

**IMPACT FEES**

FOR

**PARKS AND RECREATIONAL FACILITIES**

IN

**LAKE COUNTY, FLORIDA**

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Company

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# 1. INTRODUCTION

## **Definition and Rationale of Impact Fees**

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy the new development.

Local governments charge impact fees on either of two bases. First, as a matter of policy and legislative discretion, they may want new development to pay the full cost of its share of new public facilities because that portion of the facilities would not be needed except to serve the new development. In this case, the new development is required to pay for all the cost of its share of new public facilities.

On the other hand, local governments may use other sources of revenue to pay for the new public facilities that are required to serve new development. If, however, such revenues are not sufficient to cover the entire costs of new facilities necessitated by new development, the new development may be required to pay an impact fee in an amount equal to the difference between the total cost and the other sources of revenue.

New development is synonymous with "growth". For some impact fees, new development includes new residential, retail, office, commercial, industrial and all other new construction. Impact fees for parks and recreational facilities, however, are charged only to new residential development: houses, apartments, mobile home parks, and other residential construction. Non-residential new development is not charged parks and recreational impact fees, as explained in chapter 3.

There are many kinds of "public facilities" that are needed by new development, including parks, schools, roads, water and sewer plants, libraries, and other government facilities. This study covers parks and recreational facilities in Lake County, Florida.

## **Rules Governing Impact Fees in Florida**

Impact fees for public facilities have been upheld by the Florida Supreme Court. Several court cases<sup>1</sup> provide direction in three broad areas of the development of impact fees: (1) who pays, and how much (the "fair share" rules), (2) where and how the fee can be used (the dual "nexus of benefit" rules), and (3) offsets against the fee (the "credits" rules).

First, the "fair share" rules require that impact fees can be charged only for the portion of the cost of public capital facilities that is attributable to new development. Impact fees cannot be

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<sup>1</sup> The following five significant court cases guide the development of impact fees in Florida: Contractors and Builders Association of Pinellas County v. City of Dunedin, 329 So.2d 314 (Fla. 1976); Hollywood, Inc. v. Broward County, 431 So.2d 606 (Fla. 4th DCA 1983); Home Builders and Contractors Association of Palm Beach County, Inc. v. Board of County Commissioners of Palm Beach County, 446 So.2d 140 (Fla. 4th DCA 1983); and Seminole County v. City of Casselberry, 541 So.2d 666 (Fla. 5th DCA 1989); City of Ormond Beach v. County of Volusia, 535 So.2d 302 (Fla. 5th DCA 1968). The Local Government Comprehensive Planning and Land Development Regulation Act also touches on some aspects of impact fees.

charged to pay for the cost of reducing or eliminating deficiencies in existing facilities. Within this broad rule, specific guidance is given in several areas:

- It is permitted to distinguish among the impacts of different types of growth in establishing fee amounts (i.e., single family homes can be shown to have different impacts than multi-family dwelling units or mobile homes, therefore the impact fees for each type of dwelling can be different than the other types).
- Fee-payers should be able to pay a smaller fee if they can demonstrate that their development will have less impact than is presumed in the calculation of the impact fee schedule for their classification of property (i.e., through land use restrictions), and
- Costs of facilities that will be used by new development and existing users must be apportioned between the two groups in determining the amount of the fee.

Second, the dual "nexus of benefit" rules require a demonstrated reasonable connection (1) between the need for public capital facilities and the growth from the fee-paying development, and (2) between the expenditure of fee revenue and the benefits received by the fee-paying development. These two conditions limit where and when impact fees can be collected and used.

There are many ways that the nexus of benefit can be established, including personal use and use by others in the family (direct benefit), use by persons who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). The connections among needs, benefits and fees will vary according to the type of facility; parks and recreational facilities will have different nexus of benefits criteria than roads. The nexus of benefit for parks and recreational facilities will be based on the park land and recreational facilities inventory value per dwelling unit. A detailed description of this data is presented later in this study.

Another connection among needs, benefits and fees can be the geographical relationship between a fee-paying development and the impact on a public capital facility. Some impact fees for roads or parks use geographical districts for calculating, collecting and spending impact fees. Lake County's parks and recreational impact fees are based on the County investing a uniform amount of money per dwelling unit to provide the types of park land and recreational facilities that are included in calculating that investment per dwelling unit. This standard provides flexibility to meet needs throughout the unincorporated area, however the uniform fees for parks and recreational facilities in the unincorporated area are collected and expended in three "districts" covering the unincorporated County: North, Central and South.

Another aspect of nexus is timing. The fee revenue must be expended within a reasonable period of time, but there is no single maximum limit that applies to all impact fee expenditures. Explicit limitations on the expenditure of fees must be adequate to guide government personnel, and fee revenue must be earmarked for specific uses related to the public capital facilities.

Finally, the "credits" rules allow a fee-payer to have an impact fee reduced to reflect (1) contributions of land, cash, facilities, or other assets that meet the same need as the fee, and (2) future payments of taxes that would ordinarily be used for the same public capital facilities for which the impact fee is being charged. Without such credits, the fee-paying development might pay more than its fair share. Court cases and legislation do not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location, quality and design of a donated public facility should conform to adopted local standards for such facilities.

## **Purpose of This Study**

This study of impact fees for parks and recreational facilities in Lake County, Florida presents the methodology, summarizes the data, and explains the calculation of the fees. The methodology is designed to comply with the requirements of Florida law.

## **Data Sources**

The data in this study of impact fees for parks and recreational facilities in Lake County, Florida was provided by Lake County, unless a different source is specifically cited.

## **Data Rounding**

The data in this study was prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data. The reason for these insignificant differences is that the spreadsheet software was allowed to calculate results to more places after the decimal than is reported in the tables of these reports. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional differences due to rounding of data that appears in this study.

## 2. NEXUS OF BENEFITS OF PARKS AND RECREATIONAL FACILITIES

As described in the introduction, there must be a dual nexus between the benefits of parks and recreational facilities and new development that is charged an impact fee to pay for a portion of the parks and recreational facilities that it needs. This chapter is devoted to an analysis of the nexus.

There are several considerations that affect the "rational nexus of benefits" for parks and recreational facilities impact fees: (A) responsibility for parks and recreational facilities, (B) the need for new parks and recreational facilities for new development, (C) the type of property that receives the benefits from new parks and recreational facilities, and (D) the location of the property in relation to the new parks and recreational facilities.

### **A. Responsibility for Parks and Recreational Facilities.**

Lake County is legally and financially responsible for the County-owned parks and recreational facilities system, therefore the analysis of service level requirements and growth's impact on parks and recreational facilities includes all of the County's park system in the unincorporated area. It is acknowledged that some users of the County's parks are from cities our locations outside Lake County. The County cannot collect impact fees from development outside the unincorporated area, therefore the benefits of the County's park system are attributed to the unincorporated area<sup>2</sup>.

The County is not responsible for State, municipal, or private parks and recreational facilities. The County cannot control access to or usage of parks and recreational facilities operated by other agencies or private parties, therefore such facilities are excluded from the analysis of County parks and recreational facilities impact fees.

The Lake County parks system includes 63.1 acres of active parks, 462.9 acres of passive parks, and 3.31 acres of boat ramps. A detailed inventory of the Lake County parks system is listed in Table 1.

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<sup>2</sup> It is also acknowledged that some residents of the unincorporated area use parks and recreational facilities provided by cities, other counties, the State, and private organizations. The impact fee, however, is charged by Lake County only for costs of County parks.

**Table 1: Park Land Inventory**

Type of Facility	Inventory of Park Acres	Park Type
<i>Active Parks</i>		
Astor Lions Park	10.00	Community Park
Paisely Community Park	8.10	Community Park
Lake Idamere Park	45.00	Community Park
<i>Total Active Park Acres</i>	<i>63.10</i>	

<i>Passive Parks</i>		
Astor River Park & Boat Ramp	3.45	Special Use/WA
Carlton Village Park	3.09	Mini Park
Haines Creek Park	36.90	Conservation Area
Joanna Park	0.50	Mini Park
Lake Jem Park & Boat Ramp	11.00	Neighborhood/WA
Lake Mack Park	1.65	Mini Park
Lake Thomas Cove Park	4.60	Mini Park
Marsh Park and Boat Ramp	35.00	Neighborhood Park
McTureous Memorial Park	2.58	Mini Park
Mt. Plymouth Park	0.40	Mini Park
Palatlakaha River Park, Boat Ramp	23.00	Neighborhood & WA
Pear Park	268.00	District Park
Pine Forest	48.00	Community Park
Scott Park	0.65	Mini Park
Sorrento Park	3.38	Mini Park
Spring Lake Park	0.38	Mini Park
Sylvan Shores Park	4.94	Mini Park
Trout Lake Park	0.13	Mini Park
Twin Lakes Park	14.50	Neighborhood Park
Umatilla Veterans Park	0.75	Water Access
<i>Total Passive Park Acres</i>	<i>462.90</i>	

<i>Boat Ramps</i>		
Arnold Brothers Boat Ramp	0.15	Water Access
Astatula Boat Ramp		Water Access (right of way)
Astor Boat Ramp #2	0.23	Resource Based
John's Lake Boat Ramp	1.30	Water Access
Lake Dalhousie Boat Ramp	0.70	Water Access
Lake George Boat Ramp	0.70	Water Access
Lake Holly Boat Ramp		Water Access (easement)
Lake Saunders Boat Ramp		Water Access (right of way)
Lake Yale Boat Ramp #1		Water Access (right of way)
Lake Yale Boat Ramp #2		Water Access (right of way)
Sparks Village Boat Ramp	0.23	Water Access
<i>Total Boat Ramp Acres</i>	<i>3.31</i>	

In addition to the various types of parks listed in Table 1, the Lake County parks system also contains a wide variety of recreational facilities. Table 2 lists the existing inventory of recreational facilities.

**Table 2: Recreational Facilities Inventory**

Type of Facility	Current Inventory of Recreational Facilities
Baseball/Softball Fields	3
Basketball Courts	3
Bicycle Trails	*
Boat Ramps	15
Football/Soccer Fields	1
Hiking/Nature Trail Miles	1
Multi-Purpose Fields	3
Outdoor Volleyball Courts	4
Playground/Tot Lots	13
Shuffleboard Courts	2
Tennis Courts	3
* The Lake County Board of County Commissioners has committed to rails-to-trails conversion for bicycle trails	

## **B. The Need for New Parks and Recreational Facilities for New Development**

In order to calculate the impact fee for parks and recreational facilities in Lake County the need is based on determining the current dollar value of capital investment per person. There are two elements that are combined to calculate the investment amounts: (1) the standard quantity of park land and recreational facilities per person, and (2) the current cost of park land and recreational facilities. The result represents the County's current inventory value per person for park land and facilities. The level of service is \$102.04 inventory value per person of park land and recreational facilities for unincorporated Lake County. The analysis and text documenting this level of service standard are explained in chapter 3.

## **C. Types of Property Benefiting from New Parks and Recreational Facilities;**

Impact fees are charged to properties which benefit from new parks and recreational facilities. Lake County's parks system is used, for the most part, by individuals rather than businesses or other non-residential land uses. Impact fees for parks and recreational facilities are charged only to residential development because the dominant stream of benefits redounds to the occupants of dwelling units. There is insufficient data to objectively allocate the value of the benefit of the park system to non-residential property.

## **D. Location of Property Receiving Benefits from New Parks and Recreational Facilities**

As described earlier, a nexus of benefits is required between a new dwelling unit and the new parks and recreational facilities that are built with the impact fees paid by the new dwelling unit. One method of connecting a house and a park or a recreational facility is to establish impact fee "districts" within the park or recreational facility service area. All impact fees paid by new houses in the district are required to be spent on new park and recreational facilities in the same district.

The impact fees for parks and recreational facilities are based on a standard of service that insures that all residents of unincorporated Lake County will receive an equal capital investment per person. This standard provides flexibility to meet needs throughout the unincorporated area, however the uniform fees for parks and recreational facilities in the unincorporated area are collected and expended in three "districts" covering the unincorporated County: North, Central and South. A map of the three districts is presented in Figure 1. The boundaries of the three districts are consistent with planning area boundaries in the Comprehensive Plan and the plans of city governments in the County. The three districts are roughly equal in size.



### **3. COST (VALUE) OF PARKS AND RECREATIONAL FACILITIES PER PERSON**

The first step in determining the impact fee for parks and recreational facilities is to determine the cost of the various park and recreational facilities per person. The cost per person is calculated using Formula 1:

$$1. \quad \text{Standard Per Person} \times \text{Cost of Facilities} = \text{Capital Cost (Value) per Person}$$

There are three variables used in formula 1: (A) the types of parks and recreational facilities, (B) the standard per person of each type of parks and recreational facility, and (C) the cost of each type of parks and recreational facility).

#### **Variable (A) Types of Parks and Recreational Facilities**

Parks are usually categorized by purpose or use, service area and (occasionally) size. Lake County's classification system is based on purpose or use and consists of three main type of parks: active parks, passive parks, and boat ramps (water access) parks. Recreational facilities are categorized by type.

The types of park land and recreational facilities that are used as the basis for park and recreational facilities impact fees are listed in the inventories in Tables 1 and 2, and the cost per person in Table 3.

#### **Variable (B) Standard Per Person for Parks and Recreational Facilities**

The Lake County impact fees for parks and recreational facilities are based on a standard of service that insures that all residents of the unincorporated County, present and future, will receive an equal capital investment per person. The standards are measured in current dollars of capital investment per person. There are two elements that are combined to calculate the investment amounts: (1) the quantity of park land and recreational facilities per person, and (2) the average cost of park land and recreational facilities.

There are two reasons for converting the ratios of land and facilities to dollars of investment per person. First, dollar standards are easier to use and understand. For example, the dollar cost is readily converted to the impact fee cost, and both numbers can be revised easily during reviews and updates of the Comprehensive Plan and the impact fee study. Another convenience of using dollars to measure the standard is the fact that dollars allow direct comparison of facilities that are otherwise difficult to compare (i.e., comparing tennis courts to softball fields).

The second reason for using dollars to measure the standard is the flexibility it permits in determining the precise mix of facilities that the County builds to meet the needs of its residents. If the standard were the number of facilities, the County would be obliged to build each facility, even if residents indicate a preference for a different facility. By using dollars as the standard, the County can exchange one type of facility for another (i.e., build 6 basketball courts instead of 1 baseball

field) as long as the total investment per person attains the required level of dollars per person. A standard measured in dollars requires the County to make an equitable investment per person, and it avoids the problem of building unwanted facilities.

Lake County's "standard" is the existing ratio of the current inventory of land and facilities to the current population. Basing the impact fee on this "standard" ensures that there is no existing deficiency because the ratios are from the existing inventory, rather than some higher benchmark that the County has not yet achieved. Basing the impact fee on the current ratios ensures that new development will not pay more than its proportionate share because (1) there is no existing deficiency, and (2) new development is paying for the same ratio as the current population, rather than some higher benchmark that the County has not yet achieved.

### **Variable (C) Costs of Parks and Recreational Facilities**

The costs in this study represent the average cost of park land and recreational facilities. Most of the additional capacity in parks and recreational facilities will be provided by constructing new facilities, however some capacity may be provided by expanding existing facilities. Throughout this study, any reference to new facilities includes expansion of existing facilities as well as construction of new facilities.

The impact fee calculations are based on current dollar cost (i.e., replacement value) of park land and recreational facilities. The costs of park and recreational facility improvements are calculated at 100% of cost (there is no "discounting" to a percentage of need, as has been done in some other impact fee systems). No cost of operation or maintenance of park facilities or recreational programs are included in these impact fees.

The cost of each park land is from an analysis of market values of existing park sites that was prepared by Lake County's Chief Deputy Property Appraiser. The cost of recreational facilities includes design, site preparation, and construction. The cost of facilities does not include land as the facilities are customarily located at a park.

### **Cost (Value) per Person: Tables and Data**

Table 3 documents and calculates the cost per person of parks and recreational facilities. The existing ratio of each type of park land and recreational facility is calculated by dividing the existing inventories from Tables 1 and 2 by the current (2002) estimated unincorporated Lake County population of 129,660. Table 3 also lists the average cost per unit for each type of facility (one acre of each type of park land and one of each type facility). The capital cost (value) per person is calculated by multiplying the existing ratio for each type of park land and recreational facility by the average cost per unit of that facility.

The "bottom line" of Table 3 is a capital investment value of \$102.04 per person for parks and recreational facilities.

**Table 3: Level of Service and Cost (Value) Per Person**

Type of Facility	Current Ratio Per Capita for 129,660 Population	Average Cost Per Unit	Capital Value Per Person
<i>Park Land</i>			
Active Parks	0.0004867	\$ 19,023	9.26
Passive Parks	0.0035701	17,711	63.23
Boat Ramps	0.0000255	44,111	1.13
<i>Recreational Facilities</i>			
Baseball/Softball Fields	0.0000231	113,420	2.62
Basketball Courts	0.0000231	18,900	0.44
Bicycle Trails			
Boat Ramps	0.0001157	140,000	16.20
Football/Soccer Fields	0.0000077	117,720	0.91
Hiking/Nature Trail Miles	0.0000077	10,000	0.08
Multi-Purpose Fields	0.0000231	106,000	2.45
Outdoor Volleyball Courts	0.0000308	2,485	0.08
Playground/Tot Lots	0.0001003	50,000	5.01
Shuffleboard Courts	0.0000154	5,400	0.08
Tennis Courts	0.0000231	24,300	0.56
<b>Total Value Per Person</b>			<b>102.04</b>

## 4. COSTS OF PARKS AND RECREATIONAL FACILITIES PER DWELLING UNIT

The second step in determining the impact fee for park and recreational facilities is to convert the cost (value) per person to a cost per dwelling unit. The cost per person is multiplied by the average number of persons per dwelling unit. The calculation is performed separately for each type of dwelling unit. There are three types of dwelling units: single family, multi-family and mobile home. The cost per dwelling unit is calculated using Formula 2:

$$2. \quad \text{Cost per Person} \quad \times \quad \text{Persons per Dwelling Unit}^3 \quad = \quad \text{Cost per Dwelling Unit}_t$$

There is one new variable used in formula 2: (D) the persons per dwelling unit.

### **Variable (D) Persons per Dwelling Unit**

The number of persons per dwelling unit is the factor used to convert the cost of parks and recreational facilities per person into cost of parks and recreational facilities per dwelling unit. The cost per person (from Table 3) is multiplied by the number of persons per dwelling unit to calculate the cost per dwelling unit of parks and recreational facilities.

Different types of dwelling units typically have different numbers of persons that live in them. Generally, single family dwelling units have more persons than multi-family dwelling units (i.e., apartments or condominiums) and mobile homes. This study measures persons per dwelling unit for three types of housing: single family, multi-family, and mobile home.

The impact of each type of dwelling unit on the parks and recreational facilities system is calculated by multiplying the cost per person) by the number of persons in each type of dwelling unit. The US Census collects detailed information about population and dwelling units. The Census data includes the number of persons in different types of dwelling units.

### **Cost per Dwelling Unit: Tables and Data**

Table 4 documents and calculates the cost per dwelling unit of parks and recreational facilities. The second column of Table 4 shows the results of the 2000 census for persons per type of dwelling unit. Table 4 repeats the capital cost per person from Table 3, and shows the cost per dwelling unit (the result of multiplying the persons per dwelling unit by the capital cost per person).

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<sup>3</sup> "t" = type of dwelling unit: single family, multi-family, or mobile home

***Table 4: Parks and Recreational Facilities Cost per Dwelling Unit***

Housing Type	Average Persons Per Dwelling Unit	Capital Value Per Person	Capital Value Per Dwelling Unit
Single Family	2.55	102.04	260.21
Multi-family	1.96	102.04	200.01
Mobile Homes	2.03	102.04	207.15

## 5. IMPACT FEE PER DWELLING UNIT

The final step in determining the impact fee for parks and recreational facilities is to reduce the cost per dwelling unit by subtracting any credits for other revenues from existing and new development that Lake County will use to pay for part of the cost of new park and recreational facilities that serve new development. The impact fee per dwelling unit is calculated using Formula 3:

$$3. \text{ Cost per Dwelling Unit}_i - \text{Credit for Other Revenue} = \text{Impact Fee per Dwelling Unit}_i$$

There is one new variable used in formula 3: (E) credits for payment of other revenue.

### **Variable (E) Credits for Payments of Other Revenue**

New development will be given credit for future payments of other revenues that are used to pay for the same new parks and recreational facilities that are required to serve the new development.

Credits are *not* given for other payments that are *not* used for new parks and recreational facilities needed for new development. Such a credit would extend to payments of all taxes for all purposes to all forms of governments, which contradicts the well-established system of restricting fees, charges, and many taxes for specific public facilities and services<sup>4</sup>. Credits are not given for revenues that are used for repair, maintenance or operating costs because impact fees are not used for such expenses.

The only revenue sources to be credited are those which are used for parks and recreational facilities capacity expansion according to law and local policy or practice. The present practice of the Lake County Board of County Commissioners is to use a portion of the local government infrastructure surtax on the sales tax and general fund monies to pay for the capital cost of new parks and recreational facilities<sup>5</sup>.

The County is not in a position to continue to provide sales tax revenue at the level it provided from 1991 through 2001, as indicated by the County's current budget. The County's future use of other revenue for expansion of the parks and recreational facilities will be based on County policy.

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<sup>4</sup> An example of this principle is found in the impact fee statutes for the State of Washington. In the following statute, a "system improvement" is a capital improvement that can be financed by impact fees. RCW 82.02.060(1)(b) requires a credit to be given for "...payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments *earmarked for or proratable to the particular system improvement* (emphasis added);"

<sup>5</sup> The County has received a few grants for parks in the past, but the amounts have not been consistent and they are not reliable for the purpose of providing parks at the same pace as new development occurs. In the event that the County receives any grants for parks capital costs that would serve new development, the grants would reduce the amount needed from the local sales tax.

## **Credits and Impact Fee: Table and Data**

Table 5 shows the credits for other payments and calculation of the impact fee for parks and recreational facilities.

The parks and recreational facilities credit adjustment is a “policy based credit” that was determined by calculating an annual cost to provide parks and recreational facilities to new development and determining what portion of that annual cost to serve new development could be paid by the County as a matter of County policy.

This impact fee rate study is based on an assumption that the County’s policy is to fund 10% of the annual cost to provide parks and recreational facilities to new development from local option sales taxes<sup>6</sup>. As a result, the impact fee rate is calculated by reducing the parks and recreational facilities cost per dwelling unit by 10%. Table 5 shows the cost per dwelling unit from Table 4, the dollar amount of the 10% credit adjustment, and the impact fee after the credit is subtracted from the full cost.

***Table 5: Impact Fees***

Housing Type	Capital Value per Dwelling Unit	Credit Adjustment @ 10%	Impact Fee
Single Family	260.21	26.02	234.19
Multi-family	200.01	20.00	180.01
Mobile Homes	207.15	20.72	186.44

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<sup>6</sup> Based on building permit activity for 2002, the annual cost to provide parks and recreational facilities to new development would be over \$950,000. Based on a County policy is to pay 10% of this cost, the County would pay approximately \$95,000 per year, and impact fees would pay the remaining \$855,000.