



# VANDEWALLE & ASSOCIATES INC.

To: City of Manitowoc  
From: Mike Slavney and Jessica Schmiedicke, planning consultants  
Date: November 2, 2009  
Re: Impact Fee Strategies

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## PURPOSE AND BACKGROUND

The purpose of this memo is to provide the City with an assessment and applicability of using impact fees to fund future community facilities and provide recommendations for impact fee use.

Local governments can use impact fees to finance the following community facilities:

- Highways and other transportation facilities;
- Sewage treatment facilities;
- Storm and surface water handling facilities;
- Water facilities;
- Parks and other recreational facilities;
- Solid waste and recycling facilities;
- Fire and police facilities;
- Emergency medical facilities; and
- Libraries

Currently, Manitowoc is only collecting impact fees for parks and recreational facilities per 236.45 Wisconsin Statutes. Under Chapter 21, Subdivision Regulations, of the City's municipal code, parkland dedication is based on zoning classification:

Zoning Classification	Percent Allocation of Total Gross Residential Acreage (dedicated for public parks)
R-1	5
R-2 and R-3	7
R-4	9
R-5, R-6, and R-7	10

The fee in lieu of dedication is based on the average assessed value per acre of undeveloped property within the City, as determined by the City Assessor.

120 East Lakeside Street • Madison, Wisconsin 53715 • 608.255.3988 • 608.255.0814 Fax  
611 North Broadway • Suite 410 • Milwaukee, Wisconsin 53202 • 414.441.2001 •  
414.732.2035 Fax  
[www.vandewalle.com](http://www.vandewalle.com)

## RECOMMENDED STRATEGIES

At this time, we do not feel it is necessary for the City to establish any *new* impact fees, since the City has no plans for any major new community facilities in the next 10 years.

However, we recommend the following strategies to *update* the City's park impact fee to comply with State Statutes regarding park impact fees and to more closely align future parkland dedication with the City's projected future needs.

- **Change to Unit-Based Fee System.**

We recommend the City considering changing from a zoning district-based impact fee system to a residential unit-based system. While the current fee structure is loosely related to density, a residential unit-based system would be directly related to demand from new residents (i.e. new park system users), and is thereby more responsive to the intent of State Statutes.

- **Update the Parks, Recreation and Open Space Plan, including a Needs Assessment.**

We recommend the City update its Park, Recreation and Open Space Plan from 2005. In addition to continuing to qualify the City for Stewardship Grants, the Plan should also be updated to include a needs assessment to ensure that impact fees are directly related to projected future demand. Per 66.0617 Wisconsin Statutes, the assessment must include the following:

1. An inventory of existing public facilities, including an identification of any existing deficiencies in the quantity or quality of those public facilities, for which it is anticipated that an impact fee may be imposed.
2. An identification of the new public facilities, or improvements or expansions of existing public facilities, that will be required because of land development for which it is anticipated that impact fees may be imposed. This identification shall be based on explicitly identified service areas and service standards.
3. A detailed estimate of the capital costs of providing the new public facilities or the improvements or expansions in existing public facilities identified in (2), including an estimate of the cumulative effect of all proposed and existing impact fees on the availability of affordable housing within the municipality.

In addition, the updated Plan should establish a Manitowoc-specific level of service. The City's 2005-2010 Parks, Recreation and Open Space Plan uses a future standard of 10 acres per 1,000 residents, which is based on national averages and bears no relationship to Manitowoc's current level of service. A specific complication and contradiction created by using the national standard is that in 2005 the City had nearly 13.5 acres of developed parkland per 1,000 residents. Also, we recommend using the population projections from the Comprehensive Plan when calculating the number of future additional residents to ensure consistency between documents. A 10-year time frame should be calculated for two reasons. First, this represents the year the City of Manitowoc will have to prepare an update to its Comprehensive Plan. Second, ten years represents the timeframe within which collected impact fee monies must be spent by a community under Wisconsin Statutes. Therefore, this projection represents the amount of parkland the City can expect to acquire with the next ten years, which will contribute to the calculation of an accurate and realistic park impact fee, should the City decide to enact an impact fee ordinance in the future.

- **Updated the Land Dedication Requirement and the Fee in-lieu of Dedication Requirement.**

We recommend that the City continue to require residential developers to dedicate parkland or pay a fee-in-lieu of land dedication. Land dedication and fee-in-lieu of dedication requirements should be based on the number of residential units being developed and collected at time of final plat approval, rather than building permit approval. Fees-in-lieu of dedication should reflect the current cost of acquiring land suitable for neighborhood park development. In southeastern Wisconsin, commonly used fees-in-lieu of land dedication range from \$400 per residential unit to \$1,200 per residential unit. The City should consider updating its land division ordinance as necessary to ensure that fee-in-lieu of dedication requirements reflect up-to-date land costs and parkland level of service standards as described in this chapter.

- **Establish an Improvement Fee.**

In addition to updating the land dedication and fees-in-lieu of dedication requirements, many communities in Wisconsin are also establishing park improvement fees, which are intended to fund certain park improvements, as permitted under State Statutes. Under 236.45 Wisconsin Statutes (subdivision chapter), “a municipality ... may impose a fee or other charge to fund the acquisition or initial improvement of land for public parks.” It further states that “ ‘improvement of land for public parks’ means grading, landscaping, installation of utilities, construction of sidewalks, installation of playground equipment, and construction or installation of restroom facilities on land intended for public park purposes.” Alternatively, 66.0167 Wisconsin Statutes (impact fee chapter) states that “a municipality may enact an ordinance ... that imposes impact fees on developers to pay for the capital costs that are necessary to accommodate land development.” Under this section, eligible public facilities include, among other things, “... parks, playgrounds, and land for athletic fields ...” Although the concept of what constitutes a “playground” can be interpreted in many ways, we have erred on the side of caution when dealing with this in other communities and strictly interpreted this to mean, literally, playground equipment for children.

Since collecting a fee-in-lieu of dedication as a condition of subdivision approval offers more flexibility and allows for a broader range of improvements to be paid for using these monies, we recommend the City continue to require parkland and improvement fees through its Subdivision Ordinance. The impact fee law requires that a needs assessment be completed prior to the adoption of a local impact fee ordinance, whereas the subdivision law does not. Fees collected through both the impact fee law and subdivision ordinance must bear a rational relationship to the need for land acquisition or improvement resulting from that development. However, the subdivision law does not actually require that a formal needs assessment be completed. Nevertheless, we recommend the City consider the preparation of a needs assessment to determine the appropriate amount for park improvements, as discussed above, in order to more accurately establish a rational relationship and to ensure that the fees are appropriate based on the City’s current needs. Park improvement fees typically range between \$300 and \$600 dollars per dwelling unit.

