

**ATTACHMENT 1 to Ordinance No. 0-09-33**

**DIVISION 3. PROPORTIONATE FAIR-SHARE**

**Sec. 30-37.1 Intent and purpose.**

The purpose of this division is to establish a method whereby the impacts of development on transportation facilities can be mitigated by the cooperative efforts of the public and private sectors, to be known as the proportionate fair-share program, as required by and in a manner consistent with F.S. § 163.3180(16).

**Sec. 30-3837.2. Findings.**

The city commission finds that transportation capacity is a commodity that has a value to both the public and private sectors, and that the City of Gainesville Proportionate Fair-Share Program:

- (1) Provides a method by which the impacts of development on transportation facilities can be mitigated by the cooperative efforts of the public and private sectors;
- (2) Allows developers of property ~~outside the city's transportation concurrency exception area (TCEA)~~ to proceed under certain conditions, notwithstanding the failure of transportation concurrency, by contributing their proportionate fair-share of the cost of a transportation modification;
- (3) Contributes to the provision of adequate public facilities for future growth and promotes a strong commitment to comprehensive facilities planning, thereby reducing the potential for moratoria or unacceptable levels of traffic congestion;
- (4) Maximizes the use of public funds for adequate transportation facilities to serve future growth, and may, in certain circumstances, allow the city to expedite transportation modifications by supplementing funds currently allocated for transportation modifications in the capital improvements element (CIE).
- (5) Is consistent with F.S. § 163.3180(16), and Policies 1.2.1 and 1.2.6 in the city's CIE.
- (6) Allows proportionate fair-share mitigation to be directed toward one or more specific transportation modifications reasonably related to the mobility demands created by a development and such modifications may address one or more modes of travel.

- 1 (7) Limits proportionate fair-share contributions to ensure that a development  
2 meeting the mitigation requirements is not responsible for the additional cost of  
3 reducing or eliminating backlogs.  
4
- 5 (8) Recognizes that the funding of any modification that significantly benefits the  
6 impacted transportation system can satisfy transportation concurrency  
7 requirements as a mitigation of the development's impact upon the overall  
8 transportation system even if there remains a failure of transportation concurrency  
9 on other impacted facilities.

10  
11 **Sec. 30-~~39~~37.3. Procedures.**  
12

13 (a) *Applicability.* Except as listed below in this subsection (a), ~~t~~The proportionate fair-share  
14 program shall apply to all developments ~~outside the city's TCEA~~ that have been notified of a lack  
15 of capacity to satisfy transportation concurrency on a transportation facility in the City of  
16 Gainesville Concurrency Management System (CMS), including transportation facilities  
17 maintained by the Florida Department of Transportation (FDOT) or another jurisdiction that are  
18 relied upon for concurrency determinations, pursuant to the requirements of this section. The  
19 proportionate fair-share program does not apply to:

- 20  
21 (1) developments of regional impact (DRIs) using proportionate ~~fair~~-share under F.S.  
22 § 163.3180(12); or ~~to~~  
23
- 24 (2) developments exempted or excepted from concurrency as provided in the  
25 concurrency management element of the comprehensive plan, including without  
26 limitation, developments within the city's TCEA Zones A, B and C, as adopted in  
27 the city's comprehensive plan prior to July 8, 2009; or  
28
- 29 (3) developments excepted from concurrency by virtue of being located within the  
30 state-mandated TCEA that receive a final development order on or after July 8,  
31 2009. Developments in the state-mandated TCEA shall be required to meet the  
32 applicable standards in Division 4 of this Article or in the Comprehensive Plan, at  
33 such time as adopted. Notwithstanding the foregoing, any applicant that filed an  
34 application for a development order with the city prior to July 2009, and was  
35 being processed with a requirement to comply with the proportionate fair-share  
36 program, may elect to proceed with its development under the proportionate fair  
37 share program by entering into a proportionate fair share agreement with the city ;  
38 or  
39
- 40 (4) development on annexed property located within the state-mandated TCEA that  
41 does not yet have a city land use category. In accordance with Objective 4.4 and  
42 its sub-policies in the city's future land use element and Section 171.062(2),  
43 Florida Statutes, such developments shall continue to be subject to the County  
44 land use plan and county zoning or subdivision regulations until such time as the  
45 city adopts a comprehensive plan amendment placing a city land use category on  
46 the annexed property.

1  
2 (b) *General requirements.* An applicant may choose to satisfy the transportation  
3 concurrency requirements of the city by making a proportionate fair-share contribution, pursuant  
4 to the following requirements:

- 5  
6 (1) The proposed development is consistent with the comprehensive plan and  
7 applicable land development regulations.  
8  
9 (2) The five-year schedule of capital improvements in the city's CIE or the long-term  
10 schedule of capital improvements for an adopted long-term concurrency  
11 management system includes a transportation modification(s) that, upon  
12 completion, will satisfy the requirements of the city's transportation CMS. The  
13 provisions of subsection (b)(3) may apply if a project or projects needed to satisfy  
14 concurrency are not presently contained within the city's CIE or an adopted long-  
15 term schedule of capital improvements.  
16  
17 (3) The city may choose to allow an applicant to satisfy transportation concurrency  
18 through the proportionate fair-share program by contributing to a transportation  
19 modification that, upon completion, will satisfy the requirements of the city's  
20 transportation CMS, but is not contained in the five-year schedule of capital  
21 improvements in the CIE or a long-term schedule of capital improvements for an  
22 adopted long-term CMS, where the following apply:  
23  
24 a. The city adopts by resolution a commitment to add the transportation  
25 modification(s) to the five-year schedule of capital improvements in the  
26 CIE or long-term schedule of capital improvements for an adopted long-  
27 term CMS no later than the next regularly scheduled update. Additionally,  
28 to qualify for consideration under this section, the proposed transportation  
29 modification must be: determined to be financially feasible by the city  
30 commission for city transportation facilities, or by the governmental entity  
31 or entities maintaining the impacted transportation facility for county and  
32 state roads, pursuant to F.S. § 163.3180(16)(b)1.; consistent with the  
33 comprehensive plan; and in compliance with the provisions of the city's  
34 proportionate fair-share program. Financial feasibility for this section shall  
35 mean that additional contributions, payments or funding sources are  
36 reasonably anticipated during a period not to exceed ten years to fully  
37 mitigate impacts on the transportation facilities.  
38  
39 b. If the funds allocated for the five-year schedule of capital improvements in  
40 the CIE are insufficient to fully fund construction of a transportation  
41 modification required by the CMS, the city may still enter into a binding  
42 proportionate fair-share agreement with the applicant authorizing  
43 construction of that amount of development on which the proportionate  
44 fair-share is calculated if the proportionate fair-share amount in such  
45 agreement is sufficient to pay for one or more projects which, in the  
46 opinion of the governmental entity or entities maintaining the

1 transportation facility, (i) are reasonably related to the mobility demands  
2 created by the development, and (ii) will significantly benefit the impacted  
3 transportation system even if there remains a failure of concurrency on  
4 other impacted facilities (also referred to as system-wide transportation  
5 projects). In order for the city to enter into the proportionate fair share  
6 agreement, the governmental entity or entities maintaining the impacted  
7 transportation facilities must provide written findings to the city as to (i)  
8 and (ii).  
9

- 10 c. The system-wide transportation projects as mentioned in subsection 30-  
11 39(b)(3)b. and subsection 30-39(b)(4) shall include, but not be limited to:  
12 the traffic management system (TMS), expansions of the transit fleet to  
13 increase service frequency, bus rapid transit corridors, transit service  
14 expansion to new areas, park and ride facilities for the transit system, or  
15 other mobility projects improving the transit, pedestrian and/or bicycle  
16 level of service.  
17  
18 d. The modification or modifications funded by the proportionate fair-share  
19 program shall be adopted into the five-year capital improvements schedule  
20 of the comprehensive plan or the long-term schedule of capital  
21 improvements for an adopted long-term concurrency management system  
22 at the next annual CIE update.  
23  
24 e. Any modification proposed to meet the developer's fair-share obligation  
25 must meet design standards of the city on city roads or Metropolitan  
26 Transportation Planning Organization (MTPO) for locally maintained  
27 roadways and those of the FDOT for the state highway system.  
28

29 (c) *Application process.* Upon notification of a lack of capacity to satisfy transportation  
30 concurrency, the applicant shall also be notified of the opportunity to satisfy transportation  
31 concurrency through the proportionate fair-share program pursuant to the requirements of section  
32 30-39.  
33

- 34 (1) Prior to submitting an application for concurrency certification that involves a  
35 proportionate fair-share agreement, a pre-application staff conference shall be  
36 held to discuss eligibility, application submittal requirements, potential mitigation  
37 options, and related issues. The pre-application meeting may be held in  
38 conjunction with a traffic study meeting. If the impacted facility is on the strategic  
39 intermodal system (SIS), then the FDOT will be notified and invited to participate  
40 in the pre-application meeting.  
41  
42 (2) The applicant shall submit a completed application for concurrency certification  
43 at the time of application for development plan review, special use permit  
44 approval, subdivision or minor subdivision approval, or planned development  
45 rezoning that includes:  
46

1 Name, address and phone number of owner(s), developer and agent;

2  
3 Phasing schedule, if applicable;

4  
5 Trip generation and trip distribution; and,

6  
7 Description of the proportionate fair-share mitigation method(s) that will be  
8 provided.

9  
10 (3) Pursuant to F.S. § 163.3180(16)(e), proposed proportionate fair-share mitigation  
11 for development impacts to facilities on the SIS requires the concurrence of the  
12 FDOT. The applicant shall submit evidence of an agreement between the  
13 applicant and the FDOT for inclusion in the proportionate fair-share agreement.

14  
15 (4) When an application is deemed sufficient, complete, and eligible, the applicant  
16 shall be advised in writing and a proposed proportionate fair-share obligation and  
17 binding proportionate fair-share agreement will be prepared by the city manager  
18 or designee and delivered to the appropriate parties for review, including a copy  
19 to the FDOT for any proposed proportionate fair-share mitigation on a SIS  
20 facility, Alachua County for any proposed proportionate fair-share mitigation on a  
21 county-maintained facility, or any other municipality whose road facility is  
22 significantly impacted and for which proposed proportionate fair-share mitigation  
23 is required. No proportionate fair-share agreement will be effective until fully  
24 executed by the applicant and the city manager or designee. The agreement shall  
25 specify the date or dates on which payments, dedications, and/or completed  
26 construction of projects by the developer are due.

27  
28 (d) *Determining proportionate fair-share obligation.* As provided in F.S. § 163.3180(16)(c),  
29 the proportionate fair-share mitigation method for transportation concurrency impacts may  
30 include, without limitation, separately or collectively, private funds, contributions of land, and  
31 construction and contribution of facilities. Construction and contribution of facilities shall be  
32 subject to final inspection and approval by the appropriate governmental agency. Proportionate  
33 fair-share mitigation may be directed toward one or more specific transportation modification(s)  
34 reasonably related to the mobility demands created by the development and such modification(s)  
35 may address one or more modes of travel.

36  
37 (1) As provided in F.S. § 163.3180(16)(c), a development shall not be required to pay  
38 more than its proportionate fair-share. The fair market value of the proportionate  
39 fair-share mitigation for the impacted facilities shall not differ regardless of the  
40 method of mitigation. Proportionate fair-share mitigation shall be limited to  
41 ensure that a development meeting the requirements of this section mitigates its  
42 impact on the transportation system but is not responsible for the additional cost  
43 of reducing or eliminating backlogs.

44  
45 (2) The methodology used to calculate an applicant's proportionate fair-share  
46 obligation shall be as provided for in F.S. § 163.3180 (12), as follows:

1  
2 "The cumulative number of trips from the proposed development expected to  
3 reach roadways during peak hours from the complete build out of a stage or phase  
4 being approved, divided by the change in the peak hour maximum service volume  
5 (MSV) of roadways resulting from construction of an improvement necessary to  
6 maintain the adopted LOS, multiplied by the construction cost, at the time of  
7 developer payment, of the improvement necessary to maintain the adopted LOS."  
8

9 OR

10  
11 Proportionate Fair-Share =  $\sum [((\text{Development Trips}_i) / (\text{SV Increase}_i)) \times \text{Cost}_i]$   
12

13 Where:

14  
15 Development Trips<sub>i</sub> = Those net, new peak hour trips from the stage or phase of  
16 development under review that are assigned to roadway segment "i" and have  
17 triggered a deficiency per the CMS;  
18

19 SV Increase<sub>i</sub> = Service volume increase provided by the eligible  
20 improvement/modification to roadway segment "i" per this section;  
21

22 Cost<sub>i</sub> = Adjusted cost of the modification to segment "i". Cost shall include all  
23 modifications and associated costs, such as design, right-of-way acquisition,  
24 planning, engineering, inspection, and physical development costs directly  
25 associated with construction at the anticipated cost in the year it will be incurred.  
26

27 (3) For the purposes of determining proportionate fair-share obligations, the city shall  
28 determine modification costs based upon the actual cost of the modification as  
29 obtained from the CIE, the MTPO/TIP or the FDOT Work Program. Where such  
30 information is not available, modification cost shall be determined using one of  
31 the following methods:  
32

33 a. An analysis by the city manager or designee of costs by cross section type  
34 that incorporates data from recent projects and is updated annually and  
35 approved by the city manager or designee. In order to accommodate  
36 increases in construction material costs, project costs shall be adjusted by  
37 an inflation factor; or  
38

39 b. The most recent issue of FDOT *Transportation Costs*, as adjusted based  
40 upon the type of cross-section (urban or rural); locally available data from  
41 recent projects on acquisition, drainage and utility costs; and significant  
42 changes in the cost of materials due to unforeseeable events. Cost  
43 estimates for state road improvements not included in the adopted FDOT  
44 Work Program shall be determined using this method in coordination with  
45 FDOT District 2.  
46

- 1 c. If the city has accepted a modification project proposed by the applicant,  
2 then the value of the modification shall be determined using one of the  
3 methods provided in this section.  
4
- 5 d. If the city has accepted right-of-way dedication for the proportionate fair-  
6 share payment, credit for the dedication of the non-site related right-of-  
7 way shall be valued on the date of the dedication by fair market value  
8 established by an independent appraisal provided to the city by the  
9 applicant, at the applicant's expense. The appraisal is subject to review and  
10 approval by the city. The applicant, at its own expense, shall supply to the  
11 city: a certified survey and legal description of the land and an owner's  
12 title policy insuring the city for the appraised value. If the right-of-way  
13 dedication is for either a county-maintained or FDOT roadway facility, the  
14 dedication shall be to the appropriate agency and under the same  
15 provisions as listed above. If the estimated value of the right-of-way  
16 dedication proposed by the applicant is less than the city-estimated total  
17 proportionate fair-share obligation for that development, then the applicant  
18 must also pay the difference. Prior to purchase or acquisition of any real  
19 estate or acceptance of donations of real estate intended to be used for the  
20 proportionate fair-share, public or private partners should contact the  
21 FDOT for essential information about compliance with federal law and  
22 regulations.  
23

24 (4) At the discretion of the city, the proportionate fair-share obligation, as calculated  
25 in subsection 30-39(d), can be used to fund system-wide transportation project(s)  
26 as described in subsection 30-39(b)(3)c., that, in the opinion of the governmental  
27 entity or entities having maintenance authority over the impacted transportation  
28 facility, (i) are reasonably related to the mobility demands created by the  
29 development, and (ii) will significantly benefit the impacted transportation system  
30 even if there remains a failure of concurrency on other impacted facilities. In  
31 order for the city to enter into the proportionate fair share agreement, the  
32 governmental entity or entities maintaining the impacted transportation facilities  
33 must provide written findings to the city as to (i) and (ii).  
34

35 (5) Pursuant to the provisions of subsection (b)(3)b. and c., the city, at its discretion,  
36 may allow smaller developments generating fewer than 1,000 average daily trips  
37 (ADT) or 100 peak hour trips (whichever produces the smaller development size  
38 in terms of square footage or residential units) to contribute proportionate fair-  
39 share funds to system-wide transportation projects. The development shall  
40 contribute to both the TMS and the transit system, and all proportionate fair-share  
41 calculations shall be based on the total number of peak hour trips. For the  
42 purposes of determining proportionate fair-share obligations for system-wide  
43 transportation projects such as the TMS or transit services, the city shall  
44 determine modification costs based upon the actual cost of the modification as  
45 obtained from the city's public works department and regional transit service.  
46 These costs shall be updated annually.

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- a. The TMS cost shall be calculated as follows:
  - 1. Average the daily traffic counts per TMS corridors within city limits and sum them;
  - 2. Translate to peak hour trips using the locally derived 9.1 percent ratio per city studies;
  - 3. Calculate the TMS cost minus corridors outside city limits;
  - 4. Divide the sum of all p.m. peak hour corridor counts into the TMS cost within the city limits to obtain a cost per peak trip.

b. The transit costs shall be calculated as follows:

Development's net, new peak hour trip generation X (TAA Costs/TAA new peak trips) /CF where,

TAA Cost = Transit Assessment Area Cost (3 years) of capital and operating costs for enhancements to existing transit service routes that demonstrate the need for service expansion (i.e., full buses, high productivity, customer requests); 5 years of capital and operating costs for new transit service routes).

TAA new peak trips = the new transit trips available in the peak hour based on the enhancements.

CF = the conversion factor of person-trips to vehicle trips (= the current vehicle occupancy rate per the local transportation model is 1.09).

(6) If the city designates any multimodal transportation districts (MMTD), the proportionate fair-share assessments shall be based on the expected costs and transportation benefits of all the required multimodal modifications within the MMTD. The proportionate fair-share assessment shall be based on the percentage of proposed development net, new peak hour trips divided by the total number of trips projected for the MMTD multiplied by the cost to provide all needed mobility modifications within the MMTD.

(e) *Proportionate fair-share agreements.* Upon execution of a proportionate fair-share agreement (agreement), the applicant shall receive a city certificate of preliminary and/or final concurrency (as appropriate). Should the applicant fail to apply for a development permit within the timeframe provided in the land development code, then the agreement shall be considered null and void, and the applicant shall be required to reapply.

- 1 (1) Payment of the proportionate fair-share contribution is due in full prior to  
2 issuance of the final development order, special use permit, second reading of the  
3 PD ordinance, or recording of the final plat, whichever is the first to occur, and  
4 shall be non-refundable. If the payment is submitted more than 12 months from  
5 the date of execution of the agreement, then the proportionate fair-share cost shall  
6 be recalculated at the time of payment based on the best estimate of the  
7 construction cost of the required modification at the time of payment, pursuant to  
8 subsection 30-39(d) and adjusted accordingly.  
9
- 10 (2) All developer modifications authorized under this section must be completed prior  
11 to issuance of a building permit, or as otherwise established in a binding  
12 agreement that is accompanied by a security instrument that is sufficient to ensure  
13 the completion of all required modification(s). It is the intent of this section that  
14 any required modification(s) be completed before issuance of building permits.  
15
- 16 (3) Dedication of necessary right-of-way for facility modifications pursuant to an  
17 agreement must be completed prior to issuance of the final development order or  
18 recording of the final plat.  
19
- 20 (4) Any requested change to a development project subsequent to a development  
21 order may be subject to additional proportionate fair-share contributions to the  
22 extent the change would generate additional traffic that would require mitigation.  
23 If a requested change to a development project reduces its traffic impact  
24 subsequent to a development order and prior to the issuance of a certificate of  
25 occupancy, the applicant may request that the proportionate fair-share agreement  
26 be amended and the contribution reduced to reflect the revised mitigation  
27 required, if the city has not appropriated the funds. Applicants may submit a letter  
28 to withdraw from the proportionate fair share program at any time prior to the  
29 execution of an agreement.  
30
- 31 (f) *Appropriation of fair-share revenues.* Proportionate fair-share revenues shall be placed  
32 in the appropriate project account for funding of scheduled modifications in the city's CIE, or as  
33 otherwise established in the terms of the proportionate fair-share agreement. At the discretion of  
34 the city, proportionate fair-share revenues may be used for operational modifications prior to  
35 construction of the capacity project from which the proportionate fair-share revenues were  
36 derived. Proportionate fair-share revenues may also be used as the 50 percent local match for  
37 funding under the FDOT Transportation Regional Incentive Program (TRIP).  
38
- 39 (1) In the event a schedule facility modification is removed from the CIE, then the  
40 revenues collected for its construction may be applied toward the construction of  
41 another modification within that same corridor or sector that is found to mitigate  
42 the impacts of development pursuant to the requirements of subsection 30-  
43 39(b)(3)b.  
44
- 45 (2) Where an impacted regional facility has been designated as a regionally  
46 significant transportation facility in an adopted regional transportation plan as

1 provided in F.S. § 339.155, the city may coordinate with other impacted  
2 jurisdictions and agencies to apply proportionate fair-share contributions and  
3 public contributions to seek funding for improving the impacted regional facility  
4 under the FDOT TRIP. Such coordination shall be ratified by the city commission  
5 through an interlocal agreement that establishes a procedure for earmarking of the  
6 developer contributions for this purpose.  
7

8 (g) *Impact fee credit for proportionate fair-share mitigation.* If the city adopts transportation  
9 impact fees, the following provisions shall apply:

- 10
- 11 (1) Proportionate fair-share contributions shall be applied as a credit against impact  
12 fees to the extent that all or a portion of the proportionate fair-share mitigation is  
13 used to address the same capital infrastructure improvements contemplated by the  
14 city's impact fee ordinance.  
15
  - 16 (2) Impact fee credits for the proportionate fair-share contribution will be determined  
17 when the transportation impact fee obligation is calculated for the proposed  
18 development. Impact fees owed by the applicant will be reduced per the  
19 proportionate fair-share agreement as they become due per the city's impact fee  
20 ordinance. If the applicant's proportionate fair-share obligation is less than the  
21 development's anticipated road impact fee for the specific stage or phase of  
22 development under review, then the applicant or its successor must pay the  
23 remaining impact fee amount to the city pursuant to the requirements of the city  
24 impact fee ordinance.  
25
  - 26 (3) Major projects not included within the city's impact fee ordinance or created  
27 under subsection 30-39(b)(3)a. and b. which can demonstrate a significant benefit  
28 to the impacted transportation system may be eligible at the local government's  
29 discretion for impact fee credits.  
30
  - 31 (4) The proportionate fair-share obligation is intended to mitigate the transportation  
32 impacts of a proposed development at a specific location. As a result, any road  
33 impact fee credit based upon proportionate fair-share contributions for a proposed  
34 development cannot be transferred to any other location unless provided for  
35 within the city's impact fee ordinance.  
36

37 **Sec. 30-4037.4. Intergovernmental coordination.**  
38

39 (a) *Cross jurisdictional impacts.* Pursuant to policies in the intergovernmental coordination  
40 element of the City of Gainesville Comprehensive Plan, the city shall coordinate with affected  
41 jurisdictions, including FDOT, regarding mitigation to impacted facilities not under the  
42 jurisdiction of the local government receiving the application for proportionate fair-share  
43 mitigation. An interlocal agreement may be established with other affected jurisdictions for this  
44 purpose.  
45

1 (b) In the interest of intergovernmental coordination and to reflect the shared responsibilities  
2 for managing development and concurrency, the city may enter into an agreement with one or  
3 more adjacent local governments to address cross jurisdictional impacts of development on  
4 regional transportation facilities. The agreement shall provide for application of the methodology  
5 in this section to address the cross jurisdictional transportation impacts of development.  
6

7 (c) A development application submitted to the city subject to a transportation concurrency  
8 determination meeting all of the following criteria shall be subject to this section:  
9

- 10 (1) All or part of the proposed development is located within .25 mile(s) of the area  
11 which is under the jurisdiction, for transportation concurrency, of an adjacent  
12 local government or generates more than 1,000 net, new ADT; and,  
13
- 14 (2) Using its own concurrency analysis procedures, the city concludes that the  
15 additional traffic from the proposed development would use five percent or more  
16 of the adopted peak hour LOS maximum service volume of a regional  
17 transportation facility within the concurrency jurisdiction of the adjacent local  
18 government ("impacted regional facility"); and,  
19
- 20 (3) The impacted regional facility is projected to be operating below the level of  
21 service standard, adopted by the adjacent local government, when the traffic from  
22 the proposed development is included.  
23

24 (d) Upon identification of an impacted regional facility pursuant to subsection 30-40(c)(1)--  
25 (3), the city shall notify the applicant and the affected adjacent local government in writing of the  
26 opportunity to derive an additional proportionate fair-share contribution, based on the projected  
27 impacts of the proposed development on the impacted adjacent facility.  
28

29 (e) The adjacent local government shall have up to 30 days in which to notify the city of a  
30 proposed specific proportionate fair-share obligation, and the intended use of the funds when  
31 received. The adjacent local government must provide reasonable justification that both the  
32 amount of the payment and its intended use comply with the requirements of F.S. §  
33 163.3180(16). Should the adjacent local government decline proportionate fair-share mitigation  
34 under this section, then the provisions of this section would not apply and the applicant would be  
35 subject only to the proportionate fair share requirements of the city.  
36

37 (f) If the subject application is subsequently approved by the city, the approval shall include  
38 a condition that the applicant provides, prior to the issuance of any building permit covered by  
39 that application, evidence that the proportionate fair-share obligation to the adjacent local  
40 government has been satisfied.  
41

#### 42 APPENDIX A. METHOD FOR COST 43 ESCALATION 44

45 *This Appendix contains a method to estimate growth in costs, through the computation of*  
46 *a three-year average of the actual cost growth rates. This will provide a growth rate that should*

1 *be smoothed to avoid overcompensating for major fluctuations in costs that have occurred due to*  
2 *short term material shortages.*

3

$$4 \quad \text{Cost}_n = \text{Cost}_0 \times (1 + \text{Cost\_growth}_{3\text{yr}})^n$$

5

6

Where:

7

8

$\text{Cost}_n$  = The cost of the improvements in year n;

9

10

$\text{Cost}_0$  = The cost of the improvement in the current year;

11

12

$\text{Cost\_growth}_{3\text{yr}}$  = The growth rate of costs over the last three years;

13

14

n = The number of years until the improvement is constructed.

15

16

The three-year growth rate is determined by the following formula:

17

18

$$\text{Cost\_growth}_{3\text{yr}} = [\text{Cost\_growth}_{-1} + \text{Cost\_growth}_{-2} + \text{Cost\_growth}_{-3}] / 3$$

19

20

Where:

21

22

$\text{Cost\_growth}_{3\text{yr}}$  = The growth rate of costs over the last three years;

23

24

$\text{Cost\_growth}_{-1}$  = The growth rate of costs in the previous year;

25

26

$\text{Cost\_growth}_{-2}$  = The growth rate of costs two years prior;

27

28

$\text{Cost\_growth}_{-3}$  = The growth rate of costs three years prior.