



City of Prescott

City Council - Study Session

July 9, 2024 | 1:00 PM
201 N Montezuma Street
City Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:00 p.m.

2. ROLL CALL

Phil Goode - Mayor
Connie Cantelme - Mayor Pro Tem
Lois Fruhwirth - Councilwoman
Ted Gambogi - Councilman
Brandon Montoya - Councilman
Eric Moore - Councilman
Cathey Rusing - Councilmember

3. DISCUSSION

A. Presentation & Discussion Regarding Utility and Non-Utility Development Impact Fees.

Finance Director Mark Woodfill provided a presentation to Council. He began with a review of the timeline of the process and the history of impact fees (DIF) within the City. There has been fees and they have been collected for the last 44-years on various items over time, mostly sewer and wastewater.

History:

- * 2008 state legislature issued HB2008 issuing a moratorium on Impact Fees
- * 2013 SB1525 adopted current state law eliminating fees for public buildings and recreation; limitations on libraries; 10-year use requirement.
- * 2014 new study conducted and determined to not move forward with fees besides water, wastewater and water resource fees
- * 2018/2019 public safety, and streets fees were reviewed and re-adopted
- * One-time fee charged at issuance of building permit to recover unit cost of infrastructure to retain current service level requirement

Raftelis Consultant Todd Cristiano addressed the Council regarding non-utility impact fees. None of the information presented in May has changed. He reviewed the legislative process related to review of the fees and ARS 9-463.05. Upcoming will be the August 13 public hearing on impact fees and in October adoption of these fees.

Industry Accepted DIF Methodologies:

- * Cost Recovery Historical
- * Incremental Expansion Current

* Plan-Based Future

Streets Assumptions:

- * Includes growth share for the 10-year study period
- * 101.4 lane miles of arterials
- * 14 intersections
- * 1.3 lane miles per 10,000 vehicle miles traveled (VMT)
- * 0.18 intersections per 10,000 VMT
- * Includes only the city portion of growth-related arterial
- * Excludes arterial associated with regional growth

Streets Components:

- * Residential population growth
- * Nonresidential growth in jobs and square feet of building space
- * Projected number of adjusted residential and nonresidential trips
- * Projected number of total vehicles miles traveled
- * Infrastructure Improvement Plan (IIP)
- * Capacity of new lanes and intersections
- * Cost per VMT
- * Fees = \$/VMT x trip ends x trip rate adjustment x trip length adjustment x average trip length

Streets IIP:

- * Growth cost funded by impact fees - \$17,733,000

Councilmember Rusing asked about the Phippen Trail Construction Project costs.

Public Works Director Gwen Rowitsch responded that it is a low water crossing, and a requirement under the AED Development Agreement. These projects are obligated and without impact fees there would be more funds coming directly from the Streets fund, this is one tool to utilize to help cover these costs.

City Attorney Joseph Young confirmed, adding that under the Development Agreement AED will construct and the city will reimburse.

Existing and Proposed Fees:

- * Residential \$ per dwelling Unit Change
 - \$2,512 for 1,800 square feet or less
 - \$2,528 for 1,801-2,600 square feet
 - \$2,532 for more than 2,600 square feet
- * Non-Residential \$ per square foot change
 - \$1.30 for industrial
 - \$3.03 for office & other services
 - \$4.36 for retail & restaurants

Fire Assumptions:

- * IIP Projects
- * Service Demand Location
- * Level of Service - Vehicles

- * Level of Service - Buildings
- * Methodology Change - allocation of vehicle inventory and building square feet based on functional population; previous study used calls for service; functional population is more stable over time; calls for service has more variability between residential and nonresidential calls

Components of Fire Fees:

- * Inventory of existing building square feet and inventory of existing vehicles
- * Residential function population and nonresidential functional population
- * Average unit cost of building (\$ per square feet) and inventory of existing vehicles (\$ per vehicle)
- * Residential population growth and nonresidential growth in stated in-vehicle trips

Allocation Using Functional Population:

- * From the Census Bureau's "On the Map"
- * Stable method of allocating buildings/vehicles between residential and nonresidential
- * Premised on daytime population - employed in the city but living outside (16,590), employed and living in the city (6,256), living in the selected area but employed outside (10,426)
- * Demand is used to determine cost to provide service

Development Fire IIP Cost Incremental Method:

- * Existing facilities
- * Functional population allocation
- * Level of service
- * LUA study period growth
- * LUA facility expansion
- * IIP growth related costs

Fire Infrastructure Improvement Plan:

- * 5,800 square feet, 6 vehicles
- * \$5,762,200
- * Proposed Fee Changes
 - 1,000 sq feet or less \$875
 - 1,801-2,600 sq feet \$898
 - Over 2,600 sq feet \$910
 - Industrial \$0.35
 - Office & Other Services \$0.86
 - Retail & Restaurants \$2.66

Police:

- * Very similar assumptions and planning to fire
- * IIP Projects
- * Service Demand allocation
- * Level of service vehicles
- * Level of service buildings
- * Methodologies change - allocation of vehicle inventory and building square feet based on functional population, previous study used calls for service, functional

population is more stable over time and calls for service has more variability between residential and nonresidential calls

Components of Police Fee:

- * Same as fire

IIP Police:

- * 39,643 sq feet and 10 vehicles
- * \$3,684,000
- * Police Fee Changes
 - 1,800 sq feet or less \$468
 - 1,801 - 2,600 sq fee \$433
 - Over 2,600 sq feet \$464
 - Industrial \$0.21
 - Office & Other Services \$0.50
 - Retail & Restaurants \$1.17

Councilwoman Fruhwirth stated that the Council and public would benefit from a clearer understanding of functional population, as well as the percent increase differences between residential and non-residential categories. She would like additional information regarding the drivers of these differences to be available for the next meeting to make this all more understandable.

Raftelis Consultant Andrew Rheem continued with a review of the utility impact fee analysis. He reviewed the legislative process and requirements as well as the timeline associated with the study.

DIFs Being Updated:

- * Water System - recovers cost of treated water system serving new development, two service areas
- * Water Resource - recovers cost of remaining annual debt service for Big Chino Ranch, one service area
- * Wastewater System - recovers cost of system facilities serving new development, one service area

Valuation Methodologies:

- * Buy-in historical
- * Incremental future
- * Hybrid historical and future

Water System & Water Resources DIFs:

- * Fifteen growth related projects in the evaluation period, rate funded at \$115.62 million/\$28.59 million DIF funded
- * Calculation - look at eligible improvements, net water system costs, well capacity (million gallons per day - MGD), water system unit cost of capacity (GPD), peak day water use per EDU to determine water development fee per 5/8 x 3/4 inch meter: Service Area A \$969, Service Area B \$5,629

Councilman Moore commented that he is concerned because it doesn't seem to him that future annexations are being taken into consideration in these figures

and it might be beneficial to do so.

Draft Water System DIFs:

- * Service Area A - \$017
- * Service Area B - \$1,188
- * A + B - \$1,295

Councilmember Rusing asked what Service Area A and B are.

Ms. Rowitsch responded that Area A is everything north of the airport and area B is everything in and south of the airport.

Water Resource DIF:

- * Fee recovers value of the 2004 tiny acquisition of Big Chino Water Ranch
- * City portion is decreasing
- * Fee is used to pay outstanding debt service
- * Change - (\$252)

Wastewater System:

- * 23 projects
- * Growth related portion \$76.3 million, funded by rates \$131.31 million
- * Change - \$3,016

Base Meter Fee Size:

- * Water - \$1,295
- * Water Resources - (\$252)
- * Wastewater - \$3,016
- * Total - \$4,059

Mayor Goode commented that when looking at comparisons to other surrounding communities, it may not be reflective of the same five-year planning period or same facilities and service level.

Next Steps:

- * Adoption of Notice of Intent & Setting Public Hearing - July 9
- * DIF Public Hearing - August 13
- * Council Vote to adopt DIFs - October 9
- * Effective Date for DIFs - January 1, 2025

Member of the public Sandy Griffis addressed the Council noting that current deficiencies cannot be covered with current impact fees. She said she did some research and found that the consultant used demand hours per day but feels that calls for service is a more common way to calculate expenses, additionally, she commented on the increasing costs of rates, construction equipment, etc. Would like for there to be unison in supporting the fee increases, she is not opposed to them.

Member of the public Deborah Thalasis addressed the Council regarding the presented timeline at the start of the presentation and commented that former Councils have not adopted the fees at the suggested rate so the city is behind.

Hopes they will return with differences in the meters as this would be good information for the public to have.

This item was for discussion only, no formal action was taken.

4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 2:49 p.m.



PHILIP R. GOODE, Mayor

ATTEST:



SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on July 9, 2024. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

