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# Department of Community Affairs

## **A Guide to Preparing Annual Capital Improvements Element (CIE) Updates for Local Governments**



### Annual CIE Updates

*All local governments that utilize an impact fee system under the Georgia Development Impact Fee Act (GDIFA) must include CIEs in their comprehensive plans and update the CIE portion of their plan annually.*

## Introduction

This guide is intended to assist local governments in complying with the requirements for Capital Improvements Element updates as identified in the Georgia Development Impact Fee Act (DIFA) and in the *Development Impact Fee Compliance Requirements of the Georgia Department of Community Affairs*. DIFA and the related rules containing these requirements, as well as a copy of this guide, can be obtained from the DCA web site at:

[www.dca.state.ga.us/planning/impactfees.html](http://www.dca.state.ga.us/planning/impactfees.html)

A complete guide to preparing Short Term Work Program (STWP) Updates can also be found at this web site. A local government that includes a Capital Improvements Element (CIE) in its Comprehensive Plan must update its CIE and its STWP annually. The CIE and STWP Updates must be submitted concurrently to the appropriate Regional Development Center (RDC) for review. A copy will be forwarded by the RDC to DCA for review also.

### **Annual CIE Update includes three components:**

- 1) An Annual Report on impact fee finances, as part of its annual audit process by a county or municipality, that describes the amount of any development impact fees:
  - (a) collected;
  - (b) encumbered; and,
  - (c) used during the preceding year by category of public facility and by service area.
- 2) An updated list of all CIE projects that receive funding from impact fees that includes a new fifth year schedule of improvements, and any changes to or revisions of previously listed CIE projects, including modification of existing project costs, proposed changes in funding sources, construction schedules, or project scope.

DIFA defines a *capital improvement* as “...an improvement with a useful life of ten years or more, by new construction or other action, which increases the service capacity of a public facility.” § 36-71-2(1)

Information about CIE projects that receive funding form impact fees must:

- List all capital improvements projects that are being financed or will be financed in whole or in part by impact fees in the upcoming five years beginning with the current year;
- Indicate the time frame for construction during the five year period;
- Provide an estimated cost for each project;

- Identify all CIE project funding sources (other funding sources, in addition to impact fees, must be listed if a CIE project is not entirely funded by impact fees). If a project's costs have changed since it was originally included in the schedule of improvements, the revised costs should be used.

It is recommended that the model form provided in Appendix C of this guide be utilized to provide the required information.

- 3) An annual update to the STWP that covers the same 5-year period as the CIE project list of projects funded by impact fees.

### **Standard Forms for Submitting Annual CIE Updates and PlanBuilder**

The CIE Updates submitted by local governments must include all the components outlined above. DCA is providing and encouraging the use of forms (see Appendices) that will simplify the process of identifying and reporting the required information. These forms can be utilized as templates or guides to ensure that all the required information appears in an easily identifiable and understandable format.

DCA also provides a guidebook with forms for the preparation of the required annual STWP update accessible on the DCA web site as noted earlier. In addition, DCA provides an on-line application, PlanBuilder, that may be utilized in the preparation of the annual STWP update. For information and accessibility to PlanBuilder on-line, please go to:

[www.georgiaplanning.com](http://www.georgiaplanning.com)

#### **(1) Annual Impact Fee Financial Report Form**

DIFA states that: "As part of its annual audit process, a municipality or county shall prepare an annual report describing the amount of any development impact fees collected, encumbered, and used during the preceding year by category of public facility an service area." §36-71-8(c)

The purpose of the Annual Impact Fee Financial Report to be submitted to DCA is to provide an overview of impact fees collected, encumbered and used by category of public facility and service area for the **last completed year**. This may be a calendar year or a fiscal year depending on the accounting method used by the local government. The financial report does not include information for the current year. Therefore, if the current year is 2005, the financial report will provide information for the year 2004. The columns of the form provide a space for information pertaining to the following ten elements:

- (a) Public Facility – List each public facility supported by impact fees. DIFA lists seven major categories of eligible public facilities including roads/bridges, recreation and libraries. Public safety facilities can include sub-categories of police, fire and emergency medical facilities. Each category requires a separate column;

- (b) Service Area – Service areas are defined for each public facility. It is possible to have more than one service area for the same public facility. In such a case, each service area must have its own column and designation, e.g., by district;
- (c) Impact Fee Fund Balance From (Year) – The impact fee fund balance brought forward from the **year prior to the last completed year**. If the current year is 2005 but the last completed year is 2004, this amount is the balance brought forward from the year 2003. Fill in (Year) on the form;
- (d) Impact Fees Collected in (Year) – Total of impact fees collected in the **last completed year**. Fill in (Year) on the form;
- (e) Impact Fees Used in (Year) – total amount of impact fees used during the **last completed year**. Fill in (Year) on the form;
- (f) Impact Fees Encumbered in (Year) – (“*Encumber*” means to legally obligate by contract or otherwise commit to use by appropriation or other official act of a municipality or county.) A municipality or county must refund an impact fee if it has failed to encumber the impact fee or commence construction within 6 years after the date that the fee was collected. List the total of impact fees encumbered for each public facility through the last year completed before the current year. Fill in (Year) on the form;
- (g) Impact Fee Fund Balance Ending – This is the total remaining at the end of the **last completed year** and is the balance that will be brought forward to the next year. Fill in (Year) on the form. In addition to the fees collected and used, it includes accrued interest and adjustments for administrative costs and any refunds of impact fees.

Each subsequent column lists specific information about each category of public facility.

## (2) CIE Projects Update Form

This form provides detailed information on each CIE project funded by impact fees (see Appendix E for a sample CIE Project form). The first year of the 5-year period covered by the update is always the **current year**. Indicate the 5-year (Period Covered), e.g., 2005-2009.

The CIE Project Update form has **three rows**:

- (a) Public Facility – each public facility supported by impact fees must be listed separately;
- (b) Service Area – if a category of public facility has more than one service area, each service area for that category must be listed separately;
- (c) Project Description – identification information about the project;

The CIE Project Update form has **five columns**:

- (a) Project Start Date – the year the project began (may be outside the 5-year schedule of the CIE Update);
- (b) Project End Date – the year the project ends or the last year of the 5-year period (must be within the 5-year schedule of the CIE Update);
- (c) Estimated Cost of Project – the estimated cost (may be adjusted over time);

- (d) Funding Sources – if funding is not entirely from Impact Fees, additional funding sources must be listed;
- (e) Status/Remarks – can be used to update status of a project, such as change in scope of project, or an explanation of a change in funding or rescheduling a project, etc., or any additional information you wish to include.

**(3) Annual Short Term Work Program (STWP) Update Form**

A form that can be utilized for preparing the annual STWP update is in Appendix D. A completed example of the form can be found in Appendix E. Detailed information and instructions on the preparation of a STWP update can be found in the guidebook: “A Guide to Preparing Short Term Work Program (STWP) Updates for Local Governments”, at the DCA web site noted above. On-line information, instructions and formats for the STWP update also can be accessed in PlanBuilder at [www.georgiaplanning.com](http://www.georgiaplanning.com) .

**The period covered by each form must be noted on the form next to the form title. The Annual Impact Fee Financial Report covers one year, the last completed year.**

**The CIE Projects and STWP update cover the same 5-year period, i.e., the current year *plus* the next four years.**

**Submittal Procedural Requirements**

**Local Public Hearing**

The local government must hold at least one public hearing. The purpose of the public hearing is to inform the public of the intent to update the comprehensive plan and to receive suggestions and comments on the proposed CIE/STWP update. Copies of the draft CIE/STWP update must be available to the public sufficiently in advance of this hearing to allow time for citizens to review the update and formulate their comments prior to the hearing. Local governments should follow the public hearing notification procedures they normally use in announcing and conducting public hearings.

**Transmittal Resolution**

The governing body (e.g., city council, county commission, etc.) of the local government must take official action to adopt a resolution authorizing transmittal of the draft CIE/STWP update to their Regional Development Center (RDC) for review and comment. This resolution must also certify that the required public hearing referenced above was held. DCA provides a standard transmittal resolution form that can be utilized by any local government, although any similar resolution format that includes all the necessary information may be used (see Appendix D for a copy of this form).

The local government should submit two copies of the draft CIE/STWP update to the RDC no later than 120 days before its recertification date. [One copy will be forwarded by the RDC to the Department of Community Affairs (DCA).] This will ensure that

enough time is available to complete the RDC and DCA review process, including time for the local government to make any necessary changes to the CIE/STWP update, and to adopt the update before its Qualified Local Government (QLG) status lapses. (QLG status expires on the day after the local government's official recertification date.)

In no event shall a local government take any official action to adopt or put into effect a CIE prepared in accordance with the Development Impact Fee Compliance Requirements until at least **60 days** after the CIE is first submitted to the regional development center for review.

### **Regional Review Hearing**

A regional review hearing will be conducted by the RDC within twenty-five days of the date the CIE/STWP update was submitted to the RDC for review at which any parties may present their views on the draft CIE/STWP update under review.

### **DCA Review**

If the draft CIE/STWP update is determined by the Department of Community Affairs, to be in compliance with DCA rules then:

- The local government may officially adopt the CIE/STWP update without any revisions.
- The local government may also, at its option, revise the CIE/STWP update to take into account any recommendations for addressing conflicts or other matters that do not relate to compliance with the Development Impact Fee Compliance Requirements and the Minimum Standards and Procedures for Local Comprehensive Planning before adopting the CIE/STWP update.

If the CIE/STWP update is determined not to be in compliance by DCA, then:

- The local government must revise the CIE/STWP update to address any compliance findings related to the Compliance Requirements and the Minimum Standards and submit the revisions to the RDC for review and recommendation. The RDC must, in turn, forward the revisions to DCA for review.
- The process of revising the CIE/STWP and submitting the revisions for review continues until the CIE/STWP is approved by DCA as meeting the Compliance Requirements and the Minimum Standards. Any revisions to the draft CIE/STWP update must also be reviewed by the RDC for internal consistency, conflicts with other plans, or opportunities for cooperation. Also, the local government body should review any changes made to the CIE/STWP update to decide whether or not the changes are so substantial that they should be presented to the public before they are included in the plan.

- The local government may request a *reconsideration hearing* if it disagrees with any or all of the recommendations made by the RDC or DCA. The petition for a reconsideration hearing must be made to the RDC in writing within ten days after issuance of the RDC's report of findings and recommendations on the CIE/STWP update. The RDC must, in turn, notify DCA of the petition. The hearing must be held within 15 days after the RDC's receipt of the reconsideration petition. The rules for calling and conducting the reconsideration hearing are the same as those for the regional review hearing. Within 10 days after the reconsideration hearing, the reviewing RDC must reissue its recommendations regarding the CIE/STWP update to DCA with any modifications it feels are called for in light of issues raised at the reconsideration hearing.
- The local government may disregard the recommendations for bringing the CIE/STWP update into compliance with the Compliance Requirements and the Minimum Standards and adopt the update without revisions. However, for a local government to retain its QLG status, the officially adopted CIE/STWP update must have been approved by DCA as meeting the Compliance Requirements and the Minimum Standards.

The local government must notify the RDC, in writing, within seven days after officially adopting its CIE/STWP update. The notification to the RDC shall include a copy of the adopting resolution and a copy of the adopted CIE/STWP update.

After verifying that the officially adopted CIE/STWP update is the update determined by DCA as meeting the Compliance Requirements and the Minimum Standards, the RDC will send notification of adoption to DCA along with a copy of the adopted CIE/STWP.

Once DCA has received a copy of the notification of adoption along with a copy of the adopted CIE/STWP from the RDC, DCA will officially notify the local government that its QLG status has been extended. (A local government whose QLG status has expired can be reinstated at this time.)

- **The loss of a local government's QLG status may effect the local government's ability to collect impact fees since compliance with the provisions of the Georgia Planning Act and the Development Impact Fee Act are prerequisites to establishing and maintaining local impact fee programs.**

**Common problems that can delay processing and can result in loss of QLG status:**

- (1) Incomplete/missing financial report.
- (2) Incomplete information provided for list of capital improvements projects.
- (3) Incomplete Short Term Work Program.
- (4) No verification of a transmittal resolution by the local government and/or confirmation of a local public hearing.

The review process for a CIE/STWP update cannot be completed without the verification or confirmation of a transmittal resolution and that a local public hearing was held. A copy of the transmittal resolution with confirmation of a local public hearing should be included when the CIE/STWP update is submitted to the RDC. A transmittal resolution that includes a reference to the public hearing covers it all.

## **APPENDICES**

- A. Transmittal Resolution Form
- B. Annual Impact Fee Financial Report Form
- C. Capital Improvements Project Update Form
- D. Annual Short Term Work Program Update Form
- E. Sample of Complete CIE/STWP Update

## **References**

*Rules Of Georgia Department Of Community Affairs:*

- *Minimum Standards and Procedures for Local Comprehensive Planning Chapter 110-12-2;*
- *Development Impact Fee Compliance Requirements Chapter 110-12-2*
- *Georgia Development Impact Fee Act (Official Code 36-71).*

# APPENDIX A

**Appropriate Local Government**

**TRANSMITTAL RESOLUTION**

WHEREAS, the **Appropriate Local Government** has prepared an annual update to a Capital Improvements Element and Short Term Work Program; and

WHEREAS, the annual update of the Capital Improvements Element and Short Term Work Program was prepared in accordance with the Development Impact Fee Compliance Requirements and the Minimum Planning Standards and Procedures for Local Comprehensive Planning established by the Georgia Planning Act of 1989, and a Public Hearing was held on **Appropriate Date**, at **Appropriate Location**;

BE IT THEREFORE RESOLVED, that the **Local Government Council or Commission** does hereby submit the annual update of the Capital Improvements Element and Short Term Work Program covering the five-year period **200\_ - 200\_** to the **Appropriate Regional Development Center** for Regional review, as per the requirements of the Georgia Planning Act of 1989.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_.

BY:

\_\_\_\_\_

ATTEST:

\_\_\_\_\_

# EXAMPLE

## City of Bayside

### TRANSMITTAL RESOLUTION

WHEREAS, the City of Bayside has prepared an annual update to a Capital Improvements Element and Short Term Work Program; and

WHEREAS, the annual update of the Capital Improvements Element and Short Term Work Program was prepared in accordance with the Development Impact Fee Compliance Requirements and the Minimum Planning Standards and Procedures for Local Comprehensive Planning established by the Georgia Planning Act of 1989, and a Public Hearing was held on April 24, 2005 at City Hall.

BE IT THEREFORE RESOLVED, that the Mayor and the Council of the City of Bayside does hereby submit the annual update of the Capital Improvements Element and Short Term Work Program covering the five-year period 2005 - 2009 to the Northwest Georgia Regional Development Center for Regional review, as per the requirements of the Georgia Planning Act of 1989.

Adopted this 26th day of April, 2005.

BY:

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ATTEST:

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# **APPENDIX B**

<b>(Name of Govt)</b>		<b>Annual Impact Fee Financial Report - (Year)</b>					
<b>Public Facility</b>							
<b>Service Area</b>							
<b>(if more than one)</b>							
<b>Impact Fee Fund Balance</b>							
<b>From (Year)</b>							
<b>Impact Fees Collected</b>							
<b>In (Year)</b>							
<b>Impact Fees Used in (Year)</b>							
<b>Impact Fees Encumbered</b>							
<b>In (Year)</b>							
<b>Impact Fee Fund Balance</b>							
<b>Ending (Year)</b>							

# **APPENDIX C**



# **APPENDIX D**



# **APPENDIX E**

<b>EXAMPLE:</b>	<b>City of Bayside</b>	<b>ANNUAL STWP UPDATE 2005-2009</b>				
<b>Project or Activity</b>	<b>Start Date</b>	<b>End Date</b>	<b>Responsible Party</b>	<b>Cost Estimate</b>	<b>Funding Source</b>	
<b>Community Facilities</b>						
Construct Community Center	2005	2006	City	\$206,000	City, SPLOST	
Acquire new Building for City Offices and Storage Space	2008	2009	City	\$750,000	City, SPLOST	
Build Recycling Center	2006	2006	City	\$50,000	City, Grant	
<b>Economic Development</b>						
Prepare Feasibility Study for Downtown Revitalization	2003	2007	City	\$5,000	City, Grant	
Encourage Business Growth by establishing a small business revolving loan fund	2006	2007	City	\$150,000	CDBG, Grants, Private Funds	
<b>Housing</b>						
Encourage Affordable Housing by adopting Housing Code	2005	2007	City	Staff Time	City	
<b>Natural Resources</b>						
Adopt Tree Ordinance	2005	2005	City	Staff Time	City	











**EXAMPLE**

<b>Public Facility Service Area (if more than one)</b>	<b>Roads/Bridges</b>	<b>Parks/Recreation</b>	<b>Fire</b>	<b>Sewer</b>	<b>Sewer</b>		
				<b>District 1</b>	<b>District 2</b>		
<b>Impact Fee Fund Balance From FY 2003</b>	384,961	123,616	172,356	341,609	67,638		
<b>Impact Fees Collected In FY 2004</b>	106,614	7,730	32,473	178,416	17,391		
<b>Impact Fees Used In FY 2004</b>	87,254	1,225	10,947	102,878	42,096		
<b>Impact Fees Encumbered In FY 2004</b>	0	2,529	0	12,374	4,000		
<b>Impact Fee Fund Balance Ending FY 2004</b>	392,714	128,371	187,305	397,001	38,942		