are dependent upon the fee methodology used in the cost analysis. To avoid this potential double payment situation, credits for offsetting revenue are integrated into the impact fee methodology to account for privilege tax revenue used to retire outstanding debt on Williamson County School facilities. A credit is necessary since new residential units that will pay the education facility impact fee will also contribute one-time Adequate School Facility Privilege Tax and Adequate Facilities Privilege Tax revenue used by Williamson County to fund school capacity.

The second type of credit, a site-specific credit, is for school-related land or facilities that have been included in the education facility impact fee calculations. Policies and procedures related to site-specific credits for system improvements should be addressed in the resolution that establishes the County's education facility impact fees. However, the general concept is that developers may be eligible for site-specific credits or reimbursements *only if they provide land or construct school improvements that have been included in the education facility impact fee calculations*.

Rounding

A note on rounding: calculations throughout this report are based on an analysis conducted using Excel software. Most results are discussed in the report using two, three, and four-digit places, which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

CURRENT EDUCATION FACILITY IMPACT FEES

The County's current education facility impact fees are shown below in Figure 1. Fees for grade K-12 are assessed in all areas of the County outside the Franklin Special School District. Within the Franklin Special School District, fees are only assessed at the high school level, as the Franklin Special School District provides elementary and middle school space.

Figure 1: Current Education Facility Impact Fees

Outside Franklin Special School District (K-12)	
Education Facility Impact Fees per Housing Unit	
Dwelling Unit Size	Current Fees
1,399 square feet or less	$3,374
1,400 - 1,899 square feet	$6,018
1,900 - 2,399 square feet	$8,033
2,400 - 2,899 square feet	$9,679
2,900 - 3,399 square feet	$11,046
3,400 square feet or more	$12,237

Inside Franklin Special School District (9-12)	
Education Facility Impact Fees per Housing Unit	
Dwelling Unit Size	Current Fees
1,399 square feet or less	$1,103
1,400 - 1,899 square feet	$2,111
1,900 - 2,399 square feet	$2,890
2,400 - 2,899 square feet	$3,518
2,900 - 3,399 square feet	$4,050
3,400 square feet or more	$4,506

MAXIMUM SUPPORTABLE EDUCATION FACILITY IMPACT FEES

Education facility impact fees are applied only to residential development and are calculated per housing unit, reflecting the proportionate demand by type of unit. The amounts shown are "maximum supportable" amounts based on the methodologies, level-of-service standards, and costs for the school capital improvements identified herein. The fees represent the highest amount feasible for each type of applicable development, which represent new growth's fair share of the education facility capital costs as detailed in this report. The County can adopt amounts that are lower than the maximum amounts shown. However, a reduction in fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in level-of-service.

The top of Figure 2 provides the schedule of *maximum supportable education facility impact fees* for residential units *outside* of the Franklin Special School District. The bottom section of Figure 2 summarizes the maximum supportable education facility impact fee within the Franklin Special School District.

Figure 2: Proposed Development Fees

Outside Franklin Special School District (K-12)			
Education Facility Impact Fees per Housing Unit			
Dwelling Unit Size	Maximum Supportable Fees	Current Fees	Increase / Decrease
1,399 square feet or less	$1,766	$3,374	($1,608)
1,400 - 1,899 square feet	$5,099	$6,018	($919)
1,900 - 2,399 square feet	$7,656	$8,033	($377)
2,400 - 2,899 square feet	$9,730	$9,679	$51
2,900 - 3,399 square feet	$11,471	$11,046	$425
3,400 square feet or more	$12,991	$12,237	$754

Inside Franklin Special School District (9-12)			
Education Facility Impact Fees per Housing Unit			
Dwelling Unit Size	Maximum Supportable Fees	Current Fees	Increase / Decrease
1,399 square feet or less	$602	$1,103	($501)
1,400 - 1,899 square feet	$1,868	$2,111	($243)
1,900 - 2,399 square feet	$2,843	$2,890	($47)
2,400 - 2,899 square feet	$3,632	$3,518	$114
2,900 - 3,399 square feet	$4,296	$4,050	$246
3,400 square feet or more	$4,877	$4,506	$371

OVERVIEW OF IMPACT FEES

Impact fees are one-time payments used to fund capital improvements necessitated by new growth. This type of fee has been utilized by local governments in various forms for at least 50 years. Impact fees have limitations and should not be regarded as the total solution for infrastructure financing needs. Rather, they should be considered one component of a comprehensive portfolio to ensure adequate provision of public facilities with the goal of maintaining current levels-of-service in a community in the face of new growth.

LEGAL FRAMEWORK

U.S. Constitution. Like all land use regulations, development exactions—including impact fees—are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against regulatory takings. To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest. In the case of impact fees, that interest is the protection of public health, safety, and welfare by ensuring that development is not detrimental to the quality of essential public services.

There is little federal case law specifically dealing with impact fees, although other rulings on other types of exactions (e.g., land dedication requirements) are relevant. In one of the most important exaction cases, the U. S. Supreme Court found that a government agency imposing exactions on development must demonstrate an "essential nexus" between the exaction and the interest being protected (see *Nollan v. California Coastal Commission,* 1987). In a more recent case (*Dolan v. City of Tigard, OR,* 1994), the Court ruled that an exaction also must be "roughly proportional" to the burden created by development. However, the *Dolan* decision appeared to set a higher standard of review for mandatory dedications of land than for monetary exactions such as impact fees.

REQUIRED FINDINGS

There are three reasonable relationship requirements for impact fees that are closely related to "rational nexus" or "reasonable relationship" requirements enunciated by a number of state courts. Although the term "dual rational nexus" is often used to characterize the standard by which courts evaluate the validity of impact fees under the U.S. Constitution, we prefer a more rigorous formulation that recognizes three elements: "impact or need," "benefit," and "proportionality." The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the *Dolan* case. The reasonable relationship language of the statute is considered less strict than the rational nexus standard used by many courts. Individual elements of the nexus standard are discussed further in the following paragraphs.

Demonstrating an Impact. All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to impact fees. In this study, the impact of development on improvement needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

Demonstrating a Benefit. A sufficient benefit relationship requires that fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. Procedures for the earmarking and expenditure of fee revenues are typically mandated by the State enabling act, as are procedures to ensure that the fees are expended expeditiously or refunded. All of these requirements are intended to ensure that developments benefit from the fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the *Dolan* case (although the relevance of that decision to impact fees has been debated) and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate impact fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development. For example, the need for school improvements is measured by the number of public school-age children generated by development.

METHODOLOGIES AND CREDITS

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Each method has advantages and disadvantages in a particular situation, and to some extent can be interchangeable, because each allocates facility costs in proportion to the needs created by development.

Reduced to its simplest terms, the process of calculating impact fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities. The following paragraphs discuss three basic methods for calculating impact fees and how those methods can be applied.

***Plan-Based Fee Calculation*.** The plan-based method allocates costs for a specified set of improvements to a specified amount of development. The improvements are identified by a facility plan and development is identified by a land use plan. In this method, the total cost of relevant facilities is divided by total demand to calculate a cost per unit of demand. Then, the cost per unit of demand is multiplied by the amount of demand per unit of development (e.g. housing units or square feet of building area) in each category to arrive at a cost per specific unit of development (e.g., single family detached unit).

***Cost Recovery Fee Calculation*.** The rationale for the cost recovery approach is that new development is paying for its share of the useful life and remaining capacity of facilities already built or land already purchased from which new growth will benefit. To calculate a fee using the cost recovery approach, the facility cost is divided by ultimate number of demand units (e.g., students) the facility will serve.

***Incremental Expansion Fee Calculation*.** The incremental expansion method documents the current level-of-service for school facilities in both quantitative and qualitative measures, based on an existing service standard (such as square feet per student). The level-of-service standards are determined in a manner similar to the current replacement cost approach used by property insurance companies. However, in contrast to insurance practices, the fee revenues would not be for renewal and/or replacement of existing facilities. Rather, revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments, with level-of-service standards based on current conditions in the community.

Credits. Regardless of the methodology, a consideration of "credits" is integral to the development of a legally valid impact fee methodology. There are two types of "credits" each with specific, distinct characteristics, but both of which should be addressed in the calculation of impact fees. The first is a credit due to possible double payment situations. This could occur when contributions are made by the property owner toward the capital costs of the public facility covered by the impact fee. This type of credit is integrated into the impact fee calculation. The second is a credit toward the payment of a fee for dedication of public sites or improvements provided by the developer and for which the impact fee is imposed. This type of credit is addressed in the administration and implementation of an impact fee program.

WILLIAMSON COUNTY EDUCATION FACILITY IMPACT FEE OVERVIEW

The County has seen significant residential growth over the past several years and with it increased enrollment. Growth is expected to continue in the future, as shown in the enrollment projections (Figure 3). To ensure that Williamson County Schools have adequate capacity to accommodate growth, Williamson County implemented impact fees for schools. The County has been granted authority by the State to implement impact fees for schools by Private Act of the Tennessee General Assembly.

Williamson County is served by two school systems, Williamson County Schools (WCS) and Franklin Special School District (FSSD). Students living in FSSD attend FSSD schools from kindergarten through eighth grade, after which they attend WCS high schools. ***This report details only impact fees for WCS.*** New residential construction located in FSSD will be charged for only the high school component of the WCS impact fee, since students generated from these homes will only attend WCS for high school.

Williamson County education facility impact fees are derived using the incremental expansion approach. This approach determines current level-of-service standards for school facilities (elementary and middle schools and high schools), land, support facilities, and buses. Level-of-service standards are expressed as follows:

- School facility: Square feet per student by type of school;
- Land: Acres per student by type of school;
- Support facility: Square feet per student; and
- Bus: Number of buses per student.

A credit for offsetting revenue is included in the education facility impact fee to account for other forms of payment for Williamson County School capacity expansion improvements. Further detail on the approach, level-of-service standards, costs, and credits is provided in the body of this report.

ENROLLMENT PROJECTIONS AND STUDENT GENERATION RATES

ENROLLMENT PROJECTIONS

Enrollment projections were provided by Williamson County School staff and are based on active developments as of April 2022. As shown in Figure 3, enrollment in Williamson County Schools in April of 2022 (School Year 2021-2022) is 40,907. By School Year 2026-27, Williamson County Schools is projected to have a total enrollment of 48,592, a five-year increase of 7,685 students.

Figure 3: Enrollment Projections

Grade Level	2021-22[1]	2022-23	2023-24	2024-25	2025-26	2026-27	5-Yr Increase
K-8 Students	26,898	28,193	29,173	30,185	31,220	32,301	5,403
9-12 Students	14,009	14,632	15,033	15,452	15,865	16,291	2,282
Total	**40,907**	**42,825**	**44,206**	**45,637**	**47,085**	**48,592**	**7,685**

Source: Williamson County Schools projections. Does not include PK/EC/Virtual

1. April 7, 2022 attendance

STUDENT GENERATION RATES

Demand for additional school capacity will come from new residential development. To determine the level of this demand, student generation rates are used. The term "student generation rate" refers to the number of public school students per housing unit in the Williamson County School system. Public school students are a subset of school-aged children, which includes students in private schools and home-schooled children.

Student generation rates are important demographic factors that help account for variations in demand for school facilities by type of housing. Students per housing unit are held constant over the projection period since the impact fees represent a "snapshot approach" of current level-of-service standards and costs.

Public School Students and Housing Units – PUMA 2600

Student generation rates by unit size for Williamson County can be derived using custom tabulations of demographic data from survey responses provided by the U.S. Census Bureau in files known as Public Use Micro-Data Samples (PUMS). TischlerBise uses American Community Survey (ACS) 2016-2020 PUMS unweighted data to derive the number of students per housing unit by number of bedrooms. Williamson County is coterminous with Public Use Micro-Data Area (PUMA) 2600. Shown below, Figure 4 includes an unweighted estimate of public school students by school level and by number of bedrooms and an unweighted estimate of total housing units by number of bedrooms for PUMA 2600. This reflects all public school students who live in PUMA 2600.

Figure 4: Public School Students and Housing Units in PUMA 2600 by Number of Bedrooms

Public School Students by Number of Bedrooms in PUMA 2600				
Grade Level	0-2	3	4+	Total
K-8 Students	52	299	924	1,275
9-12 Students	21	131	416	568
Total	**73**	**430**	**1,340**	**1,843**

Housing Units by Number of Bedrooms in PUMA 2600			
0-2	3	4+	Total
550	1,255	2,110	**3,915**

Source: Cross tabulation by TischlerBise using U.S. Census Bureau, 2016-2020 ACS Unweighted Public Use Microdata Sample (PUMS) for Tennessee Public Use Microdata Area (PUMA) 2600.

Unadjusted Student Generation Rates

Next, using the totals shown in Figure 4, student generation rates by number of bedrooms are calculated by dividing the number of students by the number of housing units. Shown below, Figure 5 represents the unadjusted student generation rates by number of bedrooms for PUMA 2600.

Figure 5: Unadjusted Student Generation Rates by Number of Bedrooms

Unadjusted Public School Students per Housing Unit in PUMA 2600				
Grade Level	0-2	3	4+	Total
K-8 Students	0.095	0.238	0.438	0.326
9-12 Students	0.038	0.104	0.197	0.145
Total	**0.133**	**0.343**	**0.635**	**0.471**

Source: TischlerBise tabulation using U. S. Census Bureau, 2016-2020 ACS Unweighted Public Use Microdata Sample (PUMS) for Tennessee Public Use Microdata Area (PUMA) 2600.

Public School Students and Housing Units – Williamson County Schools

To reflect demand for public school facilities in Williamson County, this analysis applies the unadjusted student generation rates in Figure 5 to housing unit estimates from 2016-2020 American Community Survey (ACS) 5-year estimates shown at the bottom of Figure 6. For example, applying the unadjusted student generation rate of 0.238 K-8 students in three-bedroom units to the local estimate of 27,114 three-bedroom units provides an estimate of 6,460 K-8 students in existing three-bedroom units. This analysis compares the enrollment estimates from the previous step, equaling 39,817 students, to the actual enrollment of 40,674 students for the 2019-2020 school year.

Figure 6: Public School Students in Williamson County by Number of Bedrooms

Public School Students					2019-2020
Grade Level	0-2	3	4+	Total	WCS Enrollment
K-8 Students	1,123	6,460	19,963	27,546	27,143
9-12 Students	454	2,830	8,988	12,271	13,531
Total	**1,577**	**9,290**	**28,950**	**39,817**	40,674

Housing Units				2019
0-2	3	4+	Total	Housing Units
11,883	27,114	45,586	**84,582**	84,582

Source: TischlerBise estimates for Williamson County using U.S. Census Bureau, 2016-2020 ACS Unweighted PUMS for Tennessee PUMA 2600 (calibrated to WCS enrollment for 2019-2020 and 2016-2020 ACS housing unit estimate.)

Adjusted Student Generation Rates – Williamson County Schools

By adjusting estimated enrollment to actual enrollment, the adjusted student generation rate for all housing units in Williamson County is 0.481 students per housing unit – 0.321 K-8 students per housing unit and 0.160 9-12 students per housing unit. Student generation rates are shown with three decimal places, but it is often easier to understand the rates based on the expected number of students from 100 housing units. For example, Williamson County should expect 100 new housing units to generate approximately 48 additional public school students (100 units X 0.481 public school students per unit). Continuing the example, those 100 housing units are expected to generate 32 K-8 students (100 units X 0.321 K-8 students per unit), and 16 9-12 students (100 units X 0.160 9-12 students per unit).

Figure 7: Adjusted Student Generation Rates for Williamson County Schools by Number of Bedrooms

Williamson County District Schools Students per Housing Unit				
Grade Level	0-2	3	4+	Total
K-8 Students	0.093	0.235	0.432	0.321
9-12 Students	0.042	0.115	0.217	0.160
Total	**0.135**	**0.350**	**0.649**	**0.481**

Source: TischlerBise tabulation of U.S. Census Bureau, 2016-2020 ACS Unweighted PUMS for Tennessee PUMA 2600 (Calibrated to WCS enrollment for 2019-2020 and 2016-2020 ACS housing unit estimates.)

Student Generation Rates by Unit Size

To convert bedroom count rates to rates by home size, TischlerBise used data from the U.S. Census Bureau's Survey of Construction Microdata (2020) for Region 6 (East South Central). These data indicated that dwelling units in this region averaged 1,481 square feet for units with up to two bedrooms, 2,187 square feet for three-bedroom units, and 3,539 square feet for units with four or more bedrooms. These averages were then used to conduct a fitted curve analysis to determine the student generation rates for various square footage totals. This analysis was repeated for grades K-8 (Figure 8) and 9-12 (Figure 9).

Figure 8: Student Generation Rates for Grades K-8 by Unit Size

Average dwelling size by bedroom range is from 2020 Survey of Construction Microdata, U.S. Census Bureau. Average students per housing unit by bedroom range are derived from 2016-2020 ACS PUMS data for Tennessee PUMA 2600 (Williamson County).

Actual Averages per Housing Unit			Fitted-Curve Values	
Bedrooms	Square Feet	Students	Square Feet	K-8 SGR
0-2	1,481	0.093	1,399 or less	0.067
3	2,187	0.235	1,400 - 1,899	0.186
4+	3,539	0.432	1,900 - 2,399	0.277
			2,400 - 2,899	0.351
			2,900 - 3,399	0.413
			3,400 or more	0.467

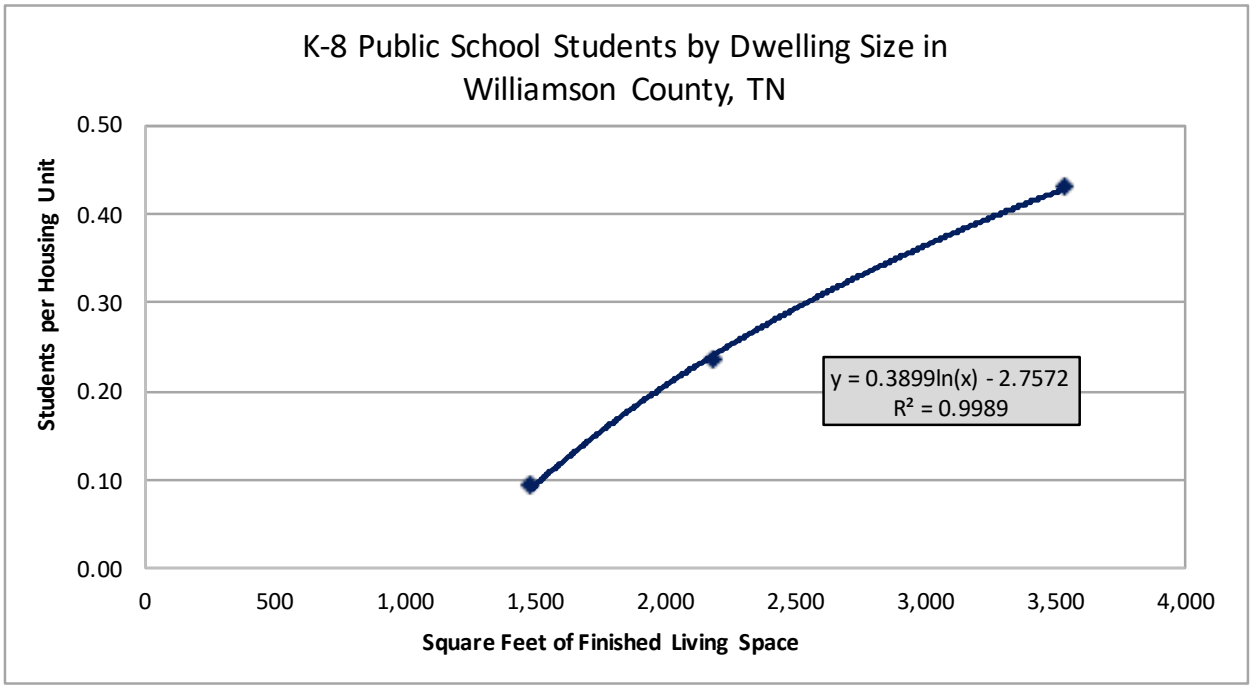
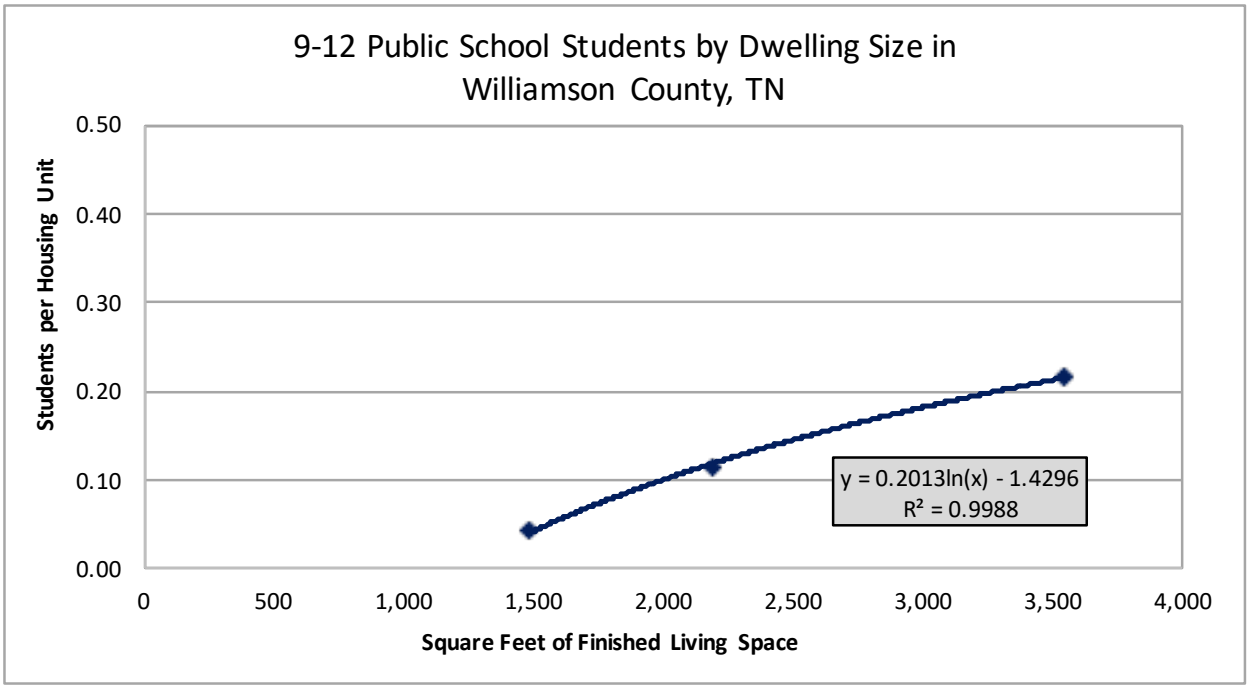


Figure 9: Student Generation Rates for Grades 9-12 by Unit Size

Average dwelling size by bedroom range is from 2020 Survey of Construction Microdata, U.S. Census Bureau. Average students per housing unit by bedroom range are derived from 2016-2020 ACS PUMS data for Tennessee PUMA 2600 (Williamson County).

Actual Averages per Housing Unit			Fitted-Curve Values	
Bedrooms	Square Feet	Students	Square Feet	9-12 SGR
0-2	1,481	0.042	1,399 or less	0.029
3	2,187	0.115	1,400 - 1,899	0.090
4+	3,539	0.217	1,900 - 2,399	0.137
			2,400 - 2,899	0.175
			2,900 - 3,399	0.207
			3,400 or more	0.235



Student generation rates by unit size were derived by adding the student generation rates for each school level. As such, the student generation rates are 0.096 for a unit of 1,399 square feet or less, 0.276 for a unit of 1,400 to 1,899 square feet, 0.414 for a unit of 1,900 to 2,399 square feet, 0.526 for a unit of 2,400 to 2,899 square feet, 0.620 for a unit of 2,900 to 3,399 square feet, and 0.702 for a unit of 3,400 square feet or more. These rates are shown below in Figure 10.

Figure 10: Student Generation Rates by Unit Size

Dwelling Unit Size	K-8	9-12	Total
1,399 square feet or less	0.067	0.029	**0.096**
1,400 - 1,899 square feet	0.186	0.090	**0.276**
1,900 - 2,399 square feet	0.277	0.137	**0.414**
2,400 - 2,899 square feet	0.351	0.175	**0.526**
2,900 - 3,399 square feet	0.413	0.207	**0.620**
3,400 square feet or more	0.467	0.235	**0.702**

EDUCATION FACILITY IMPACT FEES: WILLIAMSON COUNTY SCHOOLS

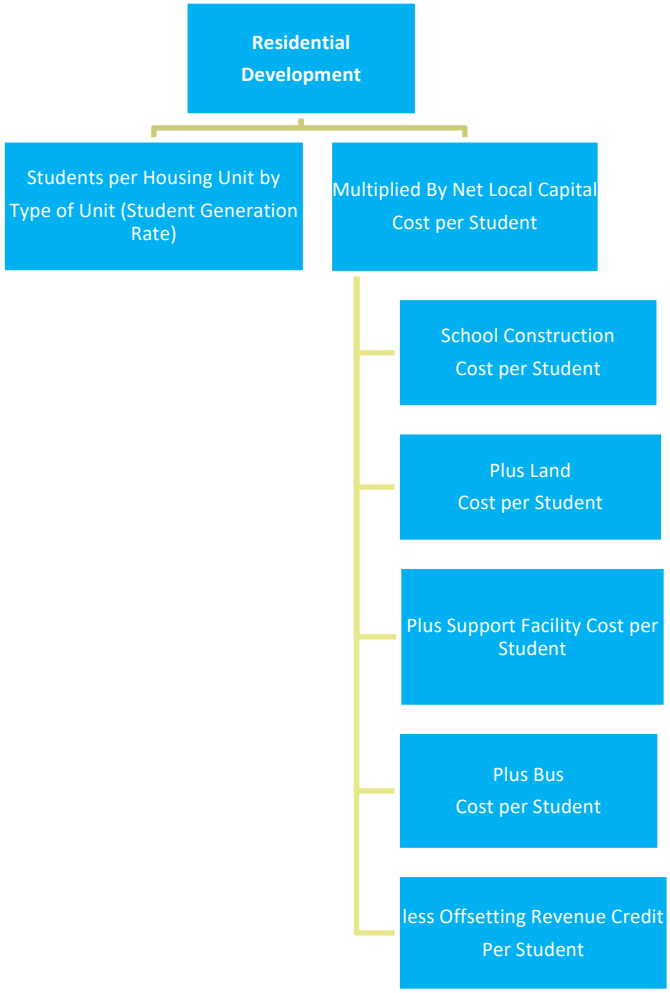
METHODOLOGY

The Williamson County Schools education facility impact fee methodology is based on current average public school student generation rates, level-of-service standards, and local costs. Figure 11 illustrates the methodology used to calculate the fee. The education facility impact fees use an incremental expansion approach, which documents the current levels-of-service for public facilities in both quantitative and qualitative measures. The intent is to use impact fee revenue to expand or provide additional facilities, as needed to accommodate new development, based on the current level-of-service standards and costs to provide capital improvements. All school levels are included in the fees. Costs for school facilities, land, support facilities, and buses are included in the fee. Finally, a credit for offsetting revenue is also included.

Demand for additional school capacity will come from new residential development. To determine the level of this demand, student generation rates are used. The term "student generation rate" refers to the number of public school students per housing unit in the Williamson County School system. Public school students are a subset of school-aged children, which includes students in private schools and home-schooled children.

Student generation rates are important demographic factors that help account for variations in demand for school facilities by type of housing. Students per housing unit are held constant over the projection period since the impact fees represent a "snapshot approach" of current level-of-service standards and costs.

Figure 11: Impact Fee Methodology Chart



SCHOOL FACILITIES LEVEL-OF-SERVICE STANDARDS

This section provides current inventories of elementary, middle, and high schools in the Williamson County School system. The data contained in these tables are used to determine infrastructure standards for school buildings and sites on which the impact fees are based.

Elementary and Middle Schools (K-8)

The inventory and current level-of-service for Williamson County elementary and middle schools are shown in Figure 12. Elementary and middle school facilities have a total of 4,204,915 square feet of floor area on 1,039.57 acres of land. In April 2022, total enrollment in all elementary and middle schools was 26,898, or 78% of permanent capacity (34,426). Level-of-service factors for Williamson County elementary and middle schools are also shown in Figure 11. Since enrollment is presently lower than capacity, capacity is used to determine the level-of-service standards for elementary and middle school buildings and acreage highlighted in the figure below. ***The level-of-service factors on which the impact fees are based are 122.14 square feet and 0.030 acres per student.***

Figure 12: Elementary and Middle School Level-of-Service Standards (K-8)

K-8 School	Site Acreage	Building Square Footage	Permanent Student Station	2021-22 Enrollment[1]	Utilization
Allendale ES	25.00	118,992	890	646	73%
Bethesda ES	22.00	84,102	780	547	70%
Brentwood MS	25.00	119,395	1,375	1,211	88%
Chapman's Retreat ES	20.00	86,600	805	628	78%
Clovercroft ES	22.72	118,992	890	692	78%
College Grove ES	20.00	68,569	730	678	93%
Creekside ES	64.00	121,000	890	805	90%
Crockett ES[2]	19.85	93,182	870	621	71%
Edmondson ES	20.00	85,221	825	696	84%
Fairview ES	11.50	58,581	715	457	64%
Fairview MS	10.00	109,997	764	538	70%
Grassland ES	25.00	90,000	870	522	60%
Grassland MS	32.00	150,522	1,160	879	76%
Heritage ES	30.00	82,000	805	623	77%
Heritage MS	41.00	127,843	1,185	818	69%
Hillsboro EMS	37.00	113,152	597	548	92%
Hunters Bend ES	20.00	68,625	780	430	55%
Jordan ES	73.00	121,000	890	493	55%
Kenrose ES	20.00	92,048	910	686	75%
Lipscomb ES	26.00	78,435	780	579	74%
Longview ES	21.00	121,000	935	922	99%
Legacy MS	35.41	187,896	1,000	511	51%
Mill Creek ES/MS[3]	45.52	234,000	1,600	1,648	103%
Nolensville ES	16.90	118,000	890	877	99%
Oak View ES	20.00	73,800	695	425	61%
Page MS	25.00	207,400	1,500	1,180	79%
Pearre Creek ES	14.00	118,992	890	612	69%
Scales ES	25.00	83,544	940	765	81%
Spring Station MS	35.00	137,200	971	819	84%
Sunset ES/MS	64.00	215,950	1,674	1,293	77%
Thompson Station ES/MS	76.00	235,000	1,600	1,369	86%
Trinity ES	21.00	86,661	870	682	78%
Walnut Grove ES	19.00	97,474	780	561	72%
Westwood ES	22.00	86,805	805	526	65%
Winstead ES	22.90	90,110	790	639	81%
Woodland MS[2]	12.77	122,827	975	972	100%
Total	1,039.57	4,204,915	34,426	26,898	78%

Level-of-Service (LOS) Standards		
K-8 School	Acres	Square Feet
LOS per Permanent Station	0.030	122.14

1. April 7, 2022. Does not include PK/EC.
2. Shared campus. Acreage is derived as a percentage of shared campus building square footage devoted to each school level.
3. Located on same land as Nolensville High; acreage derived as a percentage of square footage.

High Schools (9-12)

The inventory and current levels-of-service for WCS high schools are shown below in Figure 13. High school facilities have a total of 2,342,941 square feet of floor area on 488.88 acres of land. In April 2022, total enrollment in all high schools was 14,009, or 91% of permanent capacity (15,366). Level-of-service factors for Williamson County high schools are also shown in Figure 13. Since enrollment is presently lower than capacity, capacity is used to determine the level-of-service standards for high school buildings and acreage, highlighted in the figure below. ***The level-of-service factors on which the impact fees are based are 152.48 square feet and 0.032 acres per student.***

Figure 13: High School Level-of-Service Standards (9-12)

9-12 School	Site Acreage	Building Square Footage	Permanent Student Station	2021-22 Enrollment[1]	Utilization
Brentwood HS	32.00	299,032	2,000	1,747	87%
Centennial HS	55.00	263,134	1,758	1,551	88%
Fairview HS	34.00	198,730	1,042	683	66%
Franklin HS	39.40	305,989	2,000	1,738	87%
Independence HS	83.55	299,529	2,200	2,019	92%
Nolensville HS[2]	50.48	259,495	1,671	1,343	80%
Page HS	41.00	187,550	1,215	1,201	99%
Ravenwood HS	80.00	253,482	1,649	1,885	114%
Renaissance HS	1.72	17,000	160	162	101%
Summit HS	71.73	259,000	1,671	1,680	101%
Total	488.88	2,342,941	15,366	14,009	91%

Level-of-Service (LOS) Standards		
High School	Acres	Square Feet
LOS per Permanent Station	0.032	152.48

1. April 7, 2022. Does not include EC.
2. Located on same land as Mill Creek ES/MS; acreage derived as a percentage of square footage.

LAND ACQUISITION COSTS

Williamson County Schools will need to purchase land for future school sites to accommodate school capital needs brought about by growth in the County. WCS staff provided acreage and sales price data for recent land purchases totaling approximately 190 acres at a total cost of $8,282,358. This results in an average cost of $43,479 per acre.

Figure 14: Land Acquisition Costs

Description	Level	Acres	Cost per Acre	Cost
Gosey Hill Road (12/18)	K-12	68	$35,264	$2,387,000
Cox Road (5/20)	K-12	100	$44,192	$4,421,000
Wilkes Lane (7/21)	K-12	23	$64,778	$1,474,358
Total		**190**	**$43,479**	**$8,282,358**

Source: Williamson County Schools

SCHOOL CONSTRUCTION COSTS

TischlerBise analyzed costs for school construction, as well as Support Facilities for Williamson County Schools. Costs for planned capacity projects were provided by Williamson County Schools. Current school costs represent the average costs to construct elementary and middle schools and high schools in the Williamson County School system. As shown in Figure 15, construction costs for elementary/middle schools (K-8) range between $273 and $298 per square foot, with a weighted average cost of $275 per square foot. Construction costs for high schools (9-12) range between $217 and $255 per square foot, with a weighted average cost of $246 per square foot. The construction cost for support facilities is based on the planned Transportation Building addition, which is $341 per square foot. These figures do not include the cost of land.

Figure 15: School Construction Costs

Description	Level	School Year	Square Feet	Cost per Sq Ft	Cost
Elementary School East (Cox Road)	K-8	2023-24	121,000	$298	$36,000,000
Transportation Building Addition	Support	2023-24	4,400	$341	$1,500,000
Middle School (Split Log Property)	K-8	2024-25	187,000	$273	$51,000,000
Elementary School Northeast (McFarlin Road Area)	K-8	2024-25	121,000	$273	$33,000,000
Page High School Additions (Phase 3)	9-12	2025-26	101,146	$247	$24,989,000
Middle School East (Cox Road)	K-8	2026-27	187,000	$273	$51,000,000
High School West	9-12	2026-27	275,000	$255	$70,000,000
Elementary School Northeast 2	K-8	2026-27	121,000	$273	$33,000,000
Nolensville High School Addition	9-12	2026-27	46,000	$217	$10,000,000
Elementary School North Central	K-8	2027-28	121,000	$273	$33,000,000
Elementary School South (Spring Hill/Thompson's Station)	K-8	2027-28	121,000	$273	$33,000,000
Elementary School West (Fairview)	K-8	2027-28	121,000	$273	$33,000,000
Centenial High School Addition	9-12	2027-28	46,000	$217	$10,000,000
Subtotal - K-8 School	K-8		1,100,000	$275	$303,000,000
Subtotal - 9-12 School	9-12		468,146	$246	$114,989,000
Subtotal - Support	Support		4,400	$341	$1,500,000
Total			1,572,546	$267	$419,489,000

Source: Williamson County Schools

SUPPORT FACILITIES LEVEL-OF-SERVICE STANDARDS AND COSTS

The impact fees also include costs to provide support facilities such as administrative office space, maintenance facilities, and storage buildings. The Williamson County Schools support facilities are shown below in Figure 16 and total 56,673 square feet. This figure is divided by the April 2022 enrollment of 40,907 students to yield a level of service of 1.385 square feet per student. This level-of-service standard is then multiplied by a replacement cost estimate of $341 per square foot (provided by WCS staff), resulting in a cost of $472.30 per student.

Figure 16: Support Facilities Level-of-Service Standards and Costs

Description	Square Feet
Operations Support Building	28,012
Textbook Building	8,871
Transportation	13,674
Equipment Shed	6,116
Total	56,673

Cost Factors	
Cost per Square Foot	$341

Level-of-Service (LOS) Standards	
Existing Square Feet	56,673
Enrollment	40,907
Square Feet per Student	1.385
Cost per Student	$472.30

Source: Williamson County Schools

BUS LEVEL-OF-SERVICE STANDARDS AND COSTS

Williamson County Schools will need to purchase additional buses to accommodate increased enrollment. The existing fleet includes 285 general education buses and 67 special education / transition buses. The current value of the fleet is estimated at approximately $32,665,987, which equates to an average cost of $114,617 per bus. The current level of service is 0.007 buses per student. When the current level of service (0.007) is multiplied by the average cost per bus ($114,617), the cost is $798.54 per student.

Figure 17: Buses Level-of-Service Standards and Costs

Description	Units	Unit Cost	Total
General Education	218	$115,252	$25,124,936
Special Education / Transition	67	$112,553	$7,541,051
Total	285	$114,617	$32,665,987

Level-of-Service (LOS) Standards	
Existing Buses	285
Enrollment	40,907
Buses per Student	0.007
Cost per Student	$798.54

Source: Williamson County Schools

CREDIT FOR OFFSETTING REVENUES

The County has two privilege taxes, one dedicated to schools with 30% going to the municipalities, and another which the County has sole discretion on its use, including allocating revenue to schools. In addition, the County allocates varying percentages of privilege tax to debt service, meaning there is an annual fluctuation of revenue from both privilege tax and General Fund revenue that could potentially be construed as a "double payment." There is also General Fund and privilege tax revenue that can potentially be used for non-debt expenditures on capacity and/or technology, etc. Because the County imposes two privilege taxes on new development, a credit is necessary since new residential units that will pay the education facility impact fee will also contribute to future school capacity projects through the payment of one-time privilege taxes. Rather than devise a complicated credit system requiring annual adjustments based on budgeted expenditures or some other alternative, TischlerBise proposes a rather straightforward method which is conservative in nature and likely overestimates the credit.

Credit for Existing Debt Service

As shown in Figure 18, the majority of growth-related capital costs for growth-related schools are funded through bonded debt. Conversations with Williamson County suggest that we include a credit for offsetting revenue for existing principal and interest on existing debt service payments. Annual principal and interest payments are divided by projected student enrollment in each year to get a credit per student. For example, in FY 2023, the total amount of K-8 student principal and interest to be paid of $22,331,087 is divided by projected enrollment of 28,193 students for a payment of $792.08 per student. To account for the time value of money, annual payments per student are discounted using a net present value formula based on an average current interest rate of 2.32 percent. The total net present value of future principal payments is $10,502 per student. This amount is subtracted from the gross capital cost per student amount to derive a net capital cost per student for school facilities. The same calculation is completed for 9-12 students, resulting in a credit of $13,084 per student.

Figure 18: Credit for Existing Debt Service

Year	Principal and Interest	Projected K-8 Enrollment[1]	Payment per Student
2023	$22,331,087	28,193	$792.08
2024	$22,325,610	29,173	$765.28
2025	$27,007,227	30,185	$894.72
2026	$33,464,670	31,220	$1,071.90
2027	$33,486,038	32,301	$1,036.70
2028	$33,468,088	33,381	$952.67
2029	$31,801,231	34,462	$878.47
2030	$30,273,616	35,542	$851.76
2031	$27,932,679	36,623	$762.71
2032	$27,940,829	37,704	$741.07
2033	$27,979,929	38,784	$721.43
2034	$27,644,043	39,865	$693.44
2035	$21,733,288	40,945	$530.79
2036	$20,709,350	42,026	$492.77
2037	$19,724,381	43,107	$457.57
2038	$17,052,125	44,187	$385.91
2039	$11,458,025	45,268	$253.12
2040	$7,833,000	46,348	$169.00
2041	$1,762,675	47,429	$37.16
2042	$1,766,763	48,510	$36.42
Total	$447,694,656		$12,524.97
		Discount Rate[2]	2.32%
		Net Present Value	$10,502

1. Enrollment beyond SY 2025-26 projected using average annual increase from SY 2021-22 to SY 2025-26

2. Interest rate at which the County has recently issued debt

Year	Principal and Interest	Projected 9-12 Enrollment[1]	Payment per Student
2023	$20,904,669	14,632	$1,428.70
2024	$20,801,562	15,033	$1,383.73
2025	$20,754,666	15,452	$1,343.17
2026	$19,418,404	15,865	$1,223.98
2027	$18,938,033	16,321	$1,160.32
2028	$18,703,106	16,778	$1,114.75
2029	$18,000,249	17,234	$1,044.45
2030	$17,552,173	17,691	$992.18
2031	$15,489,632	18,147	$853.56
2032	$15,481,426	18,603	$832.18
2033	$15,497,136	19,060	$813.08
2034	$15,215,165	19,516	$779.62
2035	$10,137,945	19,973	$507.59
2036	$8,785,135	20,429	$430.03
2037	$8,780,848	20,885	$420.43
2038	$8,585,356	21,342	$402.28
2039	$6,236,100	21,798	$286.08
2040	$5,012,744	22,255	$225.25
2041	$1,638,056	22,711	$72.13
2042	$1,359,925	23,167	$58.70
Total	$267,292,328		$15,372.20
		Discount Rate[2]	2.32%
		Net Present Value	$13,084

1. Enrollment beyond SY 2025-26 projected using average annual increase from SY 2021-22 to SY 2025-26

2. Interest rate at which the County has recently issued debt

Credit for Future Debt Service

To ensure more credit is included in the Education Facility Impact Fee than what is legally required to guard against "double payment" through the impact fee and again through future property tax/privilege tax payments, a credit is included for estimated principal and interest payments on future debt Williamson County Schools will need to issue to fund future K-8 and 9-12 school construction. Because these bonds have not been issued at the time of this Impact Fee Study, TischlerBise has estimated what the principal payments would be on a bond issued in 2023 in the amount of anticipated school construction.

As shown in Figure 19, projected future debt school facility capacity expansion projects is estimated at approximately $560.29 million for K-8 schools and $207.94 million for 9-12 schools. Projected annual principal and interest payments are divided by student enrollment in each year to determine a credit per student. For example, in the 2022-2023 school year, projected K-8 school debt of $18,676,486 is divided by projected K-8 enrollment of 28,193 students for a payment of $662.45 per student. To account for the time value of money, annual payments per student are discounted using a net present value formula based on the projected interest rate of 4.00%. The total net present value of future debt payments for K-8 school facilities is $8,354 per student. This amount is subtracted from the gross capital cost per student to derive a net capital cost per K-8 student. The same calculation is completed for 9-12 students resulting in a credit of $6,268 per student.

Figure 19: Credit for Future Debt Service

Year	Principal and Interest	Projected K-8 Enrollment[1]	Payment per Student
2023	$18,676,486	28,193	$662.45
2024	$18,676,486	29,173	$640.20
2025	$18,676,486	30,185	$618.73
2026	$18,676,486	31,220	$598.22
2027	$18,676,486	32,301	$578.21
2028	$18,676,486	33,381	$559.49
2029	$18,676,486	34,462	$541.95
2030	$18,676,486	35,542	$525.47
2031	$18,676,486	36,623	$509.97
2032	$18,676,486	37,704	$495.35
2037	$18,676,486	43,107	$433.26
2042	$18,676,486	48,510	$385.01
2047	$18,676,486	53,913	$346.42
2052	$18,676,486	59,316	$314.87
Total	$560,294,591		$13,471.92
		Discount Rate[2]	4.00%
		Net Present Value	$8,354

1. Enrollment beyond SY 2025-26 projected using average annual increase from SY 2021-22 to SY 2025-26
2. Estimated interest rate at which the County will issued debt

Year	Principal and Interest	Projected 9-12 Enrollment[1]	Payment per Student
2023	$6,931,440	14,632	$473.72
2024	$6,931,440	15,033	$461.08
2025	$6,931,440	15,452	$448.58
2026	$6,931,440	15,865	$436.90
2027	$6,931,440	16,321	$424.68
2028	$6,931,440	16,778	$413.13
2029	$6,931,440	17,234	$402.19
2030	$6,931,440	17,691	$391.81
2031	$6,931,440	18,147	$381.96
2032	$6,931,440	18,603	$372.59
2037	$6,931,440	20,885	$331.88
2042	$6,931,440	23,167	$299.19
2047	$6,931,440	25,449	$272.36
2052	$6,931,440	27,731	$249.95
Total	$207,943,197		$10,208.80
		Discount Rate[2]	4.00%
		Net Present Value	$6,268

1. Enrollment beyond SY 2025-26 projected using average annual increase from SY 2021-22 to SY 2025-26
2. Estimated interest rate at which the County will issued debt

MAXIMUM SUPPORTABLE EDUCATION FACILITY IMPACT FEES

Factors used to derive the Williamson County education facility impact fees are summarized in Figure 20. Education facility impact fees are based on student generation rates (i.e., public school students per housing unit) and are only assessed against residential development. Level-of-service standards are based on current costs per student for school facilities, land, support facilities, and buses, as described in the previous sections and summarized in Figure 20.

The gross capital cost per student is the sum of the boxed cost components. For example, for the K-8 school components, the calculation is as follows: *$33,645 [school facilities] + $1,313 [land acquisition] + $472 [support facilities] + $799 [buses] = $36,229 gross capital cost per student.* The credit for existing and future debt ($10,502 and $8,354) is then subtracted from the gross capital cost per student to derive the net capital cost per student ($17,373) for K-8 schools. The same approach is followed for 9-12 schools.

Figure 20: Education Facility Impact Fee Input Variables

Level-of-Service Standards		
Fee Component	K-8	9-12
School Facility		
Square Feet per Student	122.14	152.48
Cost per Square Foot	$275	$246
School Facility Cost per Student	**$33,645**	**$37,452**
Land		
Acres per Student	0.030	0.032
Cost per Acre	$43,479	$43,479
Land Cost per Student	**$1,313**	**$1,383**
Support Facility		
Square Feet per Student	1.39	1.39
Cost per Square Foot	$341	$341
Support Facility Cost per Student	**$472**	**$472**
Bus		
Buses per Student	0.007	0.007
Weighted Average Cost per Bus	$114,617	$114,617
Bus Cost per Student	**$799**	**$799**

Capital Cost per Student		
Fee Component	K-8	9-12
School Facility Cost	$33,645	$37,452
Land Cost	$1,313	$1,383
Support Facility Cost	$472	$472
Bus Cost	$799	$799
Gross Capital Cost Per Student	$36,229	$40,106
Credit - Existing Debt	($10,502)	($13,084)
Credit - Future Debt	($8,354)	($6,268)
Net Capital Cost per Student	$17,373	$20,755

Maximum Supportable Education Facility Impact Fees outside Franklin Special School District

Figure 21 shows the schedule of maximum supportable education facility impact fees by unit size for residential development outside of the Franklin Special School District. The fees are calculated by multiplying the student generation rate for each size range (shown at the top of Figure 21) by the net capital cost per student for both types of school. Each component is then added together to derive the total education facility impact fee.

For example, for a unit sized 1,400 to 1,899 square feet, the K-8 school portion of the fee is calculated by multiplying the student generation rate of 0.186 K-8 students per housing unit by the net capital cost of $17,373 per K-8 student, which results in a fee of $3,231 per housing unit. This calculation is repeated for the 9-12 school portion of the fee (0.090 9-12 students per housing unit X net capital cost of $20,755 per 9-12 student = $1,868 per housing unit). The two portions of the fee are added together for a total fee of $5,099 for a unit sized 1,400 to 1,899 square feet.[1]

Figure 21: Maximum Supportable Education Facility Impact Fees outside Franklin Special School District

Williamson County Schools Students per Housing Unit			
Dwelling Unit Size	K-8	9-12	Total
1,399 square feet or less	0.067	0.029	**0.096**
1,400 - 1,899 square feet	0.186	0.090	**0.276**
1,900 - 2,399 square feet	0.277	0.137	**0.414**
2,400 - 2,899 square feet	0.351	0.175	**0.526**
2,900 - 3,399 square feet	0.413	0.207	**0.620**
3,400 square feet or more	0.467	0.235	**0.702**

Capital Cost per Student		
Net Capital Cost per Student	$17,373	$20,755

Education Impact Fees per Housing Unit			
Dwelling Unit Size	K-8	9-12	Total
1,399 square feet or less	$1,164	$602	**$1,766**
1,400 - 1,899 square feet	$3,231	$1,868	**$5,099**
1,900 - 2,399 square feet	$4,812	$2,843	**$7,656**
2,400 - 2,899 square feet	$6,098	$3,632	**$9,730**
2,900 - 3,399 square feet	$7,175	$4,296	**$11,471**
3,400 square feet or more	$8,113	$4,877	**$12,991**

[1] Because the analysis uses figures carried to their ultimate decimal places, the sums and products shown may not equal the sum or product if the reader replicates the calculation with the factors shown in the report.

Maximum Supportable Education Facility Fees within Franklin Special School District

As previously noted, Williamson County is served by two school systems, Williamson County Schools and the Franklin Special School District (FSSD). Students living in FSSD attend these schools from kindergarten to eighth grade, after which they attend WCS high schools. This report details only impact fees for Williamson County Schools. New residential construction located in FSSD will be charged for only the high school component of the education facility impact fee, since students generated from these homes will only attend WCS for high school. Figure 22 provides the schedule of *maximum supportable education facility impact fees* within FSSD boundaries by unit size. For example, for a unit sized 1,400 to 1,899 square feet, the fee is $1,868.

Figure 22: Maximum Supportable Education Facility Fees within Franklin Special School District

Williamson County Schools Students per Housing Unit within Franklin Special School District Boundary			
Dwelling Unit Size	K-8	9-12	Total
1,399 square feet or less	N/A	0.029	**0.029**
1,400 - 1,899 square feet	N/A	0.090	**0.090**
1,900 - 2,399 square feet	N/A	0.137	**0.137**
2,400 - 2,899 square feet	N/A	0.175	**0.175**
2,900 - 3,399 square feet	N/A	0.207	**0.207**
3,400 square feet or more	N/A	0.235	**0.235**

Capital Cost per Student		
Net Capital Cost per Student	N/A	$20,755

Education Impact Fees per Housing Unit within Franklin Special School District Boundary			
Dwelling Unit Size	K-8	9-12	Total
1,399 square feet or less	N/A	$602	**$602**
1,400 - 1,899 square feet	N/A	$1,868	**$1,868**
1,900 - 2,399 square feet	N/A	$2,843	**$2,843**
2,400 - 2,899 square feet	N/A	$3,632	**$3,632**
2,900 - 3,399 square feet	N/A	$4,296	**$4,296**
3,400 square feet or more	N/A	$4,877	**$4,877**

IMPLEMENTATION AND ADMINISTRATION

ACCOUNTING

Impact fees should be paid at time of building permit. Certain accounting procedures should be followed by the County. For example, monies received should be placed in a separate fund and accounted for separately and may only be used for the purposes authorized in the impact fee ordinance. Interest earned on monies in the separate fund should be credited to the fund.

SITE-SPECIFIC CREDITS

A site-specific credit should be considered for contributions of system improvements that have been included in the impact fee calculations. If a developer constructs the type of system improvements included in the fee calculations, it will be necessary to either reimburse the developer or provide a credit against the fees for that portion of the fee. The latter option is more difficult to administer because it creates unique fees for specific geographic areas. Based on TischlerBise's experience, it is better for the County to establish a reimbursement agreement with the developer constructing the system improvement. The reimbursement agreement should be limited to a payback period of no more than ten years and the County should not pay interest on the outstanding balance. The developer must provide sufficient documentation of the actual cost incurred for the system improvement. The County should only agree to pay the lesser of the actual construction cost or the estimated cost used in the impact fee analysis. If the County pays more than the cost used in the fee analysis, there will be insufficient fee revenue. Reimbursement agreements should only obligate the County to reimburse developers annually according to actual fee collections from the benefiting area.

COLLECTION AND EXPENDITURE ZONES

The reasonableness of impact fees is determined in part by their relationship to the local government's burden to provide necessary public facilities. The need to show a substantial benefit usually requires communities to evaluate collection and expenditure zones for public facilities that have distinct geographic service areas. For the County School system, one area is appropriate because capacity improvements are needed at all levels throughout the County system and County schools will occasionally re-district to accommodate growth and available capacity.