CITY OF PRESCOTT
Everybody's Hometown

AGENDA

PRESCOTT CITY COUNCIL	**Council Chambers**
SPECIAL MEETING	**201 South Cortez Street**
Tuesday, February 18, 2014	**Prescott, Arizona 86303**
3:00 PM	**(928) 777-1100**

The following Agenda will be considered by the Prescott City Council at its **Special Meeting** pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending this meeting through the use of a technological device.

♦ **CALL TO ORDER**

♦ **ROLL CALL**

MAYOR AND CITY COUNCIL

Mayor Kuykendall	
Mayor Pro Tem Lamerson	Councilman Kuknyo
Councilman Arnold	Councilman Lazzell
Councilman Blair	Councilwoman Wilcox

I. REGULAR AGENDA

A. Presentation and discussion of Development Impact Fees Project – Preliminary Fee Report and associated Infrastructure Improvement Plan

***RECOMMENDED ACTION**: This item is for presentation, discussion, and Council direction as deemed appropriate. No formal Council action is necessary.*

II. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

(i) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
(ii) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
(iii) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
(iv) Discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
(v) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
(vi) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6);
(vii) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed $500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____________ at ________ _____m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

____
Dana R. DeLong, CMC, City Clerk

CITY OF PRESCOTT
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COUNCIL AGENDA MEMO

MEETING DATE/TYPES: Special Meeting 2-18-14

DEPARTMENTS: Finance/Public Works

AGENDA ITEM: Presentation and discussion of Development Impact Fees Project – Preliminary Fee Report and associated Infrastructure Improvement Plan

Approved By:		**Date:**
Director:	Nietupski, Mark	02/11/2014
Finance Director:	Woodfill, Mark	02/11/2014
City Manager:	McConnell, Craig	02/12/2014

Item Summary

Raftelis Financial Consultants, Inc., will present the “DRAFT” Fee Report for initial Council discussion prior to publication of the document, setting of the associated public hearing, and providing notification of intent to assess development impact fees. The Impact Fee and Utility Rate Schedule attached provides a summary of the prescribed steps leading to adoption.

Background

Current development/impact fee law (ARS §9-463.05) mandates an extensive process for determining and implementing impact fees. The City entered into a contract for Development of Impact Fees, Infrastructure Improvement Plan and Associated Documents, and Analysis and Development of Utility Rates on October 23, 2012, for that purpose. Preliminary recommendations of impact fee areas (Police, Fire, Streets, and Utilities) were presented to Council on December 18, 2012. On November 5, 2013, Raftelis Financial Consultants, Inc., presented the DRAFT IIP and LUA documents to Council. These materials were reviewed with the ad-hoc committee established for the project, and subsequently described via a public notice and at a public hearing held on January 14, 2014. Recommendations from the ad-hoc committee are attached hereto.

The next step required by the legislation is presentation of the Fee Report by Raftelis Financial Consultants, Inc. Other project milestones going forward, including the next public hearing, will also be covered. In the coming weeks, the DRAFT Fee Report will be published for public comment and a public hearing on April 1, 2014. The public notice is required to be at least thirty (30) days prior to a public hearing on the Fee Report. Additional legislative requirements and corresponding timeframes will be completed according to the attached schedule.

Attachments

1. Impact Fee and Utility Rate Schedule
2. Ad-hoc committee Recommendations

Recommended Action: This item is for presentation, discussion, and Council direction as deemed appropriate. No formal Council action is necessary.

Impact Fee and Utility Rate Schedule	
Impact Fee (ARS §9-463.05) and Utility Rate (ARS §9-511.01) Task	**Milestone/Timeframe**
Approval of contract by City Council	October 23, 2012
Development of an infrastructure improvement plan (IIP) and calculation of impact fees	October 2012 thru October 2013
Ad-hoc committee meeting introduction and overview	March 28, 2013
Ad-hoc committee meeting to discuss growth projections and land use assumptions	April 10, 2013
Ad-hoc committee meeting to discuss growth projections and land use assumptions	May 15, 2013
Presentation by Raftelis Financial Consultants on IIP and Land Use Assumptions (LUA) with discussion and direction for staff to publish IIP and LUA (11/15/13) and set public hearing (1/14/14)	November 5, 2013 (Study Session) November 12, 2013 (Voting Session)
Distribute draft public comment materials to ad-hoc committee and Council	November 5, 2013
1st Ad-hoc meeting on draft IIP (presentation by Police, Fire, Utilities, Streets)	November 13, 2013
Publish draft IIP & land use assumptions (LUA), set and provide notice of public hearing	November 14, 2013
2nd Ad-hoc meeting on draft IIP (presentation by Police, Fire, Utilities, Streets)	December 4, 2013
3rd Ad-hoc meeting on draft IIP (presentation by Police, Fire, Utilities, Streets)	January 8, 2014
Presentation and public hearing on IIP and LUAs	January 14, 2014 (Voting Session)
Revision to IIP and LUA (if necessary)	January 15, 2013 - January 24, 2014
Presentation by Raftelis Financial Consultants on fee report with council to provide direction for staff to publish fee report (2/28/14) and set public hearing (4/1/14)	February 18, 2014 (Study Session)
City Council to consider adoption of the IIP and LUA	February 25, 2014 (Voting Session)
Publish fee report and notification of intent to assess development fee and set public hearing	February 28, 2014
Presentation and public hearing on fee report	April 1, 2014 (Voting Session)
Revision to final fee report (if necessary)	April 2, 2014 - April 25, 2014
City Council to consider adoption of impact fees	May 6, 2014 (Study Session) May 13, 2014 (Voting Session) No later than May 13, 2014
Impact fees in effect	August 1, 2014
Utility rate analysis with legislative meeting/notification requirements	May 2014 - November 2014
New utility rate in effect	January 1, 2015

City of Prescott Public Works
433 North Virginia Street
Prescott, AZ 86301
928-777-1130

CITY OF PRESCOTT
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To: The Honorable Mayor and City Council

From: Impact Fee Ad-Hoc Committee

By: Joel Berman, P.E., Utilities Manager
Mark Woodfill, Finance Director

Date: February 4, 2014

Subject: Impact Fee Ad-hoc Committee Land Use Assumptions and Infrastructure Improvement Plan Recommendations

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This memorandum summarizes the Ad-hoc Committee process and subsequent recommendations with respect to the Land Use Assumptions and Infrastructure Improvement Plan requirements of the Impact Fee Legislation (ARS §9-463.05). Enclosures to this memo document specific topics that were raised with the ad-hoc committee.

Land Use Assumptions

1. The committee was initially presented with Growth Projections and Land Use Assumptions on April 1, 2013. The presented materials included a memorandum from Elliott D. Pollack & Company dated March 5, 2013 with a draft notation of March 26, 2013.
2. The committee met to discuss this document on April 10, 2013 and generated follow-up questions.
3. On May 15, 2013 a second meeting was held to further discuss the March 5th document and also a follow-up document issued by the City dated May 2, 2013.

Infrastructure Improvement Plan

1. The committee was initially presented with Infrastructure Improvement Plan on November 5, 2013.
2. The committee met to discuss this document on November 13, 2013; December 4, 2013; and January 8, 2014. The meetings and email correspondence generated questions that were addressed in memos dated December 18, 2013 and January 6, 2014.

Recommendations

At the May 15, 2013 and January 8, 2014 meetings the committee reached consensus on the Land Use Assumptions and Infrastructure Improvement Plan. The consensus and recommendations are:

1. The Land Use Assumptions were generated utilizing a rational approach with the best available information. It is acknowledged that the Growth Projections and Land Use Assumptions will need to be revisited at 5 year intervals to evaluate statistical data and make adjustments as time dependant information becomes available.
2. The processes and methodologies that were followed to develop the projects within the Infrastructure Improvement Plan are sound.
3. The individual Service Areas for Water, Wastewater, and Streets projects are consistent with the areas that they serve.
4. The City-wide Service Area for Police and Fire is suitable based on the approach that the City utilizes to deliver the service.

Enclosures:

- Memorandum issued by the City dated May 2, 2013 regarding Land Use Assumptions
- Memorandum issued by the City dated December 18, 2013 regarding Infrastructure Improvement Plan
- Memorandum issued by the City dated January 6, 2014 regarding Infrastructure Improvement Plan

CC:

- Mark Nietupski

City of Prescott Public Works
433 North Virginia Street
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CITY OF PRESCOTT ARIZONA
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To: Impact Fee Ad-Hoc Committee

From: Joel Berman, P.E.
City of Prescott - Utility Manager JB

Date: May 2, 2013

Subject: Follow-Up to April 10, 2013 Meeting

Committee Member,

An invitation for an upcoming ad-hoc committee meeting will be sent out shortly. I anticipate having a representative from Elliot D. Pollack & Company available during the meeting to answer related to their work product.

During the April 10, 2013 meeting there were questions posed that required further input from the consultant. The questions stemmed from the Growth Projections and Land Use Assumptions prepared by Elliot D. Pollack & Company which is dated March 5, 2013. These questions and the responses from the consultant are shown below and in the attached.

<u>Question 1:</u> Page 4 table - The population divided by the housing permits equates to 1.6 persons per permit. However on page 2 it alludes to 2.14 persons per house and on page 4 is indicates 1.9 persons per unit. Why the discrepancy and what is the actual number that will be used in the study moving forward?

<u>Answer 1:</u> The numbers can be confusing and you must distinguish between households (people living together in a housing unit) and housing units. In 2010, there were 2.14 persons per <u>household</u> in Prescott. Households represent occupied housing units, so in 2010 there were 3,548 vacant units (22,159 housing units minus 18,611 households). Just for clarification, these vacant units could be a combination of the following:

- They could be owned by seasonal visitors who live in the area less than six months per year. Seasonal visitors are not counted in the permanent population of an area.
- They could be units that are temporarily vacant and for sale or rent.
- They could be vacant units that the owners abandoned, such as during the housing bust. The vacancy rate was 16% in 2010, slightly higher than in 2000 when the vacancy rate was 13.4%. This could be because of foreclosures or it could be affected by a high vacancy rate

in the apartment market as people left the area as employment levels declined due to the recession.

One of the factors we look at when analyzing Census data is the incremental change in population or housing that occurs over a ten year period. The reference to 1.9 persons per unit on page 4 of the Land Use Assumptions memo refers to the incremental change in population relative to households. For instance, the number of persons per household declined from 2.30 in 1990 to 2.14 in 2010. Therefore, over that 20 year period, the size of new households who moved to the City declined. There were 13,388 persons added to the population from 1990 to 2010 and 7,132 households added over the same 20 years. The result is an incremental change of 1.88 persons per household or rounded to 1.9 on page 4 of the memo.

In order to calculate the number of housing units that might be constructed in the City, a vacancy factor was added to the above calculation. The vacancy factor used in the analysis is 16% which might be high given the fact that the Census numbers were likely affected by the recession. However, using a historic vacancy factor of 13% or 14% does not materially affect the outcome of the forecast. If we used 14%, it would result in about 150 fewer units built through 2030.

Following is an expanded version of the table that was portrayed on page 2 of the memo. Under the housing unit category, you can see that the incremental change in persons added to the population from 1990 to 2010 for each new housing unit is 1.53. As noted in this question from the Committee, we are forecasting that 1.6 persons will be added to the City's population for each new housing unit constructed over the next 18 years. So our estimate is higher than the historic average, which we believe takes into account the fading impact of the recession.

City of Prescott Population Trends

	1980	1990	2000	2010	Change 1990-2010
Population	19,865	26,455	33,938	39,843	
Change in Population		6,590	7,483	5,905	13,388
CAGR		2.9%	2.5%	1.6%	2.3%
Housing Units		13,393	17,431	22,159	
Change in Housing Units			4,038	4,728	8,766
CAGR			2.7%	2.4%	
Persons/Housing Unit		1.98	1.95	1.80	
Incremental Persons/HU			1.85	1.25	1.53
Households		11,479	15,098	18,611	
Change in Households			3,619	3,513	7,132
Persons/Household		2.30	2.25	2.14	
Incremental Persons/Household			2.07	1.68	1.88
Occupancy Rate		85.7%	86.6%	84.0%	
Vacancy Rate		14.3%	13.4%	16.0%	

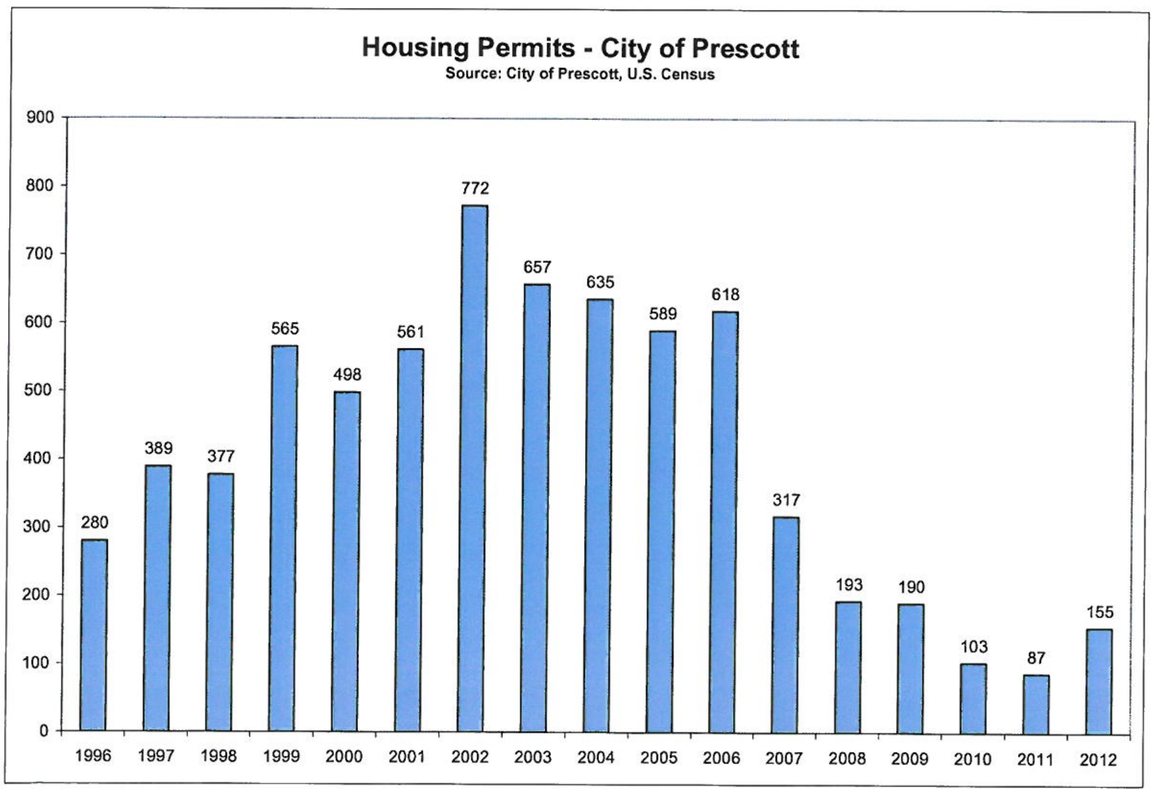
CAGR = Compounded annual growth rate

Source: U.S. Census

Question 2: Page 4 - Is it possible, or prudent, to include an occupancy rate in the evaluation. Example – From 2012 to 2030 the population will grow to 12,647 requiring 6,656 permits (assuming 1.9 persons per permit). However with the current surplus of housing the City will issue less than 6,656 permits. Is it important to factor in the true number of homes that will be built in the 2012-2030 timeframe?

Answer 2: This is a good question and something we considered in our forecast. For instance, the historic vacancy rate for housing in 1990 and 2000 was an average of 13.8% compared to 16.0% in 2010. That difference translates into an additional 490 vacant units in 2010 over what would normally be expected. However, the Census estimates are now three years old since the Census was officially taken in April 2010. Over those three years, we do not have data on how much Prescott has grown and how many of those vacant homes may have been absorbed by new residents. Therefore, to be conservative, we have chosen to ignore the additional 490 vacant units present in 2010 in our forecast of new units projected to serve the new population.

We add, however, that the trend in housing construction in Prescott may actually be exceeding our initial forecast. The following chart shows total housing permit activity for the City from City records and the U.S. Census Bureau. The Census Bureau is reporting a total of 155 permits for 2012 and that upward trend should continue. For the first two months of 2013, single family housing permits in Prescott have increased by 100% over the same two months of 2012. Total permits are up 67% for the first two months of 2013 compared to 2012. Our forecast suggests a total of 133 permits in 2013 which is less than the permit total for 2012. While there is still uncertainty in the economy and housing market, all data indicates that the housing construction industry is recovering and should continue on an upward trend.



Question 3: How do the jobs and land uses fold into the committee's decision making process and the impact fees as a whole?

Answer 3: Residential population and jobs or employees are units of service for Police, Fire and Street facilities in evaluating current and future service levels. Increased jobs are a component of the demand placed on current facilities. Different land uses types vary in terms of the number employees per square foot and service demands for new services or impact to facilities. They are a component of the overall driver of new facilities in addition to residential population growth.

Question 4: Page 4 - A concern exists with the mid-point growth forecast (between high and medium). Please provide information to further defend the forecast. The City needs an understanding of how the growth forecast affects the impact fees. What are the implications of moving ahead with a more conservative growth rate? What are the implications of moving ahead with more aggressive growth? Is it better to proceed cautiously?

Answer 4: I would only point out that, at least initially, the mid-point forecast between the high and the medium seems to be reasonable based on the housing permit activity that occurred in 2012.

An illustration was developed and is included in the attachment that addresses the implication of a more conservative growth rate and more aggressive growth rate.

Question 5: Can impact fees be structured with a built in increase? Example - Tiers over the five (5) year period.

Answer 5: Fees cannot be indexed. Previously, ARS 9-463.05 provided for an index tied to inflation that could be applied between detailed development impact fee updates, but this clause was removed by Senate Bill 1525.

Assumptions for Examples

- Construction of facility to serve growth
- Maintains existing service levels
- Facility cost at $2 million projected in 2015 dollars
  - Financing, 5% interest, 20 year term, 10% inflation
- Example development fee will be per ERU to fund example $2 million facility
- Single Family Residential Unit equals 1 Equivalent Residential Unit (ERU)at 1.88 persons per household

Illustrations of Impact of Growth and LUA

Scenario	Year Project Built	Project Cost	New Population to be served	Cost per Person	Person per HH	Impact Fee per ERU
Faster Growth	2015	$ 2,888,726	5,000	$578	1.88	$1,086
Base	2017	$ 3,209,706	5,000	$642	1.88	$1,207
Slower Growth	2019	$ 3,530,671	5,000	$706	1.88	$1,327

Other Considerations

- Infrastructure improvement plan (IIP) can be amended to delay or accelerate projects
- Population rate of increase does not effect the calculation of the impact fee
- If projects are constructed the following could be issues:
  - Overestimating population growth could risk the collection of fees for debt service, requiring other City funds to be used
  - Underestimating population growth could cause the City to not have the available funds to construct the facility

Example 1 – Faster Growth

- $1.8 million Facility will be constructed in FY2015 to service new population of 5,000
- Facility will need to be financed at 5% interest rate for 20 years
- Cost with financing is $2,888,726
- $2,888,726 million is then divided by 5,000 population to produce a "cost per person"
- Cost per person is $578 per person
- Cost of $578 per person is multiplied by 1.88 persons per household for fee per ERU
- Fee per ERU for this example is $1,086

Example 2 – Base Growth

- $2.0 million Facility will be constructed in FY2017 to service new population of 5,000
- Facility will need to be financed at 5% interest rate for 20 years
- Cost with financing is $3,209,706
- $3,209,706 million is then divided by 5,000 population to produce a "cost per person"
- Cost per person is $642 per person
- Cost of $642 per person is multiplied by 1.88 persons per household for fee per ERU
- Fee per ERU for this example is $1,207

Example 3 – Slower Growth

- $2.2 million Facility will be constructed in FY2019 to service new population of 5,000
- Facility will need to be financed at 5% interest rate for 20 years
- Cost with financing is $3,370,194
- $3,370,194 million is then divided by 5,000 population to produce a "cost per person"
- Cost per person is $706 per person
- Cost of $706 per person is multiplied by 1.88 persons per household for fee per ERU
- Fee per ERU for this example is $1,327

City of Prescott Public Works
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To: Impact Fee Ad-Hoc Committee

From: Joel Berman, P.E.
City of Prescott - Utilities Manager

Date: December 18, 2013

Subject: Infrastructure Improvement Plan (IIP) Comments

Impact Fee Ad-hoc Committee Member,

Several aspects were brought up during the December 4, 2013 ad-hoc committee meeting. Subsequent to that meeting City staff has had some time to review meeting notes and reflect. This memo is to capture these reflections and provide a response. In addition I have received correspondence with other pertinent questions that will be paraphrased and answered below.

- Allocation of project costs (growth vs non-growth)
  - Will the methodology make a distinction between properties that require additional capital spending and properties that do not?
    - Yes, the allocation of each project cost will be divided between growth (impact fees) and existing customers (utility rates or General Fund revenues). This allocation will be presented in the fee report. The component of the project necessary to serve existing customers will not be included in the impact fee.

- Applicability of Presented Projects
  - Are the projects presented in the IIP needed for growth?
    - The projects presented in the IIP are recommendations from various City Departments to ensure the level of service for current residents are not reduced as a result of development. These projects will “equalize” the impact with costs allocated appropriately between growth and existing customers.

- City-wide Service Areas
  - The Fire Department covers the entire City in a shifting process. Perhaps the City should think about changing their response model. What do other cities and towns do?

        - Other Cities and Towns across the Country utilize a model wherein individual stations support one-another similar to Prescott. Changing the Fire Department response model to facilitate impact fee methodology is a not within the scope of this project. Rather it is the opposite; the current response model (community expected service level) drives project needs which yield corresponding projects and impact fees.
        - Other Cities and Towns in Arizona are approaching this legislation with a City-wide approach when it comes to Police and Fire. Prescott is "geographically bunched" which supports the system-wide approach.
        - The development of Prescott is not in a grid configuration; therefore assigning rings/circles around Fire stations is not representative of the actual service areas. Example – a five (5) minute drive departing a fire station will not yield an equidistant radius away from that fire station due to road configuration which ultimately does not yield perfect rings/circles. Here in lies the challenge of a station by station service area approach since it does not match how the service is provided.
        - Initially, a service area (ring/circle) approach was examined but it created gaps in areas of Prescott. Some areas would not fit into an impact fee service area but would receive the same service and therefore was dismissed as it did not match the service provided.

- Service Units
    - Are the public facilities that must be provided in order to adequately service the citizens figured at a per capita number?
        - The legislation requires a service unit which is defined through the City's draft IIP as an Equivalent Development Unit (EDU). An EDU is based on the residential demand unit and incorporates per capita information.

- Methodology
    - Page 10 outlines four (4) methodologies for calculating impact fees. Which methodology is being utilized for each service area?
        - Water and wastewater utility fee use the hybrid approach. Streets use the incremental approach for the future facility and buy-in approach for the two constructed facilities. Fire and Police use the hybrid approach.
    - Is it possible to use different approaches for different areas (i.e., Police, Fire, Utilities, and Streets) or do you have to stay with one approach?
        - The legislation allows the utilization of the different approaches for different areas. The draft Infrastructure Improvement Plan (IIP) utilizes the approach that provides the best tie to the service being provided to new development. For example, an incremental approach does not make sense for Police as we are expanding an existing facility and once expanded the facility will serve the community for a number of years.
    - Will the various methodologies produce different results with some results being more accurate than others? Will the different methodologies over estimate or under estimate?

    - Different methodologies or approaches may produce different results. Again the draft Infrastructure Improvement Plan (IIP) utilizes the approach that provides the best tie to the service being provided to new development based on the facilities serving development. There is risk with both underestimating and overestimating fees and therefore the driver for selecting the methodology is the one that provides the best tie to the service being provided to new development. The City has selected the methodology that limits the risk.
  - Can the impact fees be refined for vacant infill lots to attract developers to these sites?
    - There is nothing in the legislation that allows a reduction of fees for "tough build" lots. In the end an EDU is an EDU, they place the same demand on the system.

The City is soliciting questions in order to develop recommendations for Council consideration. If I have inadvertently missed a concern please voice it now. I do not want to skip over anyone's concerns.

The preliminary fee analysis will be provided to the ad-hoc committee in early January. The next meeting to further the IIP discussion and present preliminary fee analysis is tentatively scheduled for January 8, 2014 at the <u>Public Works Office (433 North Virginia)</u>. The culmination of this meeting is to prepare ad-hoc recommendations for council consideration during the January 14, 2014 public hearing.

CC:

- Mark Nietupski
- Mark Woodfill
- Scott Tkach
- Cory Mosher
- Andy Reinhardt
- Andrew Rheem

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433 North Virginia Street
Prescott, AZ 86301
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CITY OF PRESCOTT ARIZONA
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To: Impact Fee Ad-Hoc Committee

From: Joel Berman - Utilities Manager
Mark Woodfill - Finance Director

Date: January 6, 2014

Subject: Infrastructure Improvement Plan (IIP) and Land Use Assumption (LUA) Comments

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Impact Fee Ad-hoc Committee Member,

City staff is ready to formalize a set of specific "ad-hoc recommendations" for council consideration. Leading up to these recommendations the City has engaged in verbal and written dialogues with the committee. This memo is a continuation of the dialogue to addresses the most recent questions that have been received. All components of this study and ensuing dialogue represent material that is consistent with the professional standards and care required by the legislation, including quantification and allocation of fees.

Questions received are in **bold** text and responses are in *italic* text.

- **I really feel this study is missing some important components with police and fire. It has long been the thought that impact fees reduce pressures on local residents to raise taxes and fees. Impact fees have always been the tool to use without any forward thinking of new ideas. It has always been an easy option.**
    - *Understood. The direction of the City Council and the intent of this study is to evaluate impact fees per the legislation and make recommendations to council. The committee recommendations can certainly include the "forward thinking" (e.g., outside the box) comment as a recommendation to council to examine other viable funding sources.*

- **Growth should pay for growth in developments where new infrastructure is needed and required. However, to put police and fire expansion on new growth only is not fair, equitable or the right thing to do.**
    - *New growth must pay its equitable share. That being said the project cost for all projects in the IIP will be justifiably allocated between new growth (impact fees) and existing customers (taxes, rates). The allocation will be presented with the preliminary fee analysis.*

- **There needs to be an expansion approach to allocate these requested police and fire facilities to both residential and commercial – there has to be some sort of demand indicator and I do not know what it should be.**
    - *I am sorry that this has not been completely explained but the legislation requires impact fees to be assessed to all users (i.e., residential, commercial, industrial). A demand indicator (i.e., service unit) for police and fire facilities for Prescott's study, as required by the legislation, are projected population and employees converted to an Equivalent Development Unit (EDU). One (1) EDU represents the average demand for services generated by a single family home or dwelling unit. This single family home is the baseline for the EDU. Commercial or industrial users are assessed per 1,000 square feet and will yield an EDU that reflects the ratio of estimated employees per 1,000 square feet to the residential EDU persons per housing unit. Fees for industrial and commercial uses will be scaled up or down from the baseline EDU (i.e., in excess or below a single family residential EDU).*

- **Maybe the fees are calculated on a per capita basis and then converted over to the individual homeowners and business owners. Yes, this is going to be a tax. Is there a methodology that could look at this?**
    - *This is essentially what the study does by calculating the cost per service unit. Police and fire utilize both residents and employees as to formulate an EDU since these two groups are what drive the demand for service. Utilities utilize water and wastewater flows as an EDU. Streets utilize vehicular trips to generate an EDU. In the end the EDU's are scaled to match the corresponding demand for services placed in the system by the user (residential, commercial, and industrial). Development of formal tax alternatives is not a scope element of this study.*

- **I did tour the police station and I see there is a need and that the current facility is at capacity and with the two different locations there is down-time and loss of resources. How do we know that growth has caused this capacity – what are the population figures for growth and the impact fees that have been collected over the past several years for police and fire and the number of employees during these time frames?**
    - *Current residents and employees reflect previous growth assessed impact fees in place at the time. The past collection of impact fees in relation to past growth is not considered in the legislation for updating impact fees. The allocated portion of future facilities benefiting current residents and employees will be funded from other non-development impact fee sources.*

- **There is a pro rata share for new growth, but there is also a pro rata share for the existing homeowners and I feel strongly that this needs to be looked at with police and fire. How do we accomplish that?**
    - *This is being accomplished by allocating the cost of the project benefiting current and projected population and employees. This will be defined in the preliminary fee analysis.*

- **Do we have an established level of service that is required to meet the demands and satisfy our citizens?**
    - *Yes, service levels are included in the IIP as required by the legislation.*

- **If police and fire are planning to increase their levels of service and the draft study is just looking at impact fees to do this I feel we need to look at our own general fund and utilize other sources to be a partner in the expansion rather than total impact fees to meet the "new demand".**
    - *Police and Fire are seeking, at a minimum, to maintain the existing level of service. However as a result of the projects the police and fire level of services are anticipated to increase. This increased level of service for current residents and employees will be funded by other sources of revenue (rates, taxes) and not impact fees. Existing needs will not be funded with future growth. Rather, the project costs will be justifiably allocated between new growth (impact fees) and existing customers (taxes, rates). The preliminary fee analysis and resulting impact fees will reflect this allocation.*

The next meeting to further the IIP discussion and present preliminary fee analysis is scheduled for January 8, 2014 at the Public Works Office (433 North Virginia). The culmination of this meeting is to prepare ad-hoc recommendations for council consideration during the January 14, 2014 public hearing.

CC:

- Mark Nietupski
- Mark Woodfill
- Andrew Rheem

Development Impact Fee Study

Mandated by ARS 9-463.05

Preliminary Development Impact Fees Report and Associated Infrastructure Improvements Plan

February 18, 2014

Discussion Topics

- Project Overview and Status
- Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) Summary
- Preliminary Fees and Considerations
- Next steps
- Discussion

Development Impact Fees

- A one-time charge paid when building permits are issued
- Used to fund infrastructure needed to serve new development

- Other funding sources for capital improvements
  - General Fund, debt (if funding is available)
  - Utility rates, debt (if funding is available)

Status

November 15, 2013	Publication of Draft IIP and LUA Report
January 14, 2014	LUA and IIP Public Hearing
February 18, 2014	Presented Fee Report, Provided Notice of Intent for Fee Report and Set Date for Fee Report Public Hearing
February 25, 2014	Final IIP and LUA Considered by City Council
February 28, 2014	Fee Report Published
April 1, 2014	Fee Report Public Hearing
May 13, 2014	City Council Consider Adopting Fees
August 1, 2014	Fees Effective

Ad Hoc Committee

- Committee meetings
  - Overview and purpose – March 28, 2013
  - Growth projections and land use assumptions – April 10 and May 5, 2013
  - Present and discuss draft IIP and LUA – November 13 and December 4, 2013
  - Follow up discussion – January 8, 2014

Land Use Assumptions

- Identify LUAs and growth for at least 10 years
  - Current and future service units
  - Projected growth needing non-utility and utility services
- Identify the demand for necessary public services driven by growth

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Residential Land Use Assumptions

Description	Fiscal Year 2012	Fiscal Year 2022	Cumulative Increase
Population (residents)	39,865	47,136	7,271
Housing Units			
Single-Family Residential	18,353	22,065	3,712
Multi-Family Residential	4,166	5,010	844
Total	22,519	27,075	4,556
Persons per Housing Unit (rounded)			1.6

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Non-Residential Land Use Assumptions

Description	Fiscal Year 2012	Fiscal Year 2022	Cumulative Increase
Employment (employees)	25,782	33,013	7,231 (1)
Square Feet			
Retail	2,804,949	2,921,285	116,336
Industrial	1,729,587	2,214,787	485,200
Office	1,016,618	1,241,399	224,781
Hotel / Motel	139,458	169,912	30,454
Total	5,690,612	6,547,383	856,771

(1) New Employees residing within the region

Infrastructure Improvements Plan

- Identifies facilities eligible for cost recovery from development impact fees
  - Demand for services by new system users
  - Current facilities with capacity to serve existing and future development
  - Future facilities (cost) and facility capacity expansions serving new development
- Fees for non-residential development are structured on the basis of Equivalent Dwelling Units (EDUs)
- Many projects will have non-growth components; revenue sources other than development fees must be taken into account

Service Area

- Each service is evaluated for eligible facilities by fee category
- Facilities benefiting
  - System-wide or development throughout entire system
  - Smaller service area within system
- Development impact fees may fund facilities within service areas
  - System-wide fee may be spent on eligible facilities throughout the system
  - Specific area fees may be spent on eligible facilities within service area

Components of Public Safety and Street Fees

1. Total costs
   a) Current facility value based on replacement cost of eligible assets
   b) Future IIP eligible growth-related capital project costs
   c) Add interest on future growth-related debt issues
   d) Reduce for debt service repaid by tax-based revenues
2. Divide by Service Units
3. Total Cost per Service Unit
4. Apply Service Units (people) to calculate Fees

Fire and EMS IIP Projects

Project	Total	Portion to Future Development		Portion to Current Development	
Fire Station 76	$1,320,000	10.0%	$132,000	90.0%	$1,188,000
Fire Station 77	2,450,000	75.0%	1,837,500	25.0%	612,500
Fire Station 78	2,550,000	85.0%	2,167,500	15.0%	382,500
Total	$6,320,000		$4,137,000		$2,183,000

Preliminary Fire and EMS Fees

Category	Persons per Housing Unit	Employees per 1,000 Square Feet	Cost per Service Unit	Calculated Fee	Assessment
Single-Family Residential	1.60		$199.58	$319.33	Housing Unit
Multi-Family Residential	1.60		199.58	319.33	Housing Unit
Retail		1.82	199.58	363.53	1,000 square feet
Industrial		1.28	199.58	255.54	1,000 square feet
Office		3.60	199.58	717.91	1,000 square feet
Hotel / Motel		1.09	199.58	217.64	1,000 square feet

Police IIP Projects

Project	Total	Portion to Future Development		Portion to Current Development	
Police Station Expansion	$3,402,342	50.4%	$1,715,964	49.6%	$1,686,378
Police Station Remodel	45,000	0.0%	0	100.0%	45,000
Shooting Range Equipment	238,540	0.0%	0	100.0%	238,540
Total	$3,685,882		$1,715,964		$1,969,918

Preliminary Police Fees

Category	Persons per Housing Unit	Employees per 1,000 Square Feet	Cost per Service Unit	Calculated Fee	Assessment
Single-Family Residential	1.60		$71.11	$113.78	Housing Unit
Multi-Family Residential	1.60		71.11	113.78	Housing Unit
Retail		1.82	71.11	129.53	1,000 square feet
Industrial		1.28	71.11	91.06	1,000 square feet
Office		3.60	71.11	255.81	1,000 square feet
Hotel / Motel		1.09	71.11	77.55	1,000 square feet

Fire and EMS and Police Fee Considerations

- Funding of IIP projects
  - General Fund insufficient to support the initial capital and recurring operating costs
- Potential for refund if project is not constructed within 10 years
- Collection of fees may be deferred to a date certain until sufficient funding is available

IIP – Street Facilities

- Sundog Connector Roundabout (City portion) - $1.3M replacement cost completed in 2009
- SR89 (Granite Dells Parkway Interchange) - $21.1M replacement cost completed in 2011
  - Less $1.5M contribution
  - Less $16.0M in outstanding debt
- SR89 Side Road Connector Roundabout - $3.0M to be completed in FY 2015

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Preliminary Street Fee

Description	Adjusted Trip Ends	Cost per Trip	Fee	Assessment	TMZ
SR89 (Granite Dells Parkway Interchange)					
Single-Family Residential	4.76	$ 45.62	$ 217.15	Housing Unit	1
Multi-Family Residential	3.30	45.62	150.32	Housing Unit	1
Specialty Retail	22.16	45.62	1,010.93	1,000 Square Feet	1
Medical Office	18.07	45.62	824.11	1,000 Square Feet	1
Business Park	6.22	45.62	283.75	1,000 Square Feet	1
Industrial Park	3.42	45.62	155.79	1,000 Square Feet	1
General Light Industrial	3.49	45.62	158.98	1,000 Square Feet	1
SR89 Side Road Connector Roundabout					
Specialty Retail	22.16	75.18	1,665.92	1,000 Square Feet	2
Sundog Connector Storm Ranch DA Roundabout City Portion					
Single Family Residential	4.76	29.49	140.37	Housing Unit	3
Specialty Retail	22.16	29.49	653.50	1,000 Square Feet	3

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Street Fee Considerations

Restrictive requirements / potential for refunds

- Reimbursement of Streets Fund for debt incurred from previous improvements not allowed
- Granite Dells Parkway Interchange debt service paid by dedicated sales tax revenues
- Absence of growth related projects within service areas
- No additional capacity improvements programmed in 5-year CIP

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Utility Fee Components

1. Total costs
   a) Current facility value based on replacement cost of eligible assets
   b) Future facility value based on eligible growth-related capital project costs
   c) Add interest on future growth-related debt issues
   d) Reduce for existing debt repaid by utility rates
2. Divide by Service Units (Gallon per day capacity)
3. Total Cost per Service Unit
4. Apply Service Units to Fee for each Service Area

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Water System IIP Projects Through Fiscal Year 2019

Water Service Area	IIP Total by Area	Growth Component (Fees)	Non-Growth Component (Rates)
A	$ 7,899,776	$ 2,848,300	$ 5,051,476
B	22,179,800	11,089,900	11,089,900
C	3,242,400	972,720	2,269,680
D	2,881,000	2,881,000	0
E	755,000	377,500	377,500
F	8,633,704	5,180,222	3,453,482
G	4,642,200	1,856,880	2,785,320
H	5,346,865	1,604,060	3,742,806
I	0	0	0
J	931,747	279,524	652,223
Total	$ 56,512,492	$ 27,090,106	$ 29,422,386

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Preliminary Water System Fee

Water Service Area	Service Area Fee (5/8" x 3/4")	Total Fee (5/8" x 3/4") By Service Area	Areas Included
A	$808	$808	A
B	1,449	2,257	A+B
C	126	2,383	A+B+C
D	69	2,326	A+B+D
E	18	4,565	A+B+C+I+J+E
F	345	2,728	A+B+C+F
G	430	3,839	A+B+C+I+G
H	1,135	3,518	A+B+C+H
I	1,026	3,409	A+B+C+I
J	1,139	4,548	A+B+C+I+J

Total Costs Eligible for Recovery From Water Resource Fee

Big Chino Water Ranch Project	
Original Property Acquisition Cost (City Portion)	$12,413,455
Non-Growth Related Debt Principal Offset	(2,082,000)
Current and Future Debt Interest NPV Cost	3,643,740
Total Buy-In Amount	**13,975,195**

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Wastewater System IIP Projects Through Fiscal Year 2019

Wastewater Service Area	IIP Total by Area	Growth Component (Fees)	Non-Growth Component (Rates)
A	$ 4,007,602	$ 2,003,801	$ 2,003,801
B	13,135,913	5,254,365	7,881,548
C	2,773,975	2,773,975	0
D	0	0	0
E	0	0	0
F	490,000	245,000	245,000
G	448,712	89,742	358,970
H	1,105,757	331,727	774,030
I	26,969,401	18,878,580	8,090,820
Total	$ 48,931,359	$ 29,577,191	$ 19,354,168

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Preliminary Wastewater System Fee

Wastewater Service Area	Service Area Fee (5/8" x 3/4")	Total Fee (5/8" x 3/4") By Service Area	Areas Included
A	$193	$193	A
B	3,132	3,325	A+B
C	168	2,156	A+C+I
D	67	2,055	A+D+I
E	0	3,325	A+B+E
F	94	3,419	A+B+F
G	238	3,562	A+B+G
H	37	3,361	A+B+H
I	1,796	1,989	A+I

Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 1: Current Single Family Residential versus Proposed Fees - 5/8" x 3/4" Meter				
South Prescott Fee Scenario				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$589	~~$114~~	-$475	
Fire	$525	~~$319~~	-$206	
Water	$5,389	$4,565	-$824	
Wastewater**	$1,800	$3,562	$1,762	
Water Resource	$4,945	$1,481	-$3,464	
Streets	$469	~~$0~~	-$469	
Total	**$13,717**	**$10,041**	**-$3,676**	Reduction
Revised Total		**$9,608**	**-$4,109**	Reduction
North Prescott Fee Scenario				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$589	~~$114~~	-$475	
Fire	$525	~~$319~~	-$206	
Water	$5,389	$2,257	-$3,132	
Wastewater**	$1,800	$1,989	$189	
Water Resource	$4,945	$1,481	-$3,464	
Streets	$469	~~$0~~	-$469	
Total	**$13,717**	**$6,160**	**-$7,557**	Reduction
Revised Total		**$5,727**	**-$7,990**	Reduction
Airport Area Fee Scenario				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$589	~~$114~~	-$475	
Fire	$525	~~$319~~	-$206	
Water	$5,389	$2,326	-$3,063	
Wastewater**	$1,800	$2,156	$356	
Water Resource	$4,945	$1,481	-$3,464	
Streets	$469	~~$217~~	-$252	
Total	**$13,717**	**$6,613**	**-$7,104**	Reduction
Revised Total		**$5,963**	**-$7,754**	Reduction

**Current wastewater fee assumes approximately 32 fixture units and $56 fee per fixture unit.

Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 2: Current 10,000 sf Medical Office versus Proposed Fees - 2" Meter -10,000 sf

East Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$2,558~~	$2,558	
Fire	$0	~~$7,179~~	$7,179	
Water	$28,723	$14,542	-$14,181	
Wastewater**	$1,200	$18,233	$17,033	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$50,406**	**-$5,873**	Reduction
Revised Total		**$40,669**	**-$15,610**	Reduction

North Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$2,558~~	$2,558	
Fire	$0	~~$7,179~~	$7,179	
Water	$28,723	$12,030	-$16,693	
Wastewater**	$1,200	$10,600	$9,400	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$40,261**	**-$16,017**	Reduction
Revised Total		**$30,524**	**-$25,755**	Reduction

Airport Area Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$2,558~~	$2,558	
Fire	$0	~~$7,179~~	$7,179	
Water	$28,723	$12,398	-$16,325	
Wastewater**	$1,200	$11,494	$10,294	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$8,241~~	$8,241	
Total	**$56,279**	**$49,764**	**-$6,514**	Reduction
Revised Total		**$31,786**	**-$24,493**	Reduction

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 3: Current 250,000 sf Retail versus Proposed Fees - 3" Meter - 250,000 sf

East Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$32,383~~	$32,383	
Fire	$0	~~$90,883~~	$90,883	
Water	$77,602	$27,283	-$50,319	
Wastewater**	$1,200	$34,190	$32,990	
Water Resource	$71,208	$14,810	-$56,398	
Streets	$0	~~$0~~	$0	
Total	**$150,010**	**$199,548**	**$49,538**	Increase
Revised Total		**$76,283**	**-$73,727**	Reduction

North Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$32,383~~	$32,383	
Fire	$0	~~$90,883~~	$90,883	
Water	$77,602	$22,570	-$55,032	
Wastewater**	$1,200	$19,887	$18,687	
Water Resource	$71,208	$14,810	-$56,398	
Streets	$0	~~$0~~	$0	
Total	**$150,010**	**$180,533**	**$30,523**	Increase
Revised Total		**$57,267**	**-$92,743**	Reduction

Airport Area Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$32,383~~	$32,383	
Fire	$0	~~$90,883~~	$90,883	
Water	$77,602	$23,261	-$54,341	
Wastewater**	$1,200	$21,564	$20,364	
Water Resource	$71,208	$14,810	-$56,398	
Streets	$0	~~$252,733~~	$252,733	
Total	**$150,010**	**$435,633**	**$285,623**	Increase
Revised Total		**$59,635**	**-$90,375**	Reduction

*Development fee = fee for (5/8 x 3/4") meter x (applicant's projected gallons per day [GPD] water use/residential equivalent unit water use of 235 GPD).

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 4: Current 40,000 sf Retail versus Proposed Fees - 2" Meter - 40,000 sf				
East Prescott Fee Scenario				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$0	~~$5,181~~	$5,181	
Fire	$0	~~$14,541~~	$14,541	
Water	$28,723	$14,542	-$14,181	
Wastewater**	$1,200	$18,233	$17,033	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$60,391**	**$4,112**	Increase
Revised Total		**$40,669**	**-$15,610**	Reduction
North Prescott Fee Scenario - Airpark				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$0	~~$5,181~~	$5,181	
Fire	$0	~~$14,541~~	$14,541	
Water	$28,723	$12,030	-$16,693	
Wastewater**	$1,200	$10,600	$9,400	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$50,246**	**-$6,033**	Reduction
Revised Total		**$30,524**	**-$25,755**	Reduction
Airport Area Fee Scenario - South of SR89A				
Fee Area	**Current Impact Fee**	**Preliminary Impact Fee**	**Difference**	
Police	$0	~~$5,181~~	$5,181	
Fire	$0	~~$14,541~~	$14,541	
Water	$28,723	$12,398	-$16,325	
Wastewater**	$1,200	$11,494	$10,294	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$40,437~~	$40,437	
Total	**$56,279**	**$91,945**	**$35,666**	Increase
Revised Total		**$31,786**	**-$24,493**	Reduction

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 5: Current 40,000 sf Industrial versus Proposed Fees - 2" Meter - 40,000 sf

East Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$3,642~~	$3,642	
Fire	$0	~~$10,222~~	$10,222	
Water	$28,723	$14,542	-$14,181	
Wastewater**	$1,200	$18,233	$17,033	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$54,533**	**-$1,746**	Reduction
Revised Total		**$40,669**	**-$15,610**	Reduction

North Prescott Fee Scenario - Airpark

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$3,642~~	$3,642	
Fire	$0	~~$10,222~~	$10,222	
Water	$28,723	$12,030	-$16,693	
Wastewater**	$1,200	$10,600	$9,400	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$44,388**	**-$11,891**	Reduction
Revised Total		**$30,524**	**-$25,755**	Reduction

Airport Area Fee Scenario - South of SR89A

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$3,642~~	$3,642	
Fire	$0	~~$10,222~~	$10,222	
Water	$28,723	$12,398	-$16,325	
Wastewater**	$1,200	$11,494	$10,294	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$6,359~~	$6,359	
Total	**$56,279**	**$52,009**	**-$4,270**	Reduction
Revised Total		**$31,786**	**-$24,493**	Reduction

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 6: Current 100,000 sf Retail versus Proposed Fees - 2" Meter - 100,000 sf

East Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$12,953~~	$12,953	
Fire	$0	~~$36,353~~	$36,353	
Water	$28,723	$14,542	-$14,181	
Wastewater**	$1,200	$18,233	$17,033	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$89,975**	**$33,696**	Increase
Revised Total		**$40,669**	**-$15,610**	Reduction

North Prescott Fee Scenario - Airpark

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$12,953~~	$12,953	
Fire	$0	~~$36,353~~	$36,353	
Water	$28,723	$12,030	-$16,693	
Wastewater**	$1,200	$10,600	$9,400	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$79,830**	**$23,551**	Increase
Revised Total		**$30,524**	**-$25,755**	Reduction

Airport Area Fee Scenario - South of SR89A

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$12,953~~	$12,953	
Fire	$0	~~$36,353~~	$36,353	
Water	$28,723	$12,398	-$16,325	
Wastewater**	$1,200	$11,494	$10,294	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$40,437~~	$40,437	
Total	**$56,279**	**$121,529**	**$65,250**	Increase
Revised Total		**$31,786**	**-$24,493**	Reduction

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Preliminary Impact Fee Examples
Police, Fire, and Streets Impact Fees Not Recommended

Scenario 7: Current 100,000 sf Industrial versus Proposed Fees - 2" Meter - 100,000 sf

East Prescott Fee Scenario

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$9,105~~	$9,105	
Fire	$0	~~$25,555~~	$25,555	
Water	$28,723	$14,542	-$14,181	
Wastewater**	$1,200	$18,233	$17,033	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$75,329**	**$19,050**	Increase
Revised Total		**$40,669**	**-$15,610**	Reduction

North Prescott Fee Scenario - Airpark

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$9,105~~	$9,105	
Fire	$0	~~$25,555~~	$25,555	
Water	$28,723	$12,030	-$16,693	
Wastewater**	$1,200	$10,600	$9,400	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$0~~	$0	
Total	**$56,279**	**$65,184**	**$8,905**	Increase
Revised Total		**$30,524**	**-$25,755**	Reduction

Airport Area Fee Scenario - South of SR89A

Fee Area	Current Impact Fee	Preliminary Impact Fee	Difference	
Police	$0	~~$9,105~~	$9,105	
Fire	$0	~~$25,555~~	$25,555	
Water	$28,723	$12,398	-$16,325	
Wastewater**	$1,200	$11,494	$10,294	
Water Resource	$26,355	$7,894	-$18,461	
Streets	$0	~~$15,898~~	$15,898	
Total	**$56,279**	**$82,344**	**$26,065**	Increase
Revised Total		**$31,786**	**-$24,493**	Reduction

**Wastewater fee assumes approximately 21 fixture units and $56 fee per fixture unit.

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Next Steps

February 18, 2014	Present Fee Report, Provide Notice of Intent for Fee Report and Set Date for Fee Report Public Hearing
February 25, 2014	Final IIP and LUA Considered by City Council
February 28, 2014	Fee Report Published
April 1, 2014	Fee Report Public Hearing
May 13, 2014	City Council Consider Adopting Fees
August 1, 2014	Fees Effective

Discussion

CITY OF PRESCOTT
Everybody's Hometown

IIP – Sewer System

- 9 Service Areas
  - System-wide
  - Treatment plant driven
  - Additional facilities serving specific service areas
- Service level based on 144 gallons per day per EDU
- Current treatment capacity limitation
  - Sundog – 3.0 MGD
  - Airport – 1.2 MGD
- On-going treatment capacity expansion
  - Airport – 2.55 MGD treatment capacity once expanded
- Combined total capacity of 6.75 MGD

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IIP – Water Resource

- Big Chino Water Ranch Project
  - 1 Service area
- Service level based on 413 gallon peak day demand per EDU
  - 4,365 acre-feet or 3.9 MGD capacity
  - Additional capital improvements after FY 2019
- Fee recovers proportional capacity of 2004 acquisition and outstanding debt