

Public Facilities Needs Assessment and Impact Fee Study Town of New Glarus, Wisconsin

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SECTION 1: INTRODUCTION

Under [Wisconsin Statute 66.0617](#), state municipalities may adopt impact fees to pay for the proportionate share of facilities needed to serve new development, which includes public facilities, parks and recreation, library, and transportation capital costs. Under Wisconsin Statutes, a municipality may establish an impact fee in an amount to meet all or part of the requirements for the construction, expansion, or improvements of public facilities needed to serve the development.

New development should not be required to pay for existing facilities or to correct deficiencies in existing facilities. Therefore, this Needs Assessment provides an inventory of existing facilities and deficiencies in the quantity or quality of those facilities, then calculates future needs and the percentage attributable to future development.

[Overview/ Impetus for the Updated Study](#)

The Town of New Glarus has been continually growing for the past 20 years and will continue to grow. The Town has an extensive agricultural history that has changed over the years due to the construction of residential subdivisions and changes in agricultural practices toward larger equipment and larger farm acreage.

This document includes an analysis of demographic trends and housing unit trends plus an inventory of existing facilities, existing deficiencies, and future needs. This information along with proposed impact fee calculations will be used to determine the proposed impact fee per new dwelling unit. The impact fees included in this document include Library Facility Impact Fee, Park Impact Fee, Highway/Transportation Impact Fee, and Town Facility Impact Fee.

In 2021, the Town retained Vierbicher to update impact fees, which required an evaluation of needs that this Needs Assessment establishes and recommends for impact fees. This report utilized existing municipal documents as baseline data and for future population projections to satisfy the requirements of [Wisconsin Statutes 66.0617](#) to properly allocate cost for public facilities between existing development and new developments, which informed the revised fee ordinance. In September 2022, Barrientos Design and Consulting produced a Space Needs Assessment for the Public Works garage plus Town Hall. In December 2022, the Town purchased the Hayes Property, a ~96.41 acre parcel along Hwy 39, for \$1,350,000. The recorded CSM No. 5601 split the land into four (4) parcels, with the intent to have the first Town Park, plus a New Town Hall and Public Works garage. These actions were taken into account when preparing this analysis.

The previous Needs Assessment study was conducted in April 2008. This updated study will allow the Town to implement impact fees to meet the needs of future residents and reflect the costs of those improvements.

Future Growth Needs

The Town should revisit the Public Facilities Needs Assessment and Impact Fee Study annually to discuss Town growth and future needs. The following is an example of how to estimate the impact fee per facility.

1. Inventory existing public facilities.
2. Identify the desired service level standard that the Town wants to provide.
3. Identify existing facility deficiencies based on service level standards.
4. Identify public facility, improvement, or expansion needs based on projected growth and service level standards.
5. Estimate reasonable capital costs of anticipated facilities.
6. Subtract the cost of facilities attributable to deficiencies.
7. Calculate impact fee based on anticipated growth – Divide estimate cost attributed to new development by the number of units expected to be built.

For number seven, this 2023 update determined that 38% (190 housing units) of the costs could be attributed to future development. The timing of any future Public Facility Assessment and Impact Fee Study will determine the percentage that should be attributed to future development. All future impact fees will need to follow the process as noted on page 4 Process for Adopting or Amending an Impact Fee Ordinance.

Authority to Impose Impact Fees Under Wisconsin Statutes

In 1993, Wisconsin Act 305 created Section §66.55 (now §66.0617) of the Wisconsin Statutes, which provides the authority for cities, villages, and towns to impose impact fees on new development for recovering capital costs of public facilities. The statute specifies the type of facilities for which impact fees may be imposed and prescribes the procedural requirements for impact fee ordinances enacted by a municipality. According to the statutes: "A municipality may enact an ordinance under this section that imposes impact fees on developers to pay for the capital costs that are necessary to accommodate land development." Before amending the fees, the municipality must conduct a Facilities Needs Assessment to assess the needs of the community and the possible costs associated with land acquisition and construction of new facilities. Any funds collected must be used within eight years. If the collected impact fees are not used within eight years, the municipality must either refund the fee or apply for an extension.

Eligible Facilities to Allocate Impact Fees

The impact fee statute allows the use of impact fees for a wide variety of public facilities projects. Public facilities do not include facilities owned by a school district. Impact fees provide a mechanism to ensure that new developments are adequately served by public facilities. Eligible uses for Impact Fees:

- Highways, transportation facilities, and traffic control devices
- Sewage and water treatment facilities
- Water pumping, storage, and distribution systems
- Parks, Playgrounds, Land for athletic fields
- Solid waste and recycling facilities
- Fire, law enforcement, and emergency medical facilities
- Libraries

Ineligible Facilities to Allocate Impact Fees

- School district facilities
- Vehicles
- Operation and maintenance expenses
- Deficiencies in existing public facilities
- Purposes other than those for which the fees were collected (Wis. Stat. § 66.0617(f))

Overview of Impact Fee Requirements

State Statutes - 66.0617 - require the preparation of a Needs Assessment before an ordinance can be adopted that imposes impact fees on new development. The needs assessment must include the following:

1. An inventory of existing public facilities, including an identification of any existing deficiencies¹ 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.

¹ "Deficiency" means the amount by which debt service required to be paid in a calendar year exceeds the amount of revenues estimated to be derived from the ownership and operation of the public improvement for the calendar year, after first subtracting from the estimated revenues the estimated cost of paying the expenses of operating and maintaining the public improvement for the calendar year.

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 No. 2, including an estimate of the effect of recovering these capital costs through impact fees on the availability of affordable housing within the political subdivision.

Impact fees must meet the following standards:

1. Bear a rational relationship to the need for new, expanded, or improved public facilities that are required to serve land development.
2. May not exceed the proportionate share of the capital costs that are required to serve land development, as compared to existing uses of land within the political subdivision.
3. These are based upon actual capital costs or reasonable estimates of capital costs for new, expanded, or improved public facilities.
4. Are reduced to compensate for other capital costs imposed by the political subdivision with respect to land development to provide or pay for public facilities, including special assessments, special charges, and dedications or fees in lieu of land dedications under Ch. 236 or any other items of value.
5. Are reduced to compensate for money received from the federal or state government specifically to provide or pay for the public facilities for which the impact fees are imposed.
6. May not include amounts necessary to address existing deficiencies in public facilities.
7. Must be payable by the developer to the political subdivision, either in full or in installment payments that are approved by the political subdivision, before a building permit may be issued, or other required approval may be given by the political subdivision.

[Process for Adopting or Amending an Impact Fee Ordinance](#)

1. Prepare needs assessment.
2. Prepare a new or revised ordinance.
3. Public review of needs assessment (20 days prior to public hearing).
4. Hold a public hearing with a Class 1 Notice.
5. Adopt new or revised ordinance.
6. If a newly established ordinance, create an impact fee account.
7. Implement and monitor accounts and projects.

SECTION 2: BACKGROUND INFORMATION

Demographic Trends and Population Projections

Due to its proximity to Madison, the Town is experiencing continuous growth, especially through the construction of new residential subdivisions. The Town is expected to grow at least 29% in population by 2030. The Population Trends and Projections (Table 1) below shows the demographic trends. The growth will impact land needs, public facilities costs, and recreational needs.

The average household size has slightly increased from 2.88 in 2010 to 3.02 in 2021 and the population is still growing. The Town's persons per household is higher than the State's 2.31 average household size.

The total number of Housing Units in the Town is expected to increase by 190 units by the year 2030 from the current estimated amount of 505 to 695 units.

Table 1: Population Trends and Projections

Year	2000	2010	2015	2020 Census	2021	2025	2030	Additional Population by 2030	Percent Change 2021 - 2030
Population									
Town of New Glarus	943	1,381	1,306	1,393	1,421	1,700	1,840	419	29%
Village of New Glarus	2,111	2,162	2,128	2,266	2,244	2,290	2,320	76	3%
Total	3,054	3,543	3,434	3,659	3,665	3,990	4,160	495	14%
Library Population*	5,342	5,746	6,055	6,298	6,348	6,540	6,786	438	7%
Town of New Glarus	18%	24%	22%	22%	22%	26%	27%	-	
Village of New Glarus	40%	38%	35%	36%	35%	35%	34%	-	
Surrounding Population	42%	38%	43%	42%	43%	39%	39%	-	
Households									
Year	2000	2010	2015	2020 ACS	2021	2025	2030	Additional Households by 2030	Percent Change 2021 - 2030
Town of New Glarus	332	503	521	512	505	634	695	190	38%
Village of New Glarus	864	885	946	815	943	977	996	53	6%
Total	1,196	1,388	1,467	1,327	1,448	1,611	1,691	243	17%

* Source: Census, ACS, and DOA Population Projections

SECTION 3: HIGHWAY/TRANSPORTATION FACILITIES IMPACT FEE

Highway/Transportation Facilities

The Town's Comprehensive Outdoor Recreation Plan (CORP) 2017 states that nine trails would be developed. One trail was developed between 2017 and 2022. The Parks Commission updated the CORP in 2022, with an amendment in spring 2023 to support the pursuit of a Knowles-Nelson Grant through the DNR. The CORP amendment included a new trail along STH 39 with high priority: connecting the existing Durst Road trail to the first Town Park 0.6 miles (~3,170ft) to the west. In July 2024, the Town amended a DNR trail grant, changing the trail along CTH NN to the STH 39 trail location. As a result, there are now two (2) high-priority trail projects whose attributes are used to calculate the Highway/Transportation Facilities Impact Fee. These trails allow safe paths and transportation options for existing and new residential developments around the Town, and connect to the existing State trails, existing state parks, and the Village of New Glarus.

The total length of the two Town trails is 5,970 linear feet. Trails within the future park are taken into consideration for the Park Impact Fee. The total estimated costs are \$248,128. Only 38% of the costs can be attributed to future growth in the number of households. Thus after considering \$45,000 in potential grants, the cost attributed to new growth is \$49,288. When divided by the 190 projected housing units to be built, the calculated impact fee per unit is \$259. The Town does not have to charge this full amount per unit. However, the Town cannot charge *more* than this amount for the Highway/Transportation Facilities impact fee. **It is our recommendation based on the analysis that the Highway/Transportation Impact Fee is \$250.**

Table 2: Highway/Transportation Facilities Impact Fee Calculation

	Trail	Length L.F.	Estimated Construction Cost	Engineering	10% Contingency	Total
1	State Trunk Highway 39 - from Durst Rd to the First Town Park.	3170	\$115,751.00	\$20,000.00	\$11,575.10	\$147,326
2	Valley View Rd - from Sugar River Trail to Edelweiss Rd.	2800	\$84,000.00	\$8,400.00	\$8,400.00	\$100,800
	Total	5970	\$199,751.00	\$28,400.00	\$19,975.10	\$248,126
	Utilization of future development (38%)					\$94,288
	Credit for grants/other funding					\$45,000
	Total for Impact Fee					\$49,288
	Impact Fee per Unit (190 units)					\$259
	Suggested Fee per Unit					\$250

SECTION 4: PARK IMPACT FEE

This analysis evaluates the existing parkland currently within the Town of New Glarus. There are no schools within the Town Boundary, thus no school playgrounds, in the Town. There are nearby State Parks, but the state parks mainly have recreational activities such as hiking.

Type of Parks

Tot lot

A tot lot is a small park with easy access to residential areas designed specifically for pre-school children. Typically serves children within a 1 to 4-block radius - or approximately 1/4 mile. Currently, there are no tot lots in the Town.

Neighborhood Park

A neighborhood playground/park is a "walk to" park serving the people of a residential area with a service radius of one-half mile. Currently, there are no neighborhood parks in the Town.

Community Park

A Community Park is a major park facility that serves all Town residents. The service area is a 20-minute drive - at 25 mph this translates into an 8.2-mile service radius. New Glarus does not have a community park. The community park is intended to serve the active and passive recreational needs of a number of neighborhoods or medium-sized municipalities. Community parks usually also offer areas for passive recreation use such as wood areas and walking trails, scenic lookouts, botanical gardens, multiple shelters, grills, and picnic areas. Off-street parking areas for vehicles and bicycles, permanent restroom facilities, shower facilities, and lighting are common.

Town CORP Park Goals

- Provide active and passive recreational lands to meet current and future recreational needs of the community and visitors.
- Provide safe and efficient pedestrian and bicycle access between residential neighborhoods, schools, the Village, and other recreational activities.
- Preserve and enhance environmental corridors.
- Coordinate park and recreation planning development.
- Continue education and awareness programs.

Town CORP Park Objectives

- Obtain additional lands for a community park based on demand by increasing populations, or the environmental and recreational significance of the land.
- Develop a trail system throughout the Town to link schools, state parks, and the Sugar River Trail.
- Link subdivision areas to the Village by pedestrian/bike trails.

- Preserve areas planned for future parks and recreational trails from development.

Town Park Acreage Deficiency and Projections

The Town only has one passive park, Blue Bird Conservancy. The Town's amended 2023 CORP notes the Town purchased 96.41 acres of land for \$1.35m in December 2022. An 11.5-acre farmette was sold. The 60.36-acre site will host a Town Park, and the Town is currently pursuing creating the park for its residents.

Table 3 illustrates the facility standards for each type of Park. The service area of a Community Park is 8.2 miles; the planning standard for this analysis is 6.5 acres/1,000 people.² While the Town has purchased land for a park, it has not had amenities built yet. Therefore, the Town is currently at zero (0) acres per 1,000 residents. The Town has a deficiency for its **current** population of 11.42 acres. Furthermore, the Town has a deficiency of 15.09 acres for its **projected** 2030 population. Subtracting the current deficiency of 11.42 acres from the 15.09 acres needed to service the 2030 population means 3.67 acres can be attributed to future development.

Table 3: Park Acreage per 1,000 Population

	Community Parks	Neighborhood Parks	Tot Lots	Total
Service Area (miles)	8.2	0.5	0.25	-
Planning Standard (acres/1000 population)	6.5	1.5	0.2	-
Current Park Acreage	0	0	0	0
Current acres Per 1,000	0	0	0	0
Acres Needed to Meet Needs of Current Population (Planning Standard)	9.05	2.09	0.28	11.42
Acres Needed to Meet Needs of Future Population (Planning Standard)	11.96	2.76	0.37	15.09
Difference of Acres Needed to Meet Projected Population (2030)	2.91	0.67	0.09	3.67
% Utilization by New Development (2030)	24%	24%	24%	24%

Table 4 provides the estimated costs for park amenities. Given the extensive size (60 acres) of the parkland, an estimate of twelve (12) acres was used for certain facilities costs calculated on a unit cost per acre, such as parking. Based on the 2023 Knowles-Nelson submission, an estimate of ~6,300 LF of trail is planned within the park. While the Town does have a significant parkland deficiency for its current residents, the new park will alleviate the parkland deficiency. With a purchase cost equivalent to \$14,000 an acre, the 60.36-acre site cost \$845,202. However, given that this land has been purchased already, the purchase price may not be calculated as a component for which a Park Impact Fee may cover. Therefore, Table 4 codes 'Land Acquisition' for 'Community Park' as \$0.

² The National Recreation and Park Association (NRPA) recommend approximately 10 acres of parkland per 1,000 residents. The Town of New Glarus is currently below that standard with zero (0) acres per person.

Table 4: Estimated Park Costs

Estimated Costs to Meet Development Need	Community Park	Neighborhood Park	Tot lots	Total
Land Acquisition	\$0	\$38,640	\$14,000	\$52,640
Site Preparation	\$300,000	\$13,800	\$5,000	\$318,800
Landscaping	\$120,000	\$5,520	\$2,000	\$127,520
Shelters	\$200,000	\$100,000	-	-
Restroom Facilities	\$500,000	\$138,000	-	-
Picnic Facilities (tables, grills, etc.)	\$96,000	\$22,080	\$8,000	\$126,080
Park Furniture (lights, benches, etc.)	\$24,000	\$5,520	\$2,000	\$31,520
Playground	\$150,000	\$96,600	\$35,000	\$281,600
Trails	\$75,600	\$13,800	-	\$89,400
Parking per Acre	\$240,000	\$55,200	\$20,000	\$315,200
Estimated Future Inflation Costs (4-year)	\$26,000	\$8,000	\$2,000	\$36,000
Total Cost	\$1,731,600	\$497,160	\$88,000	\$2,316,760

Table 5 shows the per unit impact fee. The total fee is \$1,069; \$807 for a community park, \$227 for a neighborhood park, and \$35 for a total lot. **It is our recommendation based on the analysis that the Park Impact Fee is \$1,050.**

Table 5: Park Impact Fee

	Community Park	Neighborhood Park	Tot lots	Total
Cost to Meet Development Needs	\$1,731,600	\$497,160	\$88,000	\$2,316,760
Credit for Grants/Corporation Funding	(\$50,000)	(\$25,000)	(\$15,000)	(\$90,000)
Costs after Credit for Grants/Corporation Funding)	\$1,681,600	\$472,160	\$73,000	\$2,226,760
Portion Attributed to New Development (3.67 acres)	\$403,584	\$113,318	\$17,520	\$534,422
Percent to New Development (38%)	\$153,362	\$43,061	\$6,658	\$203,081
Impact Fee per Unit (190 units)	\$807	\$227	\$35	\$1,069
Suggested Fee per Unit	\$800	\$220	\$30	\$1,050

SECTION 5: NEW GLARUS LIBRARY IMPACT FEE

The Town has a great relationship with the New Glarus Public Library. Plans for a new, expanded Library have been discussed for several years. The estimated cost for the new library is \$4,255,546. The Town wants to support the new library because the Town is considered part of the Library Service Population.

To determine the Library Impact Fee, this Study used the New Glarus Library Service Population³ that was prepared in 2014. Table 6 illustrates the Town and Village population along with the Library Population, and the percentage the Town represents of the Library Population. The Library Service Population data did not explicitly provide the exact percentages per the Village of New Glarus, Town of New Glarus, and the surrounding areas, these values were manually calculated.

The New Glarus Library Service Population document provided actual values for 2001, 2003, 2005 (removed as outlier), 2007, and 2009. Charting these values and preparing a line of best fit allowed Vierbicher staff to interpolate 2015, 2020, and 2021 values. The 2025 population value was in the document as a projection, which allowed for an extrapolation to the year 2030.

For this Needs Assessment, the Town as a percentage of the entire service area population (27%) in 2030 is used.

Table 6: New Glarus Library Service Population

Year	2000	2010	2025	2030
Population				
Town of New Glarus	943	1,381	1,700	1,840
Village of New Glarus	2,111	2,162	2,290	2,320
Total	3,054	3,543	3,390	4,160
Library Population*	5,342	5,746	6,540	6,786
Town of New Glarus	18%	24%	26%	27%
Village of New Glarus	40%	38%	35%	34%
Surrounding Population	42%	38%	39%	39%

³ <https://www.newglaruspubliclibrary.org/sites/www.newglaruspubliclibrary.org/files/Service%20Population.pdf>

Table 7 illustrates the calculated Library Impact Fee. The Town portion would be \$1,148,973 (27%), however, the impact fee cannot consider current deficiencies and can only base the impact fee on future population. Thus, the future population (38% of \$1,148,973) should only be considered for the impact fee. This translates into \$2,298 per unit. **It is our recommendation based on the analysis that the Library Impact Fee is \$2,000.**

Table 7: New Glarus Library Impact Fee

Facility	Estimated Construction Cost
New Library - Estimates from New Glarus Library	\$ 4,255,456
Town of New Glarus 2030 Service Population (27%)	\$ 1,148,973
Utilization by future development (38%)	\$ 436,610
Impact Fee per Unit (190 units)	\$ 2,298
Suggested Fee	\$ 2,000

SECTION 6: NEW GLARUS PUBLIC FACILITIES IMPACT FEE

The Barrientos Report in September 2022 noted deficiencies in the current Town Hall plus Public Works Garage when anticipating future growth. The following excerpt from the report discusses Town Hall:

"If there were a contentious topic to discuss for an Annual Town Meeting or Special Town Meeting of the Electorate, the current meeting space would be inadequate, and the Town would need to rent a space for such an event. There is a concern expressed by staff that Town record keeping may require more secure storage space and shelves than are currently available."

Regarding the Public Works garage:

"The garage facility only minimally meets the operational needs and does not provide proper working conditions for staff. The existing facility has previously been identified as deficient and will continue to be deficient given that the population of the Town is rising. [The] [garage] is not set up for efficient operations."

As a result, it is prudent to plan for future, new facilities. The Barrientos study suggested a new Public Works Garage, Crew Addition, Salt Storage, Brush site, and Public Meeting Hall w/ record storage (new Town Hall) on an estimated seven (7) acre site would be doable in one phase for \$4,268,816. It should be noted the land the Town purchased in December 2022 could host these new facilities on a fraction of the site. However, the land cost may not be recouped, as the costs have already been expended.

Table 8 outlines the current facilities versus the potential replacements. Table 9 outlines the estimated construction cost of \$4,268,816, and the 38% attributable to the 190 new households by 2030, a value of \$8,538. **It is our recommendation based on the analysis that the New Glarus Public Facilities Impact Fee is \$1,500.**

Table 8: Existing and Needed Public Works Facility Comparison

	Current Facility		New Facility Footprint		Net change (sq. ft.)
	Building Footprint (sq. ft.)	Parcel Size (acres)	Building Footprint (sq. ft.)*	Parcel Size (acres)	
Town Hall	1,725	0.35	2,520	7	795
Public Works Garage	3,360	0.22	9,135		5,775
Total	5,085	0.57	11,655	-	6,570

* Possible crew addition + garage space. Does not include 500 sq. ft. possible storage addition

Table 9: Facility Costs and Impact Fee Calculation

Facility	Estimated Construction Cost
Town Hall, PW Garage, 'Crew Addition' space, Salt Storage, Brush Site	\$ 4,268,816
Utilization by future development (38%)	\$ 1,622,150
Impact Fee per Unit (190 units)	\$ 8,538
Suggested Fee	\$ 1,500

SECTION 7: TOTAL IMPACT FEE

There are four (4) Impact Fees in this study:

- The Highway/Transportation Impact Fees,
- The Park Impact Fees,
- The New Glarus Library Facility, and
- The Public Facilities Impact Fee

The maximum total impact fee that the Town can charge is listed below per each category. **It is our recommendation based on the analysis and discussions about future costs with the Town that the total impact fee is \$4,800 and the suggested fees per category are listed below.**

Maximum Total Impact Fees

Highway/Transportation Impact Fees	\$259
Park Impact Fees	\$1,069
New Glarus Library Impact Fees.....	\$2,298
Public Facilities (Town Hall, PW Garage)	\$8,538
Total Impact Fees	\$12,164

Suggested Total Impact Fees

Highway/Transportation Impact Fees.....	\$250
Park Impact Fees	\$1,050
New Glarus Library Impact Fees.....	\$2,000
Public Facilities (Town Hall, PW Garage)	\$1,500
Total Impact Fees	\$4,800

SECTION 8: IMPACT ON HOUSING

Wisconsin state statutes require the estimation of the effect of imposing an impact fee on the affordability of housing within the community. It is important to take current affordable housing options into consideration when assessing the ability to implement impact fees.

In compliance with state law, Table 10 shows the estimated costs of the median mortgage, property taxes, and insurance in the Town with and without the proposed impact fees applied. Using the assumptions for a home in the Town, this study finds that the impact fee requirements will have minimal effect on the provision of affordable housing in the Town of New Glarus.

Table 10: Impact on Affordability of Housing

Item	Value (\$)	Basis / Source
Median Housing Value	\$374,300	2021 ACS
Annual Cost of Housing		
Annual Mortgage Payment	\$26,364	30 years 8.0% (20% downpayment)
Estimate of Property Taxes	\$6,264	2021 ACS
Estimate of Insurance	\$1,200	Estimated 0.003% of Home Value
Total Principal, Interest, Taxes, and Insurance (PITI)	\$33,828	
Median Household Income	\$115,625	2021 ACS
Mortgage Payment as Percent of Income	23%	\$26,364/115,625
PITI as Percent of Income	29.3%	
Added to Annual Mortgage for Impact Fees	\$160	\$4,800/30 years
Annual Housing Cost with Fees	\$33,988	33,828 + 160
Percent increase in Annual Payment	0.47%	
Payment + Fees Percent of Income	29.4%	
Increase in Percent of Income for Housing	0.14%	

SECTION 9: IMPLEMENTATION AND ADMINISTRATION

This plan is subject to the rights of private property owners and will only be applied to individuals wishing to add or make changes to the property owner's dwelling units. The Town should amend its current ordinance to reflect the recommendations in this study.

MANAGING IMPACT FEES

Impact fees must be collected at the time building permits are issued. Collected fees are placed in a separate interest-bearing account and must be used within eight years for the capital improvement initially specified. The impact fees and any interest earned on the account balance must be expended only for the facilities for which the fees have been imposed. Impact fees may be used to pay directly for project costs or may be used to pay for the debt service on bonds issued to finance a capital project.

In order to ensure that impact fees are not used to pay for more than the proportionate share of capital costs for facilities needed to serve new development, the public facilities need assessment should be referenced when determining the amount of impact fee revenues to apply to facility funding. If a project is modified from what is detailed in the needs assessment, it may be necessary to review and update the needs assessment and impact fee ordinance. The impact fees pay for capital costs of public facilities but do not cover operation or maintenance costs. To accomplish the implementation, the Town Chair should work with the Public Works director, and the Town Clerk-Treasurer to make sure the impact fee process is set up appropriately.

It is recommended that the Town take the following steps to ensure that impact fees are expended within the statutory time limits and that fees are properly applied to the projects shown in the public facilities needs assessment:

- Maintain a spreadsheet or other list of the amounts collected, showing the date paid, tax key, property owner, number of units, fee per unit, and total amount paid for each type of fee.
- Maintain a spreadsheet showing the projects funded through impact fees, by type of fee. At a minimum, it should show the year of the project, a brief description, total cost (including construction and legal, engineering, etc.), the amount of cash financed from impact fees, the amount borrowed, a debt service schedule and the share of debt service to be paid from impact fees. Ideally, this spreadsheet would also be linked to a sheet showing the balance of impact fee funds by account, showing payments made from each impact fee fund for cash financing and debt service payments.