

Peyton Fire Protection District

Impact Fee Study

Final Report

Nexus Study for Development Impact Fees

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Section I. Introduction and Legal Basis

Purpose

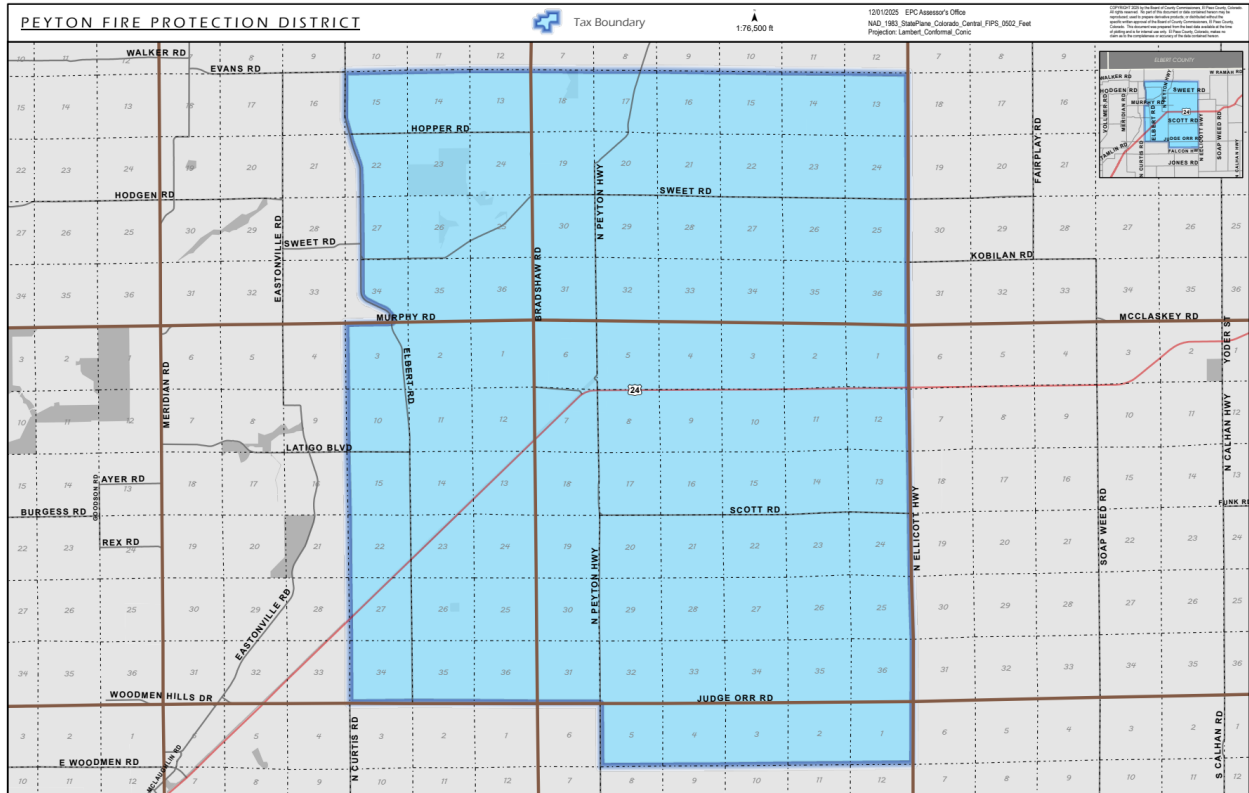
The Peyton Fire Protection District (PFPD) has undertaken this Nexus Study to establish proportional development impact fees in accordance with Colorado law. PFPD delivers fire suppression, rescue, emergency medical services, and related functions within its jurisdictional boundaries in unincorporated El Paso County, Colorado, generally east of Colorado Springs. The District's service area includes the unincorporated community commonly known as Peyton and surrounding rural and developing areas. This study is intended to support the adoption and administration of fire protection impact fees applicable to new development within the District's service area through appropriate county authorization or intergovernmental agreement, as permitted by law. This Nexus Study, prepared by District staff, establishes a methodology to calculate the proportionate share of fire protection capital facility costs attributable to new development. The purpose of the impact fee is to recover capital costs associated with land acquisition, fire stations, apparatus, equipment, and related infrastructure required to maintain existing levels of fire protection service as growth occurs, without shifting those costs to the existing residents and taxpayers.

This study is prepared pursuant to C.R.S. § 29-20-104.5, C.R.S. § 29-20-102, and related statutory authority, including House Bill 16-1088, and is intended to comply with applicable Colorado and federal constitutional requirements, including the "rational nexus" and "roughly proportionality" standards established by the United States Supreme Court.

Objectives

Many fire districts in Colorado impose development impact fees for expansion of public infrastructure. Colorado statutes and a series of United States Supreme Court decisions dictate the amounts that districts can charge in impact fees and how they can devise, impose, and spend them. Because of those requirements, PFPD conducted this Nexus Study to ensure it can maintain its existing service standards as development occurs in PFPD's service area.

Figure I-1.
Peyton Fire Protection District Service Area



Legal Framework

Colorado law authorizes fire protection districts to impose impact fees under C.R.S. § 32-1-1001 et seq. and C.R.S. § 29-20-104.5, as amended by Senate Bill 01S2-015, House Bill 16-1088, and further expanded by SB24-194 (2024). These statutes stipulate that impact fees must:

- Be a one-time charge on new development; and
- Reflect costs directly attributable to development impacts, not exceeding the amount necessary to sustain existing service levels; and
- Be reasonably related to capital costs, allowing flexibility in calculation methods; and
- Exclude fees addressing pre-existing deficiencies; and
- Avoid duplicating site-specific dedications or improvements.

U.S. Supreme Court rulings, including *Sheetz v. County of El Dorado* (2024), *Nollan v. California Coastal Commission* (1987), and *Dolan v. City of Tigard* (1994), require an “essential nexus” and “rough proportionality” between fees and development impacts. This study adheres to these standards by leveraging PFPD’s current capital investment, a methodology consistent with impact fee studies conducted by fire agencies within the State of Colorado, primarily within El Paso County.

Alignment with Colorado Practices

This self-conducted Nexus Study employs methodologies prevalent in recent Colorado impact fee studies, including the capital buy-in approach, land use allocation based on assessor data, and annual adjustments using inflation indices. PFPD staff reviewed publicly available studies (e.g., South Metro Fire Rescue, 2023; Poudre Fire Authority, 2022; Frederick-Firestone Fire Protection District, 2025; and Monument Fire Protection District Development Fire & Emergency Services Impact Fees) to ensure alignment with statewide standards, adapting them to PFPD's specific context due to budget constraints precluding external consultation.

Development impact fees have been used in Colorado going as far back as the 1920s, when cities began charging developers for the water rights required to serve new development. Other states also charged impact fees to new development, and in 1947 one of the first legal challenges to impact fees was filed in Illinois. In that case, the Illinois Home Builders Association sued the Hinsdale Sanitary District over its tap fee. The case was appealed all the way to the Illinois Supreme Court, which ruled that the District's fee was legal so long as the revenues were used for capital expenditures and not operating expenses.

In Colorado, impact fee requirements were heavily influenced by a 1999 lawsuit between Krupp and the Breckenridge Sanitation District. The case, known as *Krupp v. Breckenridge Sanitation District*, was heard by the Colorado Supreme Court, which ruled that impact fees are legal so long as they meet certain requirements. The requirements defined in the ruling on *Krupp v. Breckenridge Sanitation District* were formally codified by the Colorado Legislature with the passage of Senate Bill 01S2-015, "An Act Concerning Land Development Charges That May Be Imposed by Local Governments."

The Bill, which modified Section § 29-20-104.5 of Title 29 of Colorado Revised Statutes, allowed local governments to impose impact fees on new development to fund expenditures on capital facilities needed to maintain existing service standards. The impact fees are applicable to a broad set of land uses and can be calculated based on development characteristics of local land uses that roughly approximate each land use's burden on capital facilities. This enabling legislation allowed municipalities to charge a single impact fee to each type of development (e.g., residential, commercial, and industrial) rather than calculating fees on a case-by-case basis.

In 2016, the Colorado Legislature passed House Bill 16-1088, the "Public Service Fairness Act," which granted fire protection districts organized under Article 1 of Title 32, C.R.S., and fire authorities established under Section 29-1-203.5 the ability to levy impact fees on new development. The bill amended C.R.S. § 29-20-104.5, allowing these districts to charge development impact fees as a condition for issuing development permits and to use the revenue for capital facilities supporting fire protection, rescue, and emergency services related to new development. However, fire protection districts were not given unilateral authority to impose these fees; instead, they were required to enter into intergovernmental agreements with county or municipal governments, which would collect and remit the fees on their behalf.

In May 2024, the Colorado Legislature significantly expanded the authority of fire protection districts by passing SB24-194, the "Special District Emergency Services Funding Act." This law eliminates the requirement for intergovernmental agreements, allowing fire protection districts to impose and collect impact fees directly within their jurisdictions. Additionally, SB24-194 authorizes both fire and ambulance districts to levy a sales tax, subject to voter approval, to generate additional revenue for district services.

To comply with current Colorado law, any development impact fees charged by a fire protection district must:

- Be a one-time charge imposed on new development; and
- Quantify the reasonable impacts of proposed development on existing capital facilities and establish the impact fee or development charge at a level no greater than necessary to defray such impacts which are directly related to proposed development; and
- Be reasonably related to the overall cost of capital. Fees must be fairly calculated and rationally based. Mathematical exactitude is not required, however, and the particular mode adopted by the district in assessing the fee is generally a matter of that district's discretion; and
- Ensure no impact fee or other similar development charge shall be imposed to remedy any deficiency in capital facilities that exists without regard to the proposed development; and
- Ensure that impact fees adopted by a local government do not require individual landowners to provide any site-specific dedication or improvements that meet the same need for capital facilities for which the district's impact fee is imposed.

Because the setting of rates and fees involves many questions of judgment and discretion, districts have the flexibility to choose the most appropriate rate-setting method so long as it uses reasonable assumptions and logic in the basis of calculating the development impact fee schedule.

U.S. Supreme Court Decisions

In *Sheetz v. County of El Dorado* (2024), the U.S. Supreme Court unanimously ruled that impact fees are subject to the Takings Clause of the Fifth Amendment of the U.S. Constitution. The two most notable court decisions that are used to analyze taking clause cases are often referred to as *Nollan* and *Dolan*.

Guidance from these decisions requires that there be an "essential nexus" between the exaction/fee and the state interest being advanced by that exaction. In the more recent *Dolan v. City of Tigard* (1994) decision, the U.S. Supreme Court held that in addition to an essential nexus, there must be a "rough proportionality" between the proposed exactions and the project impacts that the exactions are intended to mitigate. In *Dolan*, the court further states that rough proportionality need not be derived with mathematical exactitude but must demonstrate some relationship to the specific impact of the subject project.

Over the past two decades since *Dolan*, many fire districts have imposed impact fees; thus, there now is a broad set of common practices when considering how best to reflect these judicial and statutory requirements in fee design efforts.

Fee Applicability

As noted above, fire districts can only use impact fee revenue to cover the costs of any necessary expansion of capital facilities that are required to serve new development. In addition, fee amounts can only be set in a manner that is proportional to the cost of capital facility expansion needed to maintain but not improve existing standards of service.

Capital facilities. Capital facilities are the physical component of public services. Under Colorado statute, the definition of capital can include all equipment that has at least a five-year lifetime. It does not include personnel or any operational elements of service costs, even in circumstances where new staff are required to operate new facilities. Capital facilities generally include buildings, apparatus, vehicles, office furniture, and other support facilities.

Nature of Capital Investments

Not all capital facility costs are associated with community growth or with the expansion of capacity. Most fire districts make investments in capital facilities not because of growth pressures but for the repair and replacement of existing capital. For example, fire districts often make capital investments related to:

- Repair and replacement of existing facilities, such as annual maintenance of building or replacing a roof; and
- Betterment of existing facilities, such as introducing new services or improving existing capital facilities without increasing service capacity; and
- Facilities expansions, such as expanding an existing building to accommodate growing personnel requirements.

Fire districts are not allowed to account for such investments as part of impact fee calculations nor are they allowed to expend impact fee funds on such investments.

Capital Standards

In designing impact fees, fire districts must determine the appropriate capital standards applicable to each category of infrastructure. Facility standards can vary widely between districts. Whereas some states have legislation that describes such criteria with great specificity, other states like Colorado use more general standards. There are two primary approaches for calculating capital standards.

Capital buy-in approach. Capital standards can be estimated using the replacement value of specific capital facilities and the qualified equipment necessary for each category of capital facilities. For example, a district with a single station and a replacement value of \$5 million would have a capital standard based on its current infrastructure.

If capital standards are defined using a capital buy-in approach, then calculations of those standards must account for any debt that applies against the relevant capital facilities. Because current residents are already responsible for that debt, it would be duplicative and inappropriate to charge developers impact fees that also include that debt.

Plan-based approach. Fire districts can also use a plan-based approach to set capital standards, which relies on capital improvement or other specific plans to estimate the value of capital required to serve future development. A plan-based approach requires forecasts of residential and commercial growth and detailed data on capital expansion plans and costs. Plan-based approaches must focus on expansion-related projects or the expansion portion of projects rather than betterment or replacement projects.

Other Considerations

Over time, some consensus has emerged on how best to ensure that impact fees comply with state statutes and court rulings. Many of the factors that fire districts must consider in designing fees appropriately are described above, but the following other considerations are to be made:

- **Land use allocation.** Courts have indicated that all forms of development that have facility impacts, that is, residential, industrial, and commercial developments must pay their fair share of expansion costs. If one type of development is exempted from fees, then fees may not be sufficient to cover expansion costs that result from new development.
- **Use specificity.** Impact fee calculations vary between different forms of land use. When compelling evidence is available that the forms, sizes, or uses of particular types of development will result in substantially different demands for fire protection services, then a district's impact fees should reflect that information.
- **Fund balance.** A fire district's impact fee fund balance represents cash investments the existing community has made in capital expansion. When utilizing the capital buy-in approach for calculating development impact fees, these cash investments are combined with capital facilities valuations to arrive at the total capital investment that the community has made.
- **Redevelopment.** The application of impact fees raises questions about how to deal with the redevelopment of existing properties. The redevelopment of a residence even if it involves full scraping does not lead to an increase in service demands, because it is still one residential unit with no implications for service delivery costs or capital needs. In contrast, the redevelopment of a larger lot into multiple homes would be assessed an impact fee based on the net number of new residential units, because there would be clear implications for service delivery and capital needs. Commercial redevelopment would be subject to the same considerations.
- **Waivers.** Fire districts should not waive fees unless the funds are reimbursed from other sources such as the general fund or other contributions by the developer to system expansion that meets or exceeds the calculated fees.
- **Timing.** Fees should be assessed at the time that building permits are issued.
- **Updates.** Impact fee calculations should be updated periodically to account for changes in costs and asset values. Most fire districts update their fees every year using an inflation multiplier and conduct updates to their impact fee studies every three to five years.

Section II. Methodology and Data

Capital Facilities Inventory

The Peyton Fire Protection District ("PFPD" or "District") utilized a capital buy-in methodology to evaluate existing fire protection capital facilities and to establish a baseline level of service for purposes of calculating development impact fees. This methodology is expressly permitted under C.R.S. § 29-20-104.5 and is widely used by fire protection districts throughout Colorado, including North Metro Fire

Rescue District and other growth-impacted agencies. The capital buy-in approach allocates the replacement value existing fire protection capital facilities and equipment across the population and development served, thereby ensuring that new development contributes its proportionate share toward the capital infrastructure required to maintain established service levels. Only capital assets with a useful life of five (5) years or greater are included. Consistent with statute and best practice, operational costs, personnel expenses, and outstanding debt are excluded from this analysis.

Existing Facilities

At present, PFPD does not operate a purpose-built fire station. The District utilizes two structures originally designed as garage bays, which have been incrementally modified over time to support limited fire operations:

- In one structure, a single bay has been partially converted to include a bathroom and partitioned sleeping quarters.
- In the second structure, two bathrooms were added, a central table installed for meetings, and a small kitchen area constructed within the bay.

While these modifications allow minimal functionality, neither structure meets modern fire station design standards, nor do they adequately support staffing, training, apparatus storage, emergency response readiness, or firefighter health and safety. These buildings lack essential features such as dedicated apparatus bays, separation of living and operational spaces, decontamination areas, adequate mechanical systems, and code-compliant sleeping quarters.

According to the El Paso County Assessor, the combined market value of the land and structures is \$185,362. This value reflects the limited utility of the buildings and underscores the District's need for properly designed fire station to serve existing and future development.

Apparatus and Vehicles

The PFPD's apparatus fleet reflects incremental acquisition over time rather than a coordinated, long-term capital replacement program. As a result, the District operates a fleet composed largely of aging vehicles that are at or beyond commonly accepted industry service-life recommendations, including those referenced in National Fire Protection Association (NFPA) guidance documents.

The District's current fleet inventory includes the following:

- **Fire Engines**
 - 2005 Spartan Fire Engine
 - 1997 HME Fire Engine
- **Water Tenders**
 - 2012 Freightliner Fire Tender
 - 1994 International Fire Tender
- **Brush Trucks (Type 6 Wildland Apparatus)**

- 2010 Ford F-350 Brush Truck
- 2003 Ford F-550 Brush Truck
- 2006 Ford F-350 Brush Truck
- **Ambulance (Transport)**
 - 2007 Ford F-450
 - 1998 Ford E-350
- **Utility and Support Vehicle**
 - 2025 Ford Pick-up (Fire Chief/Command Vehicle)
 - 2006 Ford F-350
 - 1998 Chevrolet Suburban

The majority of the District’s apparatus exceeds the generally accepted service-life thresholds for frontline and reserve fire apparatus, which increases maintenance costs, reduces reliability, and heightens operational risk. While the District has maintained functionality through diligent maintenance, continued reliance on aging apparatus is not sustainable as development increases call volume, response distances, and incident complexity.

As growth occurs within the District’s service area, replacement of obsolete apparatus and strategic acquisition of additional vehicles will be necessary to maintain existing levels of fire protection service and to meet reasonable response expectations for new developments.

Equipment

The District maintains essential firefighting and emergency response equipment necessary to support its current operations, including medical equipment, extrication tools, fire suppression systems, hazardous materials gear, communications equipment, furnishings, and information technology. This equipment inventory supports baseline service delivery; however, much of it has been acquired incrementally over time and is closely tied to the limitations of existing facilities and apparatus.

As development increases both population and risk exposure, the District will require additional and modernized equipment to support new apparatus, expanded response capabilities, and future fire station facilities. Equipment expansion and replacement are therefore integral components of the capital needs addressed by this Nexus Study.

Impact Fee Fund Balance

As of the date of this study, the Peyton Fire Protection District maintains no existing impact fee fund balance. All current capital assets have been financed through property tax revenues, grants, and limited capital allocations. New development has not previously contributed to the capital cost of fire protection facilities, apparatus, or equipment through an impact fee mechanism.

Summary of Existing Capital Conditions

Unlike urban or suburban fire protection districts with established station infrastructure and modern apparatus fleets, PFPD’s current capital assets represent a minimal baseline level of service, not a future-ready system. The District operates without a purpose-built fire station and relies on apparatus that, in many cases, exceeds recommended service-life standards.

These conditions are critical considerations in this Nexus Study. Without a mechanism to require new development to contribute proportionately to capital infrastructure, the cost of replacing aging apparatus, constructing compliant fire station/s, and maintaining service levels would fall disproportionately on existing residents and taxpayers.

Accordingly, the impact fee methodology presented herein is structured to ensure that new developments pay its fair and proportionate share of the capital facilities required to serve growth, consistent with Colorado law and constitutional standards

Land Use Allocation

Using El Paso County Assessor data and Elbert County Assessor data, PFPD allocated costs based on existing development patterns: 80% residential (1,400 units, 2,800,000 sq. ft.) and 20% non-residential (180 units, 650,000 sq. ft.), consistent with practices in districts like Elbert County Fire Protection District and Monument Fire Protection District. This proportional allocation ensures equitable contribution from all development types to expansion costs.

**Figure II-1.
Peyton Fire Protection District Current Assets, 2025**

Type of Capital Facilities	Replacement Value	Debt Against Asset	Equity Position for Fee Calculation
Buildings and Land			
Station 1, 13665 Railroad St, Peyton, CO 80831	\$185,362	\$0	= \$185,362
Vehicles and Apparatus			
Fire Engines (2)	\$1,500,000	\$0	= \$1,500,000
Tender (2)	\$600,000	\$0	= \$600,000
Brush Trucks (3) – Type 6	\$750,000	\$0	= \$750,000
ALS Transport Ambulances (2)	\$700,000	\$0	= \$700,000
Miscellaneous Equipment			
Equipment including medical, extraction, fire, hazardous materials, communications, furnishings, and IT	\$1,000,000	\$0	= \$1,000,000
Impact Fee Balance			
Fund Balance	\$0	\$0	= \$0
Total Value of Fire Capital Facilities for Fee Calculation	\$5,085,362		

Notes: [1] No outstanding debt exists for PFPD assets at the time of this study. Source: Peyton Fire Protection District; BBC Research & Consulting (methodological framework), 2025.

Figure II-2.

Residential and Non-residential Square Footage in the PFPD Service Area best-available estimates, 2025

Development Type	Unit Count	Total Square Footage	Percent of Total Square Footage
Residential	1,400	2,800,000	80.0%
Single family residential	1,350	2,700,000	77.1%
Dwellings less than 1,000 SF	50	40,000	1.1%
Dwellings 1,000 to 1,499 SF	350	450,000	12.9%
Dwellings 1,500 to 1,999 SF	450	800,000	22.9%
Dwellings 2,000 to 2,499 SF	300	700,000	20.0%
Dwellings 2,500 to 2,999 SF	150	450,000	12.9%
Dwellings 3,000+ SF	50	260,000	7.4%
Multifamily residential	50	100,000	2.9%
Non-residential	180	700,000	20.0%
Commercial, retail, & office	100	350,000	10.0%
Warehouse & industrial	60	250,000	7.1%
Public & institutional	20	100,000	2.9%

Source: El Paso County Assessor; BBC Research & Consulting (methodological framework), 2025.

Unit count and square footage estimates are based on available assessor data and regional development patterns and are intended to reasonably approximate existing development within the Peyton Fire Protection District service area. These figures will be reviewed and updated as additional parcel-level data becomes available.

Impact Fee Calculation

Fire protection impact fees for the Peyton Fire Protection District were calculated using a capital buy-in methodology, which allocates the value of existing fire protection capital facilities to new development in proportion to its contribution to service demand. This approach is expressly authorized under C.R.S. §29-20-104.5 and satisfies the constitutional requirements of rough proportionality as articulated in *Dolan v. City of Tigard*.

Capital costs were allocated by land-use category using estimated development distributions derived from the El Paso County Assessor's 2025 Final Certification of Value Summary for Peyton Fire Protection District (Tax Area 060). Because PFPD serves a predominantly rural and unincorporated area, development estimates reflect best-available assessor data and reasonable planning assumptions, rather than parcel-level enumeration.

Estimated existing development within the District includes:

- Approximately 1,600 single-family residential dwellings

- An estimated 40 multi-family residential units (primarily duplexes and small structures)
- Approximately 75 non-residential structures, represented for impact-fee purposes by total non-residential square footage

These estimates are consistent with the District’s total number of real-property accounts, assessed value distribution, and observed land-use patterns

Adjust for District Conditions

Unlike more urban or suburban fire protection districts, PFPD currently operates with minimal baseline infrastructure, including:

- No purpose-built fire station
- Apparatus fleets that largely exceed recommended service life
- Long response distances inherent to a rural service area
- No historical impact fee program or prior development buy-in

As a result, new development within the District has not previously contributed toward the capital facilities required to serve growth. The impact fees calculated herein reflect not an enhanced or expanded level of service, but rather the cost of achieving and sustaining a functional baseline level of fire protection service appropriate for the District’s geographic size and development pattern.

The calculated fees are therefore higher on a proportional basis than those of districts with established station infrastructure and modern apparatus fleet. This outcome is consistent with Colorado law, which permits impact fees to reflect the actual capital needs of the service provider, so long as the fees remain proportionate and reasonably related to development impacts.

**Figure II-3.
Maximum Allowable Impact Fees for PFPD**

Calculation of Impact Fees	Current Land Use Distribution	Costs by Land Use Category	Existing Development	Impact Fee
Single family residential	80.0%	\$4,068,290	1,600	
Average per dwelling (all sizes)	x 80.0%	= \$4,068,290	/ 1,600	= \$2,543 per dwelling
Multifamily residential	x 2.9%	= \$147,476	/ 40	= \$3,687 per dwelling unit
Non-residential	x 20.0%	= \$1,017,072	/ 700,000	= \$1.45 per square foot
Total Value of Fire Capital Facilities	\$5,085,362			

Notes: Residential development is measured in dwelling units; non-residential development is measured in square feet. Non-residential development includes commercial, industrial, institutional, and similar uses. Development estimates are based on El Paso County Assessor valuation data, real-property accounts, and observed land-use conditions within the Peyton Fire Protection District service area. Source: Peyton Fire Protection District; El Paso County Assessor (Tax Area 060); BBC Research & Consulting (methodological framework), 2025.

Discussion of Impact Fee Results

The Peyton Fire Protection District serves a geographically large, predominantly rural area of eastern El Paso County with dispersed development and limited existing fire protection infrastructure. The District's estimated development pattern, characterized by a high proportion of single-family residential dwellings, minimal multifamily housing, and a relatively small non-residential base, results in higher per-unit capital costs than those observed in more urbanized fire protection districts.

The calculated impact fees reflect the District's current capital realities, including the absence of a purpose-built fire station and an aging apparatus fleet, as well as the lack of prior development contributions toward capital facilities. These fees represent the maximum defensible impact fees necessary to ensure that new development pays its proportionate share of fire protection capital costs required to maintain baseline service levels.

The methodology does not seek to fund operational expenses or remedy historical deficiencies attributable to existing development. Instead, it establishes a lawful mechanism for new development to participate in the cost of providing functional fire protection infrastructure as growth occurs.

Revenue Projections

Fire protection impact fees are intended to support capital expansion as development occurs, not to serve as a guaranteed or primary revenue source. At the time of preparation of this study, the District is not aware of any approved or pending large-scale residential or non-residential development projects within its service area. Nevertheless, the District encompasses a substantial amount of undeveloped and underdeveloped land, and regional growth trends indicate that development pressure is likely to increase over time.

While PFPD is located in a predominantly rural portion of eastern El Paso County, adjacent to areas, most notably within the Falcon Fire Protection District to the west, have experienced significant residential and non-residential growth in recent years. That growth pattern suggests a reasonable likelihood that development activity will extend eastward into the PFPD service area over the planning horizon, particularly as land availability decreases in more developed districts.

Because Peyton is an unincorporated area, population and development data are not tracked as a municipality. Accordingly, revenue projections were developed using conservative growth assumptions based on El Paso County demographic trends, assessor data, and observed regional development patterns, rather than specific approved projects.

For planning purposes, PFPD assumed an average annual growth rate of approximately 1.5 to 2.0 percent in residential development over the next five years, with non-residential development occurring at a proportionally lower rate consistent with the District's rural land-use profile. New development is assumed to occur in proportion to existing development patterns.

Using these assumptions, PFPD combined estimated annual development with the recommended impact fees shown in Figure II-3 to project potential annual impact fee revenues from 2025 through 2030.

**Figure II-4.
Projected Annual Impact Fee Revenues for PFPD, 2025 to 2030**

Development Type	Projected Average Annual Growth (dwelling units or sq. ft.)	Impact Fee	Projected Annual Revenue 2025 to 2030
Single family residential	24 dwelling units	\$2,543 per unit	\$61,032
Multifamily residential	1 dwelling unit	\$3,687 per unit	\$3,687
Non-residential	10,000 sq. ft.	\$1.45 per sq. ft.	\$14,500
Total projected annual revenue			\$79,219
Low estimate (25% below avg.)			\$59,414
Average estimate			\$79,219
High estimate (25% above avg.)			\$99,024

Note: Projected development is shown in dwelling units for residential development and square feet for non-residential development. Projections are based on conservative growth assumptions for unincorporated eastern El Paso County and are intended for planning purposes only. Actual revenues will depend on the timing, location, and type of development activity. Source: Colorado State Demography Office; Peyton Fire Protection District; El Paso County Assessor; Colorado State Demography Office; BBC Research & Consulting (methodological framework), 2025.

PFPD Budget Overview

The District is funded primarily through property tax revenues generated by a 6.077 mill levy applied to taxable property within the District’s service area in El Paso County, Colorado. A mill levy represents the amount of tax assessed per \$1,000 of a property’s assessed value and is the District’s principal and most stable source of operating revenue.

Property tax revenues collected under the mill levy are used almost exclusively to support the District’s ongoing operational needs, including personnel costs, administrative functions, fuel, supplies, insurance, training, maintenance, and other routine expenses necessary to sustain daily fire protection services. These revenues are not structured to generate significant surplus funding for major capital expansion or long-term infrastructure development.

The District’s annual budgeting process focuses primarily on maintaining existing service capability with limited resources. At present, PFPD does not maintain a formally adopted multi-year capital improvement program, nor does it have validated projections for major future capital expenditures beyond continued efforts to maintain existing apparatus, vehicles, facilities, and equipment in operable condition. Capital expenditures that do occur are generally reactive in nature and are driven by immediate maintenance or replacement needs rather than planned growth-related expansion.

As discussed throughout this study, the District’s existing capital assets represent a minimal baseline level of service, and property tax revenues alone are insufficient to address the capital demands associated with new development. Without an impact fee mechanism, the costs of growth-related capital facilities, such as

apparatus replacement, station development, and supporting infrastructure, would necessarily be borne by existing residents and taxpayers, rather than by new developments that creates additional service demand.

The adoption of fire protection impact fees allows PDPF to distinguish between operational funding, which remains supported by property tax revenues, and growth-related capital funding, which is appropriately assigned to new development. Impact fee revenues provide a dedicated and legally defensible funding source that can be accumulated over time and applied toward future capital projects without diverting limited operating funds or increasing the tax burden on existing property owners.

Section III. Fee Schedule and Recommendations

Maximum Impact Fees

Based on the capital buy-in methodology, existing development patterns, and proportional allocation of fire protection capital facilities documented in this Nexus Study, the District has identified the following maximum allowable fire protection impact fees. These fees represent the highest defensible charges that may be imposed on new development while remaining consistent with the requirements of C.R.S. § 29-20-104.5 and applicable constitutional standards.

The maximum impact fees reflect the District’s current capital conditions, including the absence of a purpose-built fire station, an aging apparatus fleet, long response distances, and the lack of prior development contributions toward capital infrastructure. Adoption of fees below these maximum levels is within the discretion of the District’s Board of Directors and may be implemented through resolution, phasing, or other policy mechanisms:

Development Type	Impact Fee
Single family residential	\$2,543 per dwelling
Multifamily residential	\$3,687 per unit
Non-residential (commercial, etc.)	\$1.45 per sq. ft.

Implementation Recommendations

- Provide 3–6 months’ notice to developers, per common Colorado practice.
- Establish a review process for unique cases, compliant with *Sheetz* (2024).
- Maintain a separate, interest-bearing impact fee fund per C.R.S. § 29-1-803.
- Use funds exclusively for growth-related capital (5+ year lifespan) per C.R.S. § 29-20-104.5.
- Prohibit the payment of operational expenses with impact fees, including the repair and replacement of existing facilities not necessitated by growth. In cases where PFPD expects new capital facilities to partially replace existing capacity and to partially serve new growth, the District and its legal counsel should determine, to the best of its ability, what percentage of repair

and replacement is necessary to serve new development and should use that as the basis of allocating funding for repair and replacement needs.

- Update fees every 3–5 years and adjust annually with the Mountain-Plains CPI.

Summary and Recommendations

The residential and non-residential development impact fees recommended for PFPD’s consideration represent maximum allowable amounts. PFPD may choose to adopt fees below these amounts. If doing so, the District must apply discounts uniformly to all land use categories.

PFPD offers the following recommendations regarding implementation of impact fees for Peyton Fire Protection District:

- PFPD should provide the development community with a minimum of three to six months’ notice prior to implementing updates to the impact fee schedule. This advance notice ensures developers have sufficient time to adjust project budgets and timelines.
- PFPD should establish a process to address unique scenarios that may require further individualization of impact fees. This process should include a mechanism allowing property owners to present data if they believe the fee, as applied, does not accurately reflect the specific impacts of their development, ensuring compliance with *Sheetz v. County of El Dorado, Cal., 601 U.S. 267 (2024)*.
- PFPD should maintain its impact fee fund in an interest-bearing account that is separate and apart from its general fund. All fees collected in accordance with the impact fee schedule shall be deposited and accounted for as required in Colorado Revised Statutes Title 29, Article 1, Part 8, Section 29-1-803.
- PFPD should adhere to a written policy governing expenditure of monies from its impact fee fund. Withdrawals from the impact fee fund should only be used to pay for growth-related capital facilities with a service life of five or more years. All proceeds shall be used in conformance with Colorado Revised Statutes Title 29, Article 20, Part 1, Section 29-20-104.5.
- PFPD should update its impact fee studies periodically (e.g., every three to five years) as it invests in additional equipment and facilities and as future development occurs, to ensure its impact fees reflect its existing service standards.
- Between updates, PFPD should adjust its impact fees annually at the start of each year based on the U.S. Bureau of Labor Statistics’ Mountain-Plains Information Office’s consumer price index for the Mountain-Plains Region.

Legal Certification

This Nexus Study, prepared by PFPD staff in January 2026, complies with C.R.S. § 29-20-104.5 and U.S. Supreme Court precedents, reflecting methodologies consistent with current Colorado impact fee studies (e.g., South Metro Fire Rescue, 2023; Poudre Fire Authority, 2022; Frederick-Firestone Fire Protection

District, 2025; and Monument Fire Protection District Development Fire & Emergency Services Impact Fees). PFPD certifies its accuracy and proportionality, ensuring no pre-existing deficiencies are addressed, and commits to periodic updates to maintain legal defensibility.

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