CITY OF PRESCOTT
Everybody's Hometown

AGENDA

PRESCOTT CITY COUNCIL
WORKSHOP
Tuesday, October 6, 2015
3:00 PM

Council Chambers
201 South Cortez Street
Prescott, Arizona 86303
(928) 777-1100

The following Agenda will be considered by the Prescott City Council at its **Workshop 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**
- **INTRODUCTIONS**
- **INVOCATION** — Pastor Jay Wilcher, First Congregational Church
- **PLEDGE OF ALLEGIANCE** — Councilman Lazzell
- **ROLL CALL**

MAYOR AND CITY COUNCIL

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

- **ANNOUNCEMENTS**
- **PROCLAMATIONS**

A. Proclaiming October 23 - 31, 2015, as Red Ribbon Week
B. Proclaiming October 2015, as Crime Prevention Month
C. Proclaiming October 2015, as GMO Awareness Month

- **PRESENTATIONS**

A. Chamber of Commerce - Introduction of new businesses

B. Courthouse Lighting Fundraising, presented by Tommy Meredith and

Gary Edelbrock; additional comments from Dave Maurer

C. Presentation by John Allen regarding feeding wildlife

I. DISCUSSION ITEMS

A. Presentation re City Fiscal Year 2016 General Fund Mid-Year Budget Adjustments

B. Public Hearing for Deep Well Ranches South annexation, master plan amendment and rezoning, ANX15-002, MP15-001, and RZ15-005. City-initiated applications including all or portions of APN 106-04-001D, an area of approximately 321 acres [Owner: James Deep Well Ranches #1]

C. Public Hearing for Deep Well Ranches North annexation, master plan amendment and rezoning, ANX15-001, MP15-001 and RZ15-004. City-initiated applications including all or portions of APNs 102-02-004A, 102-02-004B, 102-03-008, 102-03-008A, 102-04-001A, 102-04-001B, 102-01-002A, 102-01-002B, and 102-01-213Q, an area approximately 1,304 acres [Owners: James Deep Well Ranches #1, Brooke and City of Prescott]

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

COUNCIL AGENDA MEMO – October 6, 2015

DEPARTMENT: City Manager	
AGENDA ITEM: Presentation re City Fiscal Year 2016 General Fund Mid-Year Budget Adjustments	

Approved By:	**Date:**
Finance Director: Mark Woodfill	
City Manager: Craig McConnell	

Item Summary

The purpose of the presentation is to identify possible adjustments to the adopted Fiscal Year 2016 budget for consideration, proposed to become effective January 1, 2016, which in combination will provide a net $1.2 million recurring annual benefit to the General Fund through expenditure reductions and revenue enhancements.

Process for Budget Adjustments in Fiscal Years 2016 and 2017

09/01/15	Executive Session Liability Aspects of Service Level Reductions
09/08/15	Budget Reductions - Background and Approach
10/06/15	Presentations by General Fund Department Heads - Reductions in Expenditures, Revenue Enhancements, and Impacts to Services
10/20/15	Discussion of Budget Adjustments
November	PSPRS to Release Updated Actuarial Costs for Fiscal Year 2017
11/03/15	Discussion of Budget Adjustments (continued)
11/10/15	Discussion/Direction re Budget Adjustments
01/01/16	Fiscal Year 2016 Mid-Year Budget Adjustments Effective
January 2016	Fiscal Year 2017 Budget Process Begins – Additional Expenditure Reductions Required; Employee Classification, Compensation and Pay Plans to be Addressed
June 2016	Adoption of Fiscal Year 2017 Budget

Recommended Action: Presentation and discussion only – no formal Council action.

City of Prescott Fiscal Year 2016
General Fund Budget
Mid-Year Adjustments

October 6, 2015

CITY OF PRESCOTT
ARIZONA
Everybody's Hometown

Purpose of Today's Presentation

To present possible adjustments to the adopted FY 16 budget for consideration, proposed to become effective January 1, 2016, which in combination will provide a $1.2 million recurring annual benefit to the General Fund through expenditure reductions and revenue enhancements.

Additional reductions/revenue enhancements will be required for FY 17, and in each subsequent fiscal year, in order to pay the City's unfunded Public Safety Personnel Retirement System (PSPRS) obligation, and remain current with future pension costs.

Process for Budget Adjustments in Fiscal Years 2016 and 2017

09/01/15	Executive Session Liability Aspects of Service Level Reductions
09/08/15	Budget Reductions - Background and Approach
10/06/15	**Presentations by General Fund Department Heads - Reductions in Expenditures, Revenue Enhancements, and Impacts to Services**
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City Funds – Purposes and Restrictions

Expenditures from these Funds are **Restricted** by Purpose

Cannot be used to provide General Fund services

General Fund

FY 16 Budget
$33.9 million

- Police
- Fire
- Recreation Services
- Library
- Community Development
- General Government

Streets & Open Space Fund

FY 16 Budget
$32.2 million

- 1% Restricted Privilege Tax decreases to 0.75% January 1, 2016
- Can ONLY be used for Streets and purchase of Open Space
- Restricted to Streets maintenance and improvements after January 1, 2016

Enterprise Funds

FY 16 Budget
$67.3 million

- Each of these funds can only be used to provide services in direct relation to the fees charged
- Water
- Sewer
- Solid Waste
- Golf Course
- Airport

Other Restricted Funds

FY 16 Budget
$15 million

- Transient Occupancy (Bed) Tax
- Development Impact Fees (DIF)
- Grants, Trust, Debt Service
- Internal Service Funds (Facilities and Fleet Maintenance, Liability and Workers' Compensation Insurance, Engineering)

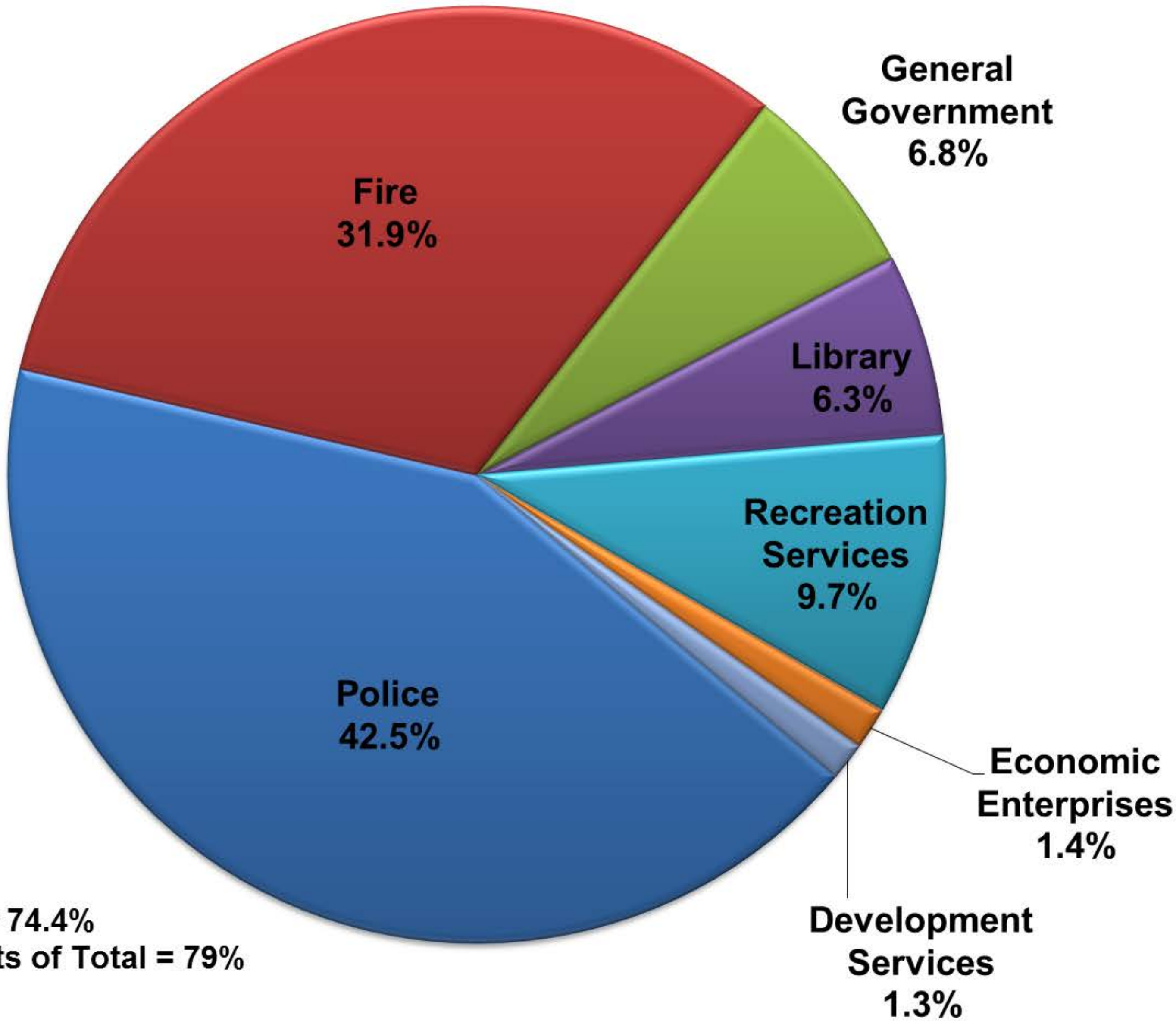
General Fund

Operating Expenditures by Department

Less Internal Cost Recoveries

	FY15 Budget	FY16 Budget	% Change
City Council	$ 48,275	$ 40,761	-15.6%
City Clerk	114,402	135,864	18.8%
City Court	581,411	600,161	3.2%
City Manager (HR, IT, Pub Comm)	237,847	185,348	-22.1%
Legal Department	373,802	329,225	-11.9%
Field and Facilities (Rodeo, Pkg Gar)	102,946	105,386	2.4%
Economic Initiatives (ED,Spec Events)	651,071	473,107	-27.3%
Finance Department	414,125	393,421	-5.0%
Development Services	1,197,172	1,118,073	-6.6%
Recreation Services	3,004,214	3,104,676	3.3%
Library	2,316,955	2,360,794	1.9%
Police Department	12,233,934	12,166,621	-0.6%
Regional Communications	1,431,978	1,279,864	-10.6%
Fire Department	8,910,570	9,186,340	3.1%
Total General Fund Operating	**$ 31,618,702**	**$ 31,479,641**	-0.4%

FY 16 General Fund Operating Expenditures
Net of Program Revenues and Cost Recovery



Public Safety = 74.4%
Personnel Costs of Total = 79%

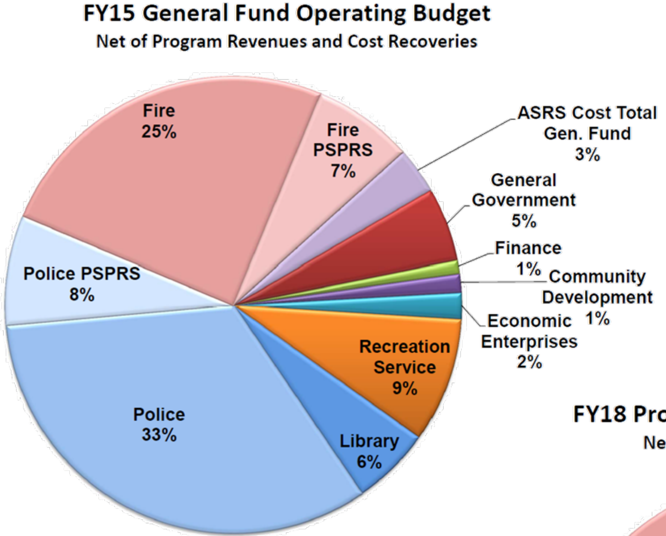
General Fund Cost-Recovered Departments

	Net % of Cost in General Fund after Cost Recovery from Other Funds
Mayor and Council	26%
City Clerk	26%
Legal	26%
Finance	26%
City Manager	26%
Human Resources	60%
Information Technology	74%
Regional Communications Center	50%

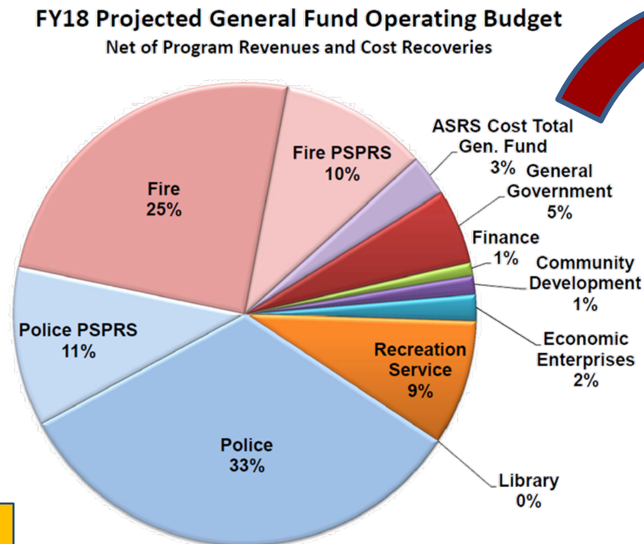
General Fund – Fund Balance and Reserves

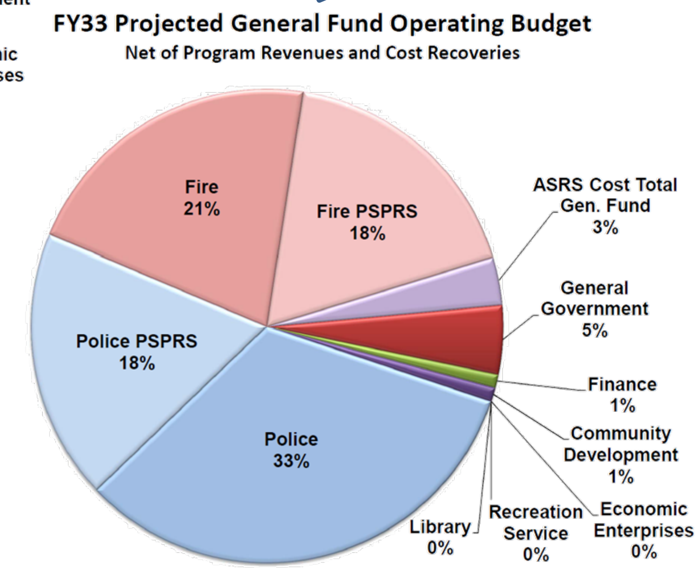
	FY15 Budget	FY16 Budget
Fund Balance Reserve Policy (based on Operating Revenue)		
10% Reserve for unanticipated expenditures and revenue shortfalls	$ 3,245,526	$ 3,289,724
10% Reserve for timing differences between receipts and disbursements	3,245,526	3,289,724
Total reserve per policy	6,491,052	6,579,448
Reserve for Internal Loans		
Golf Course-operating deficit	4,219,055	4,315,000
Airport Fund-delayed grant reimbursements	755,636	138,000
Governmental Grant Fund-delayed grant reimbursements	40,390	100,000
Total reserve for internal loans	5,015,081	4,553,000
Reserve for Existing Retirement Liability	3,069,592	2,712,539
Unassigned-available for one time capital or projects	7,938,945	11,016,065
Total Fund balance	$ 22,514,670	$ 24,861,052

Cuts Required to City Services and Amenities in the Absence of New Revenue to Pay Off Unfunded Public Safety Pension Obligations



In Year 18 (2033), four years before the present $70 million of unfunded public safety pension obligations is required to be eliminated, if no new revenue sources are provided, the annual debt obligation payment will have increased by $6.15 million. By then, to make the annual payments, public safety services will have been reduced; and funding of other quality of life services and amenities will have ceased years before. During the remaining four years (until 2037), even more reductions in public safety personnel and services will be necessary.





In the next 24 months, without voter approval of the proposed 0.55% sales tax to pay off the City's unfunded public safety pension obligations, $1.8 million in operating expenses will need to be cut – this amount is equivalent to annual City funding of the Prescott Public Library.

PRESCOTT POLICE DEPARTMENT

Budget Adjustments

and

Service Impacts

Basic Mission of the Police Department: to provide emergency response to critical incidents in the City of Prescott

FY 16 Operating Budget (Net General Fund Expense)

$12,166,621 – 453,900[1] = $11,712,721

[1]NOTE - Primary revenue is from traffic, civil, and criminal fines, and false alarm fees

Personnel	FY 15	FY 16[2,3]	FY 16 Adjusted
Sworn – authorized	74	72	67
Sworn – vacant	varied	5	0
Full-time civilian authorized	20	19	13
Full-time civilian – vacant	varied	0	0
Part-time civilian – authorized[4]	0.5	1	1.5
Part-time civilian – vacant	0	0	0
Total	94.5	92	81.5

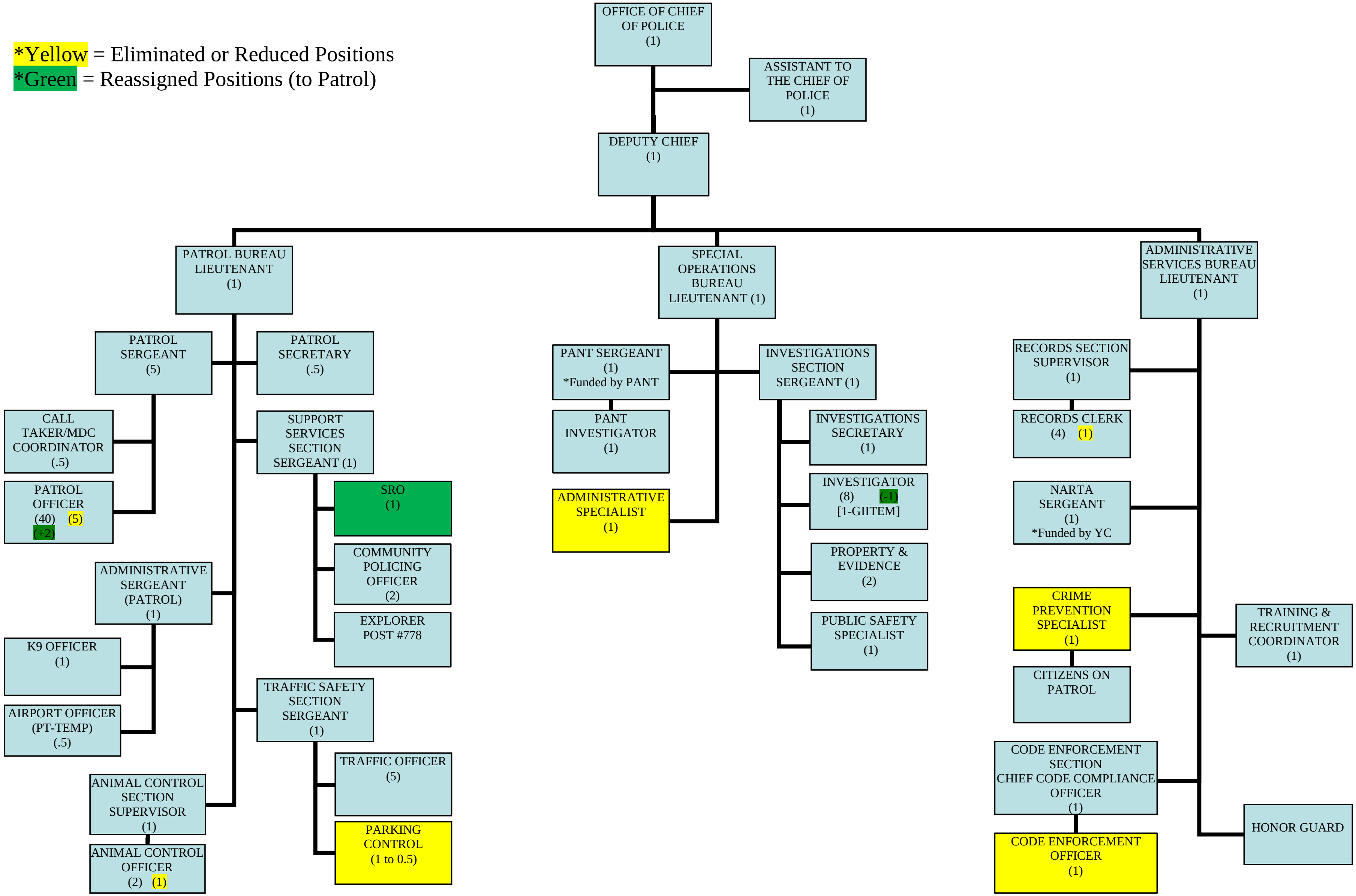
[2] Position changes in FY 16 Budget: (1) Lieutenant and (2) Police Officers eliminated; (1) Patrol Secretary reduced to part-time; (1) Records Clerk reassigned to Training/Recruiting; Other adjustments to PRCC IT and other support

[3] Includes details of grant funded positions (1) Sgt. to PANT and (1) Sgt. to NARTA

[4]Two ½ time positions in FY 16, one FT position moves to ½ time in FY 16 Adjusted

PRESCOTT POLICE DEPARTMENT

*Yellow = Eliminated or Reduced Positions
*Green = Reassigned Positions (to Patrol)



Budget Adjustments – Police Department

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (5) currently vacant sworn positions	$443,449	V $20,000 U 27,500 C 2,500	• Increased response times • Delayed or non-response to minor incidents • Less visible presence • Potential increase in criminal activity • Reduced staff of special events
Reassign (1) School Resource Officer to Patrol	none	none	• Relationship with PUSD and students
Reassign (1) Detective to Patrol	none	none	• Reduced large-scale/major crime investigations • Shift investigation responsibility to patrol officers
Reduce (1) full-time Parking Enforcement Officer (civilian) to part-time (0.5)	20,592	V 400	• Reduce parking violation enforcement • Less space turnover for downtown business • Shifts some response to patrol officers
Eliminate (1) temporary part-time Police Aide (civilian)	15,000	None	• Eliminates Police Explorer transitional position • Other personnel required for misc. duties (shuttle vehicles to Fleet, evidence deliveries, etc.)
Eliminate (1) Code Enforcement Officer (civilian)	73,757	V 300 C 400	• Delayed or non-response to calls for service • Quality of life (weeds, trash, signs)

V = Vehicle U = Uniforms C = Certification/Required Training

Budget Adjustments – Police Department (cont'd)

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) Records Clerk (civilian)	46,000	27,375	• Timeliness of data entry • Elimination of media police reports • Response to citizen inquiries
Eliminate (1) Crime Prevention Officer (civilian)	44,290	V 2,000	• Reduced oversight of Citizens on Patrol • Home security surveys • Block Watch and National Night Out programs
Eliminate (1) Animal Control Officer (civilian)	45,420	V 2,000 U 1,500 C 700	• Reduced large-scale/major crime investigations • Shift of responsibility to patrol officers
Eliminate (1) Administrative Specialist (civilian)	38,479	C 1,500	• False Alarm Program • Statistical reports no longer compiled • Increased workload for Investigations Section
Reduce overtime Reduce misc. supplies and services	100,000	50,000	
Recurring Annual Cost Reductions	826,987	$136,175	
		Avoided Cost	
FY 16 Vehicle Reductions Linked to Personnel Reductions		30,000 126,000	Animal Control truck 2 ea. Patrol vehicles

Fire Department

Mission of the Prescott Fire Department – "Excellence in service" in providing the most effective and efficient emergency services to our community.

FY 16 Operating Budget (Net General Fund Expense)

$9,186,340-$395,623[1]=$8,790,717

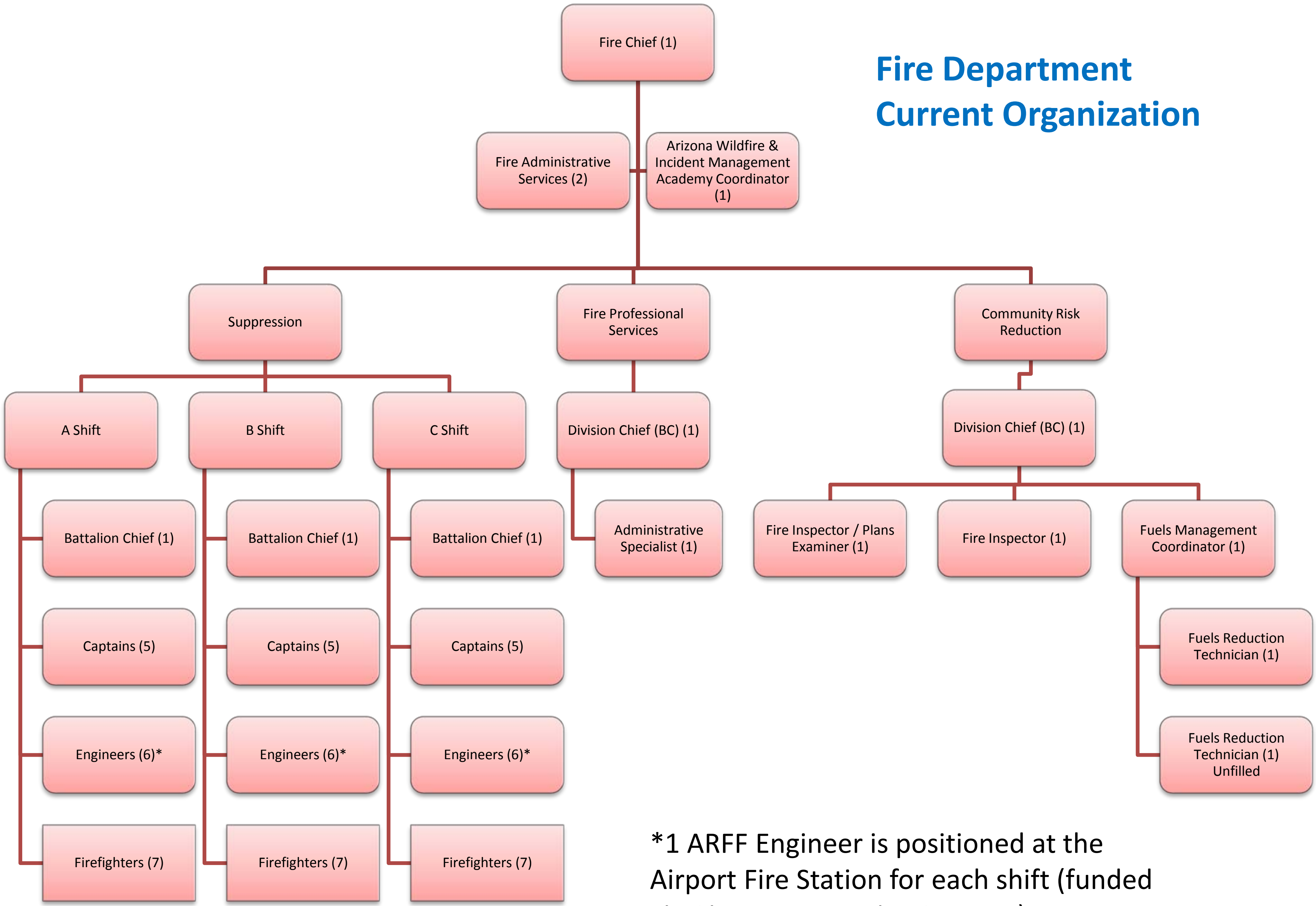
[1]Primary revenue source is Yavapai-Prescott Tribe service contract, other sources are inspections and other minor fees for service

- Average calls per year 8,357 (2014)
- FY 16 Capital Outlay $947,000 (exhaust System, HAZMAT vehicle, breathing apparatus)
- Demand for service is highest at central core of city; Emergency Medical Services (EMS) present highest call volume; automatic and mutual aid is essential component for effective-response-force (ERF); there are areas of the city which have "extended" service response times, particularly for 2nd and 3rd units for multi-unit response (ICMA, 2014)
- Current minimum operations staffing is 17 on-duty personnel per shift for 24/7/365 all-risk coverage; full-time engineer for each shift at Airport Station provides 24/7/365 ARFF coverage

Personnel	FY 15	FY 16	FY 16 Case 1 Adjusted	FY 16 Case 2 Adjusted
Full-time FF – authorized[2]	71	68	65	59
Full-time FF – vacant	0	5	0	0
Part-time civilian – authorized	0	0	0	0
Part-time civilian – vacant	0	0	0	0
Total	71	68	65	59

[2]Includes 3 AARF Engineers necessary for and funded by the Airport Enterprise Fund

Fire Department Current Organization



*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

Fire Department Budget Adjustments – Case 1

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	Impacts
Rolling brownout of fire station (reduction of minimum staffing from 17 to 16 personnel on duty prior to call-back for overtime); un-funding of un-filled positions of 3 FTE Firefighter positions (1 from each shift)	$266,124		• Some gaps in service may be filled by use of a two-person transitional response vehicle similar to the 1970's TV show *Emergency* (medical equipment and some minor tools/equipment/breathing apparatus) • Necessitates revision of automatic/mutual aid agreements due to a reduction in ability to respond to reciprocal calls; auto aid allows for closest/best-suited unit response as determined by computer-aided dispatch; mutual aid requires direct contact to neighboring department for resource needed and then approval or not • CYFD Engine 51 released from auto-aid and CYFD could deploy it elsewhere in their system • Scale back of auto aid to mutual aid • ISO rating decrease from a 4 to 6, resulting in increased insurance premiums to property owners • System-wide increase in response times

Overtime Costs Associated With Fire Department Operations Explained

- Firefighters assigned to operations work a scheduled 2,916 hours per year which equates to 56 hours per scheduled week. This results in all operationally assigned firefighters earning roughly 3 hours of overtime per week worked, provided they DO NOT take time off in the given calculation period. So in effect, a firefighter who does not take time off is paid roughly 12 hours of FLSA overtime for every uninterrupted scheduled work period within a 24-day cycle.
- Overtime under FLSA is also required to maintain skills required for the job, i.e., for EMTs and Paramedics, those critical to delivery of pre-hospital emergency medical services (EMS); firefighters must be paid for hours in class to retain certifications; this also applies to other “specialty areas” such as ARFF, Hazardous Material Technicians, Technical Rescue Technicians; initial training DOES NOT require payment
- There is often a need to “call-back” off-duty members to fill “un-planned” absences such as workers comp and unplanned/unscheduled leaves, which result in overtime compensation being paid to those working to fill the holes created by such absences
- Department policy allows for no more than two persons to be off on “scheduled leave” at anytime throughout the calendar year, during which the employees can use their accrued paid time off (PTO) for vacations, etc.; the minimum staffing numbers described are the trip points for which overtime must be paid for call-back of personnel

Staffing and Response for Fire Stations with a Rolling Brownout

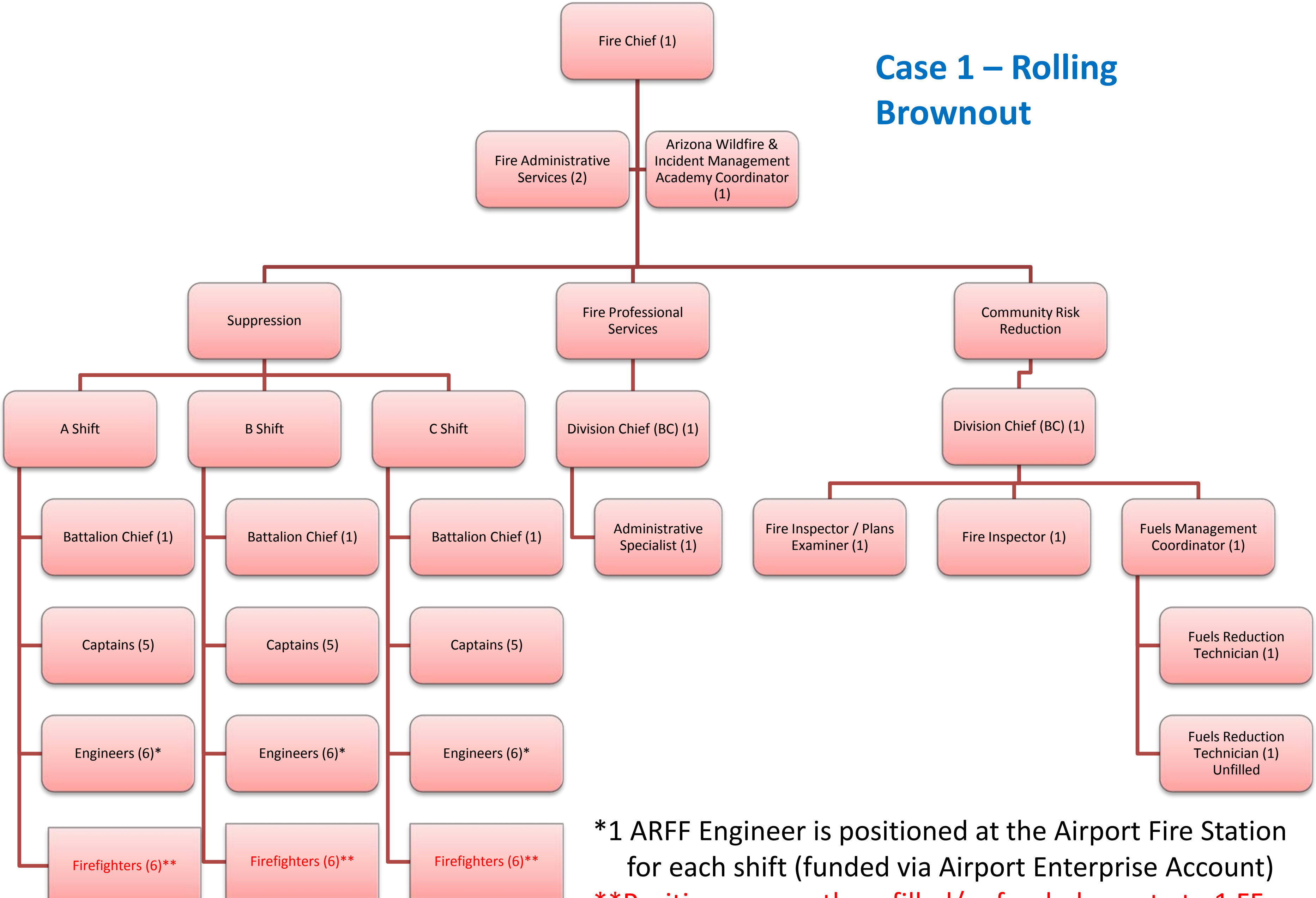
Battalion Chief (1)

Station 1	Station 2	Station 3	Station 4	Station 5
• Captain • Engineer • Firefighter	• Captain • Engineer • Firefighter	• Captain • Engineer • Firefighter	• Captain • Engineer • Firefighter	• Captain • Engineer ~~• Firefighter~~
3	3	3	3	2

1 ARFF Engineer

When it is necessary to "brown out" a station due to insufficient staffing, the station affected would be the one where the vacancy exists. As previously stated, no more than 2 personnel are scheduled to be off on PTO at any given time. If a third person is off, it will only leave two at their station—the remaining two would be reassigned to a utility-type vehicle and used as a "rescue unit" to offer a level of service below that of a fully manned fire engine.

Case 1 – Rolling Brownout



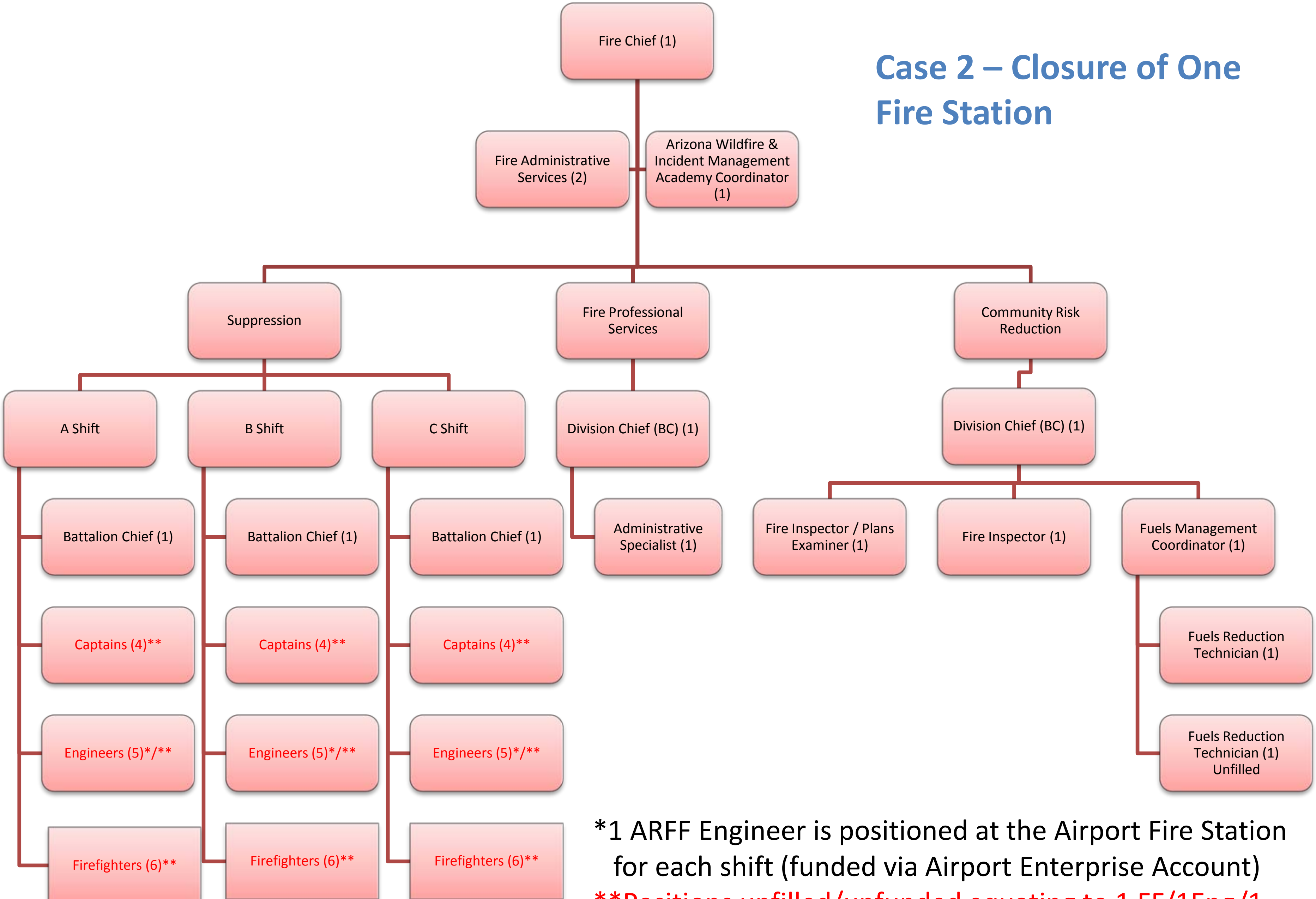
*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

**Positions presently unfilled/unfunded equate to 1 FF per shift

Fire Department Budget Adjustments – Case 2

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	Impacts
Closure of a fire station (reduction of minimum staffing from 17 to 14 personnel on duty prior to call-back for OT). Un-funding of un-filled positions of 3 FTE Firefighter positions, 3 FTE Fire Engineer positions, and 3 FTE Fire Captain positions (1 from each shift). This would be accomplished by a combination of 5 current vacancies in operations, plus 4 additional layoffs.	$798,372		• Cost of PSPRS per employee shifted to unfunded liability and increase in percent per remaining employees for City • Necessitates revision of automatic/mutual aid agreements due to a reduction in ability to respond to reciprocal calls. Auto aid allows for closest/best-suited unit response and is automatically determined by computer aided dispatch. Mutual aid requires direct contact to neighboring department for resource needed and then approval or not. • CYFD Engine 51 released from auto aid; CYFD could deploy it elsewhere in their system, resulting in a major gap in City coverage of economic drivers such as Village at the Boulders, YRMC West Campus, Wal-mart, etc. • Extended response times and fewer response resources • Anticipated ISO rating degradation from a 4 to 6, resulting in increased insurance premiums to property owners

Case 2 – Closure of One Fire Station



*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

**Positions unfilled/unfunded equating to 1 FF/1Eng/1 Capt per shift

Fire Department Budget and Options for Service Delivery

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
•Non-emergency calls for service fees (snake removal, false alarms, other public assistance)	N/A	N/A	$38,000	•Burdens PRCC/Dispatchers with determining jurisdiction, response, and notification that there will be a charge applicable •Costs of billing, collection, and accounting
•Reserve program development - EVALUATE	$90,000 (OT cost savings)	N/A	N/A	•Federal Affordable Care Act now significantly limits cost effectiveness and requires extensive recordkeeping •Start up costs of no-less than $3,000 per person for PPE and Physical Exam

Prescott Public Library

Mission of the Prescott Public Library – to provide Prescott residents with the discovery of ideas, the joy of reading, and the power of information.

FY 16 Operating Budget (Net General Fund Expense)

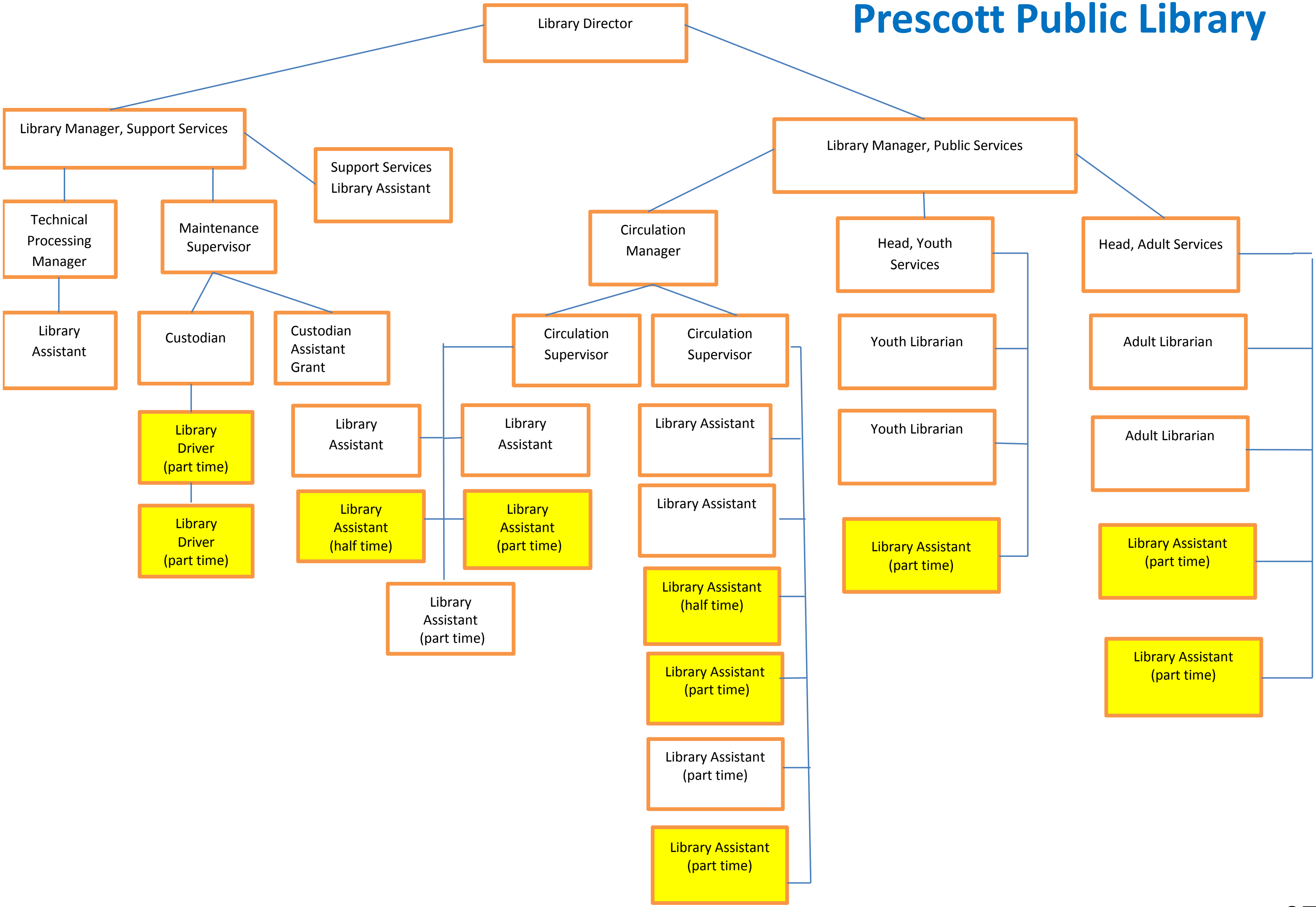
$2,360,794-631,770[1]= $1,729,024

[1]NOTE - Primary revenue sources are Yavapai County Free Library District, and Library Fines and Fees

- Visitors per day: 1,250; items circulated per day: 2,000
- Materials owned: 174,319 items (8/15)
- Programs: 469 adult /7366 attending; 603 Youth /17,146 attending (FY15)
- Public spaces: 7 direct service points/13 total staffing points/5 meeting spaces

Personnel	FY 15	FY 16	FY 16 Adjusted
Full-time authorized	21	21	21
Full-time – vacant	0	0	0
Part-time – authorized (0.5 each)	1	1	0
Part-time – vacant	0	0	0
Total Full/Part Time	22	22	21
Part-time Temp – authorized	9	9	2
Part-time Temp – vacant	0	1	0
Total Temps	9	9	2

Prescott Public Library



Budget Adjustments – Library

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
Reduction to library materials		$34,000		•Fewer items purchased •Increased waiting time for popular materials •Reduction of materials could adversely impact County library district financial support
Reduction to magazine and database subscriptions		$16,158		•38 magazine and 8 database subscriptions cut •Lost subscriptions represent items purchased specifically for Prescott residents
Reduction to other operating supplies		$18,152		•Fewer supplies needed with reduction in library materials purchased
Reduction to Special Projects - Automation		$62,500		•Contingency funding for technology and collection needs that arise annually
Eliminate (1) Youth Services temporary/part-time position	$10,380			•Unable to provide evening and Sunday library services •Loss of coverage to enable weekday storytime •Reduction of youth and teens programming •Loss of staff experience and training
Eliminate (2) Support Services temporary/part-time positions	$14,761			•Loss of bookdrop collections •Loss of booklocker service at Adult Center •Loss of staff experience and training

Budget Adjustments – Library (cont'd)

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
Eliminate (3) Circulation temporary/part-time positions	$11,264			•Unable to provide evening and Sunday library services •Loss of staff experience and training
Eliminate (2) Circulation permanent/part-time positions	$38,081			•Unable to provide evening and Sunday library services •Loss of staff experience and training
Eliminate (2) Adult Services temporary/part-time positions	$30,783			•Unable to provide evening and Sunday library services •Loss of staff experience and training
Reduce library hours from 60 to 48 hours/week •Close Sunday •Adjusted weekday opening and closing times				•Working residents who cannot access library during the week •No Sunday public library service in the Quad-Cities area •Loss of meeting space for community groups
Charge fees for meeting rooms			$26,000	•Anticipate 50% reduction in room use
Recurring Annual Reductions and Revenue Enhancements	$105,269	$130,810	$26,000	

Recreation Services

Mission of Recreation Services – To provide safe, enjoyable, and attractive parks, lakes, golf facilities, and programs with responsive service which enhance the quality of life and preserve the natural and recreational assets of the City of Prescott while promoting tourism and its associated economic benefits.

FY 16 Operating Budget (net General Fund expense)

\$3,104,676-450,200[1]=\$2,654,476

[1]NOTE - Primary Revenue sources are Parking Fees, Programming and League Fees, and Rental Fees

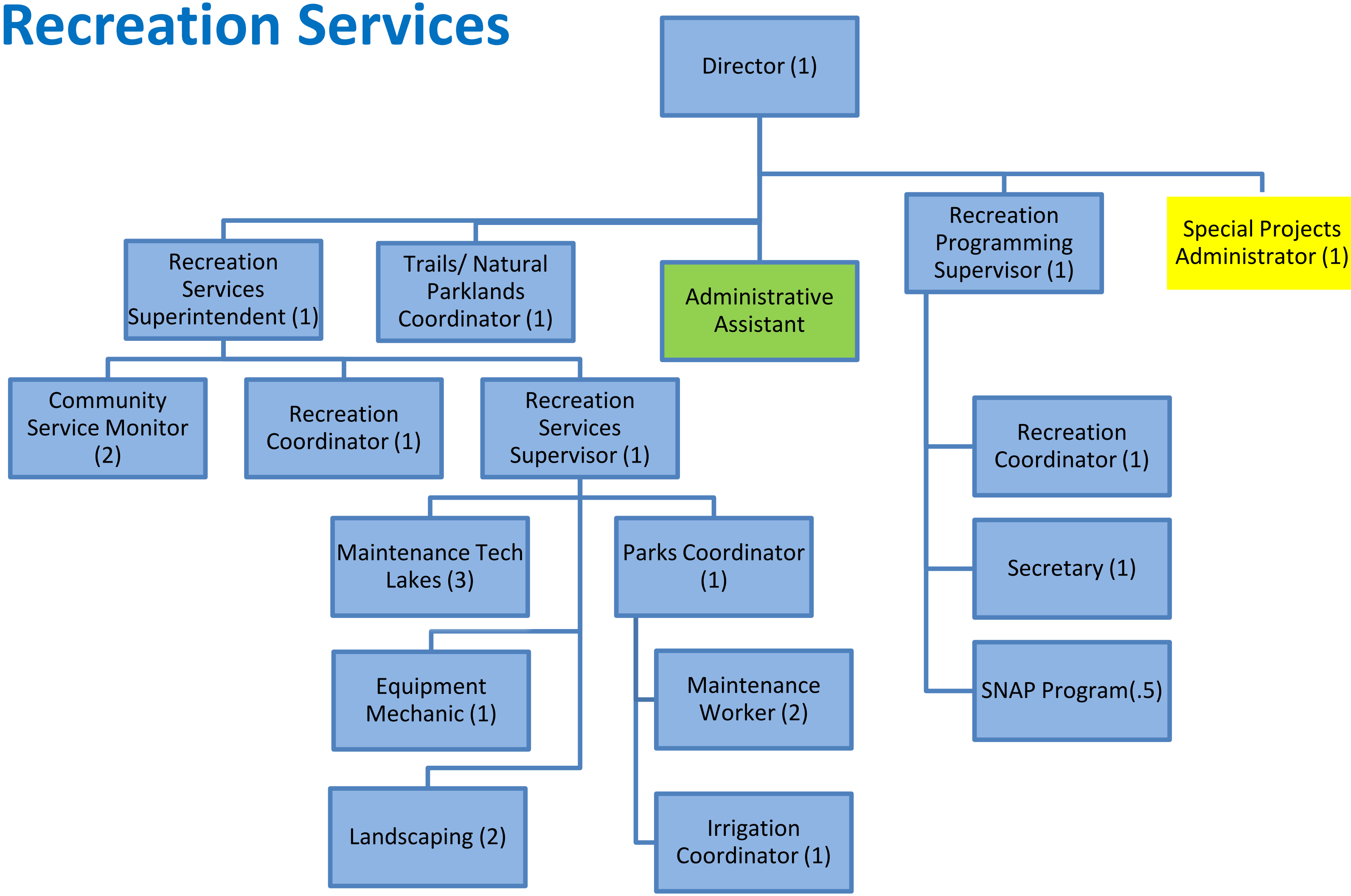
- Sales tax generation by visitors (special events, tournaments, outdoor recreation; estimated direct spending \$2.4 million, economic impact \$5.5 million in FY 15)
- The economic impact from sporting events has increased by more than 70% since 2011
- Maintain over 2,100 acres including 18 parks (13 multi-use fields); Goldwater, Watson, and Willow Lakes; Grace Sparkes Activity Center, and 74 miles of trails

Personnel [2,3]	FY 15	FY 16	FY 16 Adjusted
Full-time authorized	19.6	19.6	19.6
Full-time – vacant	0	0	0
Part-time – authorized	1	1	1
Part-time – vacant	0	0	0
Total	20.6	20.6	20.6

[2] 1.4 positions supported by 1% Streets

[3]19.6 current full-time positions, down from 31.5 in FY 07

Recreation Services



Budget Adjustments – Recreation Services

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts/Benefits
Eliminate (1) Special Projects Administrator position (retirement)	$86,382			• Adjustments will be made to cover job responsibilities including possible elimination of Senior Olympics, and Prescott's Great Outdoors event
Add (1) Administrative Specialist position (transfer from City Manager)	($76,481)			• Will help cover the Special Projects Administrator position with the balance of duties being absorbed by existing staff and volunteers
Reduce Park Maintenance budget		$30,000		• Adjust fertilizing and watering schedules
Reduce Recreation Programming budget		$21,000		• Reduced open gym hours/front office hours to the public
Transfer State Land lease at Watson Lake to Water Fund		$2,400		
Budget Adjustments	**$9,901**	**$53,400**		**Total Reduction $63,301**

Revenue Enhancements

Table 1

Description	Current Fee	Proposed Fee	Cost	Revenue Increase	Net Revenue
Install Kiosk for parking at North Peavine	$0	$3.00	COST	$10,000	$10,000[1]
Staff attendant at Goldwater and Watson Lake kiosk booths during peak season to increase parking fee collection	$2.00	$3.00	$17,000 (cost of additional seasonal personnel)	$57,000	$40,000
Eliminate free Wednesday parking in fee areas	$0.00	$3.00	N/A	$36,000	$36,000
Increase daily parking fee and raise multi-day passes correspondingly	$2.00	$3.00	N/A	$80,000	$80,000
Total revenue enhancements					$166,000
Budget Adjustments					($63,301)
Total General Fund Impact					$229,301

[1]Revenue is offset in Year One by cost of purchase/installation of kiosk

Additional Revenue Opportunities

- Goldwater Lake camping
- Disc golf at Goldwater Lake *
- Strategic connections to the Circle Trail (e.g., Mall, Glassford Hill)
- Willow Lake RV camping *
- Willow Creek park redevelopment *
- Pioneer Park human powered racing event area
- Camping at Pioneer Park during sports tournaments
- Create a new outdoor recreation based event (in offseason) using the Circle Trail as the venue *
- Other special event opportunities *

*Possible public private partnership

These opportunities would all involve initial start-up costs to the City and/or private partner.

Economic Initiatives
Economic Development and Airport

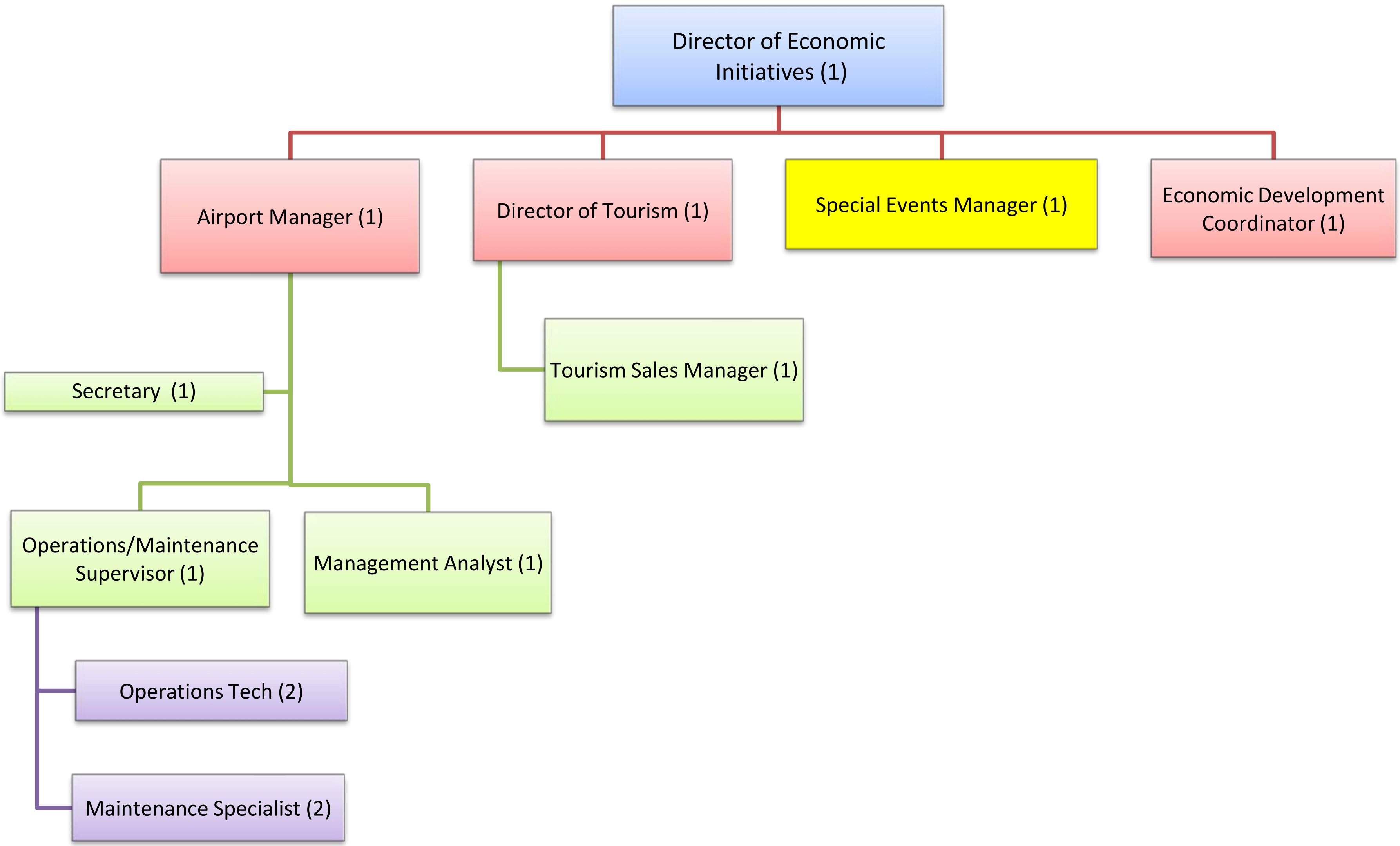
Mission of the Department of Economic Initiatives – to build a stronger City economy, grow City revenues, and expand quality job opportunities through airport, tourism, special event, and economic development activities.

Budget

	Expenditures	Revenues	Impact to General Fund
Economic Development Division	$ 283,169	$ 500	$ 282,669
Tourism Division (Bed Tax Funded)	142,400	142,400	-
Special Events Division	189,938	76,000	113,938
Total General Fund Divisions	**$ 615,507**	**$ 218,900**	**$ 396,607**
Airport Operations	1,779,963	1,510,480	269,483
Airport Capital	380,000	-	380,000
Airport Grants	6,860,092	6,538,789	321,303
Total Airport Fund	**$ 9,020,055**	**$ 8,049,269**	**$ 970,786**
Total Department	**$ 9,635,562**	**$ 8,268,169**	**$ 1,367,393**

Personnel	FY 15	FY 16	FY 16 Adjusted
Full-time – authorized	13	13	12
Full-time – vacant	0	0	0
Total Full-time	13	13	12
Part-time Temporary – authorized	4	4	4
Part-time Temporary – vacant	0	1	3
Total Part-time Temporary	4	4	4

Department of Economic Initiatives



Budget Adjustments – Economic Initiatives

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction (Annualized)	Impacts of Reductions
Eliminate (1) Special Events Manager; transfer function to Recreation Services	$80,112		•The City will be precluded or limited in its ability to assist community groups with events •Fewer City-run events will be possible without financial assistance or a private operator •Increases workload for Recreation Services
•Eliminate or modify Summer Concert Series; pursue more private sector sponsorships/vendor revenue		$25,000	•The number of nights and/or acts will be reduced, in turn reducing potential revenue generation by downtown businesses
•Eliminate or modify Veterans Day Parade		$5,000	•Event no longer takes place, or is operated by a private/non-profit operator
• Eliminate or modify 4th of July Celebration at Pioneer Park		$40,000	•Detailed records for 2015 event demonstrated that it did not recover costs •Consider different type of downtown celebration, coordinated with the Rodeo
Recurring Annual Cost Reductions	**$80,112**	**$70,000**	**Total General Fund Impact $150,112**

Community Development

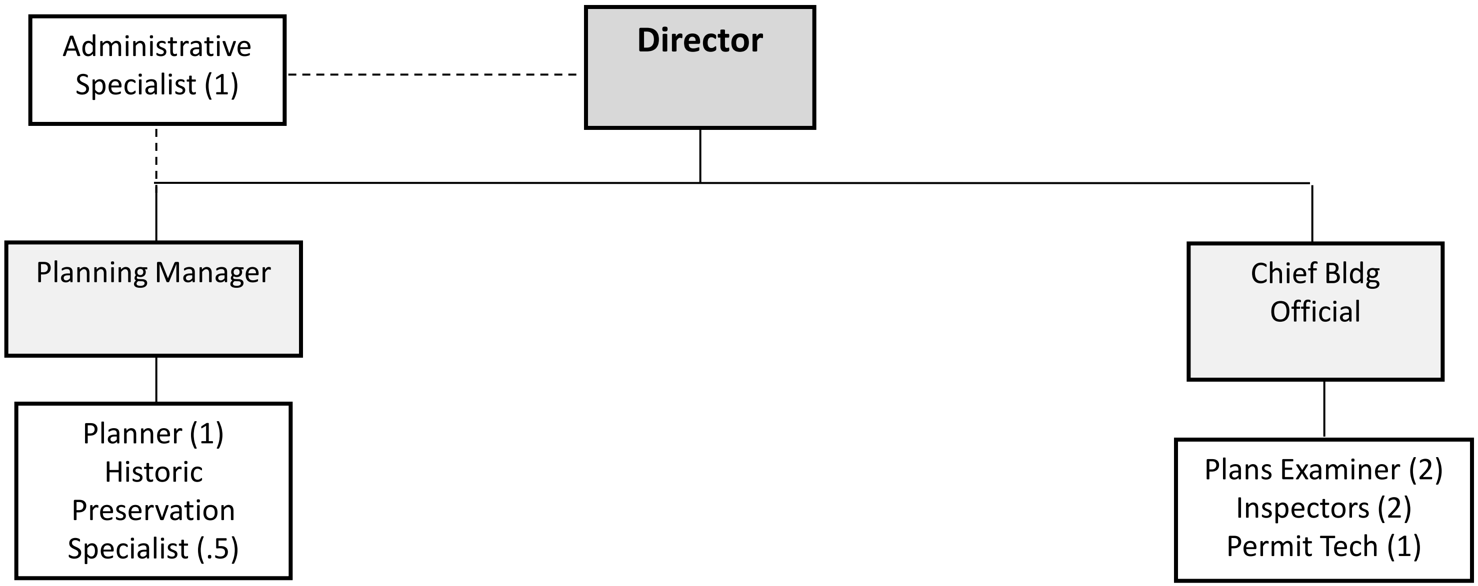
Mission of Community Development – we strive to provide friendly, fast, fair and flexible planning and building services to the community.

FY 16 Operating Budget (net General Fund expense 6.6% less than FY 15)
$1,118,073-755,800[1]=$362,273
[1]NOTE – Primary revenue source is building permits and fees, plan checks, filing fees and inspections

Personnel	FY 15	FY 16	FY 16 Adjusted
Full-time authorized	11.1[2,3]	10.5[3]	10.5[3]
Full-time – vacant	0	0	0
Total	11.1	10.5	10.5

[2]Public Works Program Manager and Real Property Specialist moved to Engineering
[3]Full-time position split between GIS Manager and Historic Preservation Specialist

Community Development



Proposed Building Permit Fees
Table 1

Description	Current Fee	Proposed Fee
Issuance	$15.00	$60.00
Plan review	$465.05	$578.06
M/P/E plan review	$94.56	$108.74
Building permit	$930.09	$1156.11
Electrical	$74.83	$86.05
Mechanical	$30.49	$35.06
Plumbing	$83.80	$96.37
Permit Total	$1693.82	$2210.39
Change		+ $426.57
235 SF permits	$398,047.70	$498,291.65
Total New Revenue		+ $100,243.95

Based on a 2479 sq. ft. house with 500 sq. ft. patio, 514 sq. ft. garage and 158 sq. ft. covered deck.
Permit valuation of $321,142 and approximate market value of $500,000

Other Revenue Enhancements

Table 2

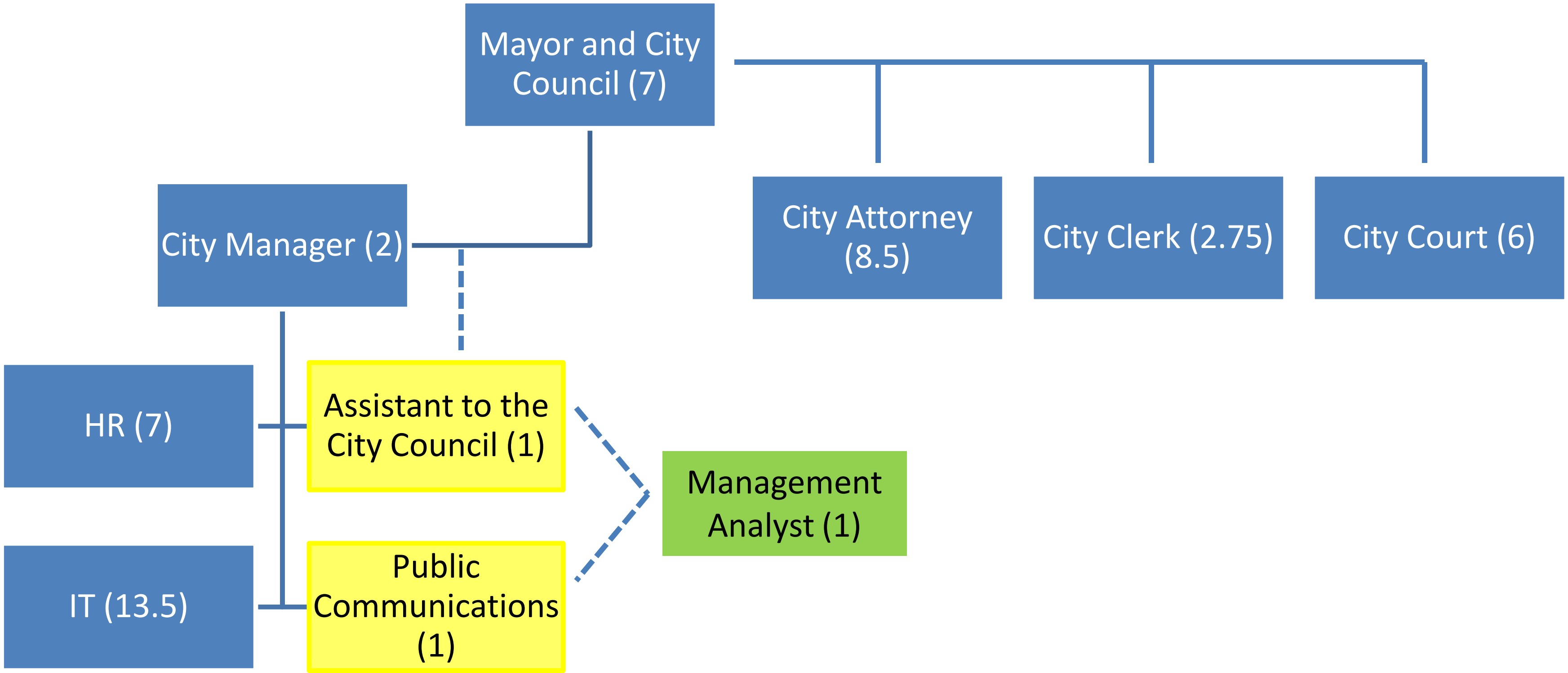
New Fees	
• Preliminary Application Conference (PAC) (100 x $100)	10,000
• Technical Review Conference (TRC) (25 x $300)	7,500
• Historic Preservation application (25 x $100)	2,500
• Site Plan Review Fee (400 x $40)	16,000
• Same Day Inspection Fee (75 x $75)	5,625
• Permit Extension Fee (100 x $50)	5,000
Adjusted Fees	
• Increase Community Residence safety inspection fee (150 x $400)	60,000
• Increase Reinspection Fee (100 x $30)	3,000
• Increase Additional Plan Review Fee (100 x $35)	3,500
• Building Permit fees (Table 1)	100,244
Revenue Enhancements	$213,369

Budget Adjustments – Community Development

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts/Benefits
Building Permit Fee Increases (Table 1)			$100,244	• Full cost of service recovery
Other Revenue Enhancements (Table 2)			$113,125	• Full cost of service recovery
Cost Reduction (Table 2)				
Totals - Cost Reductions and Revenue Enhancements			$213,369	

General Government

General Government



General Government - FY 16 Operating Budgets and Net Expense to the General Fund

	Cost Recovery	Expenditures	Net Expenditures General Fund		Direct Revenue		Net Expenditures to General Fund Less Direct Revenue
City Council	($115,155)	$155,916	$ 40,761				$ 40,761
City Attorney	($838,006)	$1,213,223	$329,225		($51,500)		$277,725
City Clerk	($383,865)	$519,729	$135,864				$135,864
City Manager	($523,678)	$709,026	$185,348				$185,348
City Court	($20,000)	$620,161	$600,161		($96,000)		$504,161
Total	$1,713,888	$2,992,198	$1,727,183		($147,500)		$1,579,683

- Budget adjustments for the City Manager's Office are addressed on a subsequent slide
- Potential adjustments for the other General Government functions will be addressed in the FY 17 budget process

Personnel[1]

	FY 15	FY 16	FY 16 Adjusted
City Attorney			
Full Time Authorized	8	8	8
Full Time Vacant	0	0	0
Part-Time Authorized	0.5	0.5	0.5
Part-Time Vacant	0	0	0
City Clerk			
Full Time Authorized	2	2	2
Full Time Vacant	0	0	0
Part-Time Authorized	0.5	0.75	0.75
Part-Time Vacant	0	0	0
City Manager			
Full Time Authorized	4	4	2
Full Time Vacant	0	0	0
Part-Time Authorized	0	0	0
Part-Time Vacant	0	0	0
City Court[2]			
Full Time Authorized	6	6	6
Full Time Vacant	0	0	0
Part-Time Authorized	0	0	0
Part-Time Vacant	0	0	0

[1] Does not include City Council

[2] City employees of Consolidated Court; does not include City Court Judge/County JP

Budget Adjustments – City Manager's Office

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Amount of Personnel Expense Addition (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) Assistant to the City Council; transfer some functions to Management Analyst (new)	$76,481 (General Fund Cost $19,885)			• The public will have a longer response time • The Council will have a lower level of administrative support
Eliminate (1) Communications and Public Affairs Manager; transfer scaled back communications function to Management Analyst (new)	$93,350 (General Fund Cost $24,271)			• The public will have less public information • Local media will have a longer wait time • Other personnel will respond to requests for information
Add Management Analyst		($58,000) (General Fund Cost -15,080)		• Provide some support to Council for projects and administration • Provide limited public information support
Eliminate Radio Advertising •Southwest Broadcasting (AM) (KAHM/KYCA) 84 Ads/Mo. •Great Circle Media (FM) Magic 99.1 & KNOT 100.9 FM 162 Ads/Mo. •Hometown Radio Group KPPV 106.7, KQNA 99.9, KDDL 94.3 115 Ads/Mo.			$26,220 $13,200 (3,432 GF Cost) $7,152 (1,859 GF Cost) $5,856 (1,522 GF Cost)	•The City would have limited, or no radio coverage other than guest appearances or PSA's/News Releases allowed by the stations
Eliminate Video Production Temp Svcs			$6,000 (1,560 GF Cost)	•Little or no new video content for Public Access, unless edited/created by PCAC
Recurring Annual Cost Reductions	**$169,831 (General Fund $44,156)**	**($58,000) (General Fund $-15,080)**	**$32,620 (General Fund $8,373)**	**Total General Fund Impact $37,449**

Human Resources Division Budget Adjustments and Service Impacts

Mission of the Human Resources Division – to provide services responsive to the individual employee and in support of the City mission, vision, and core values.

FY 16 Operating Budget = $755,160 (Net General Fund $451,836 *)

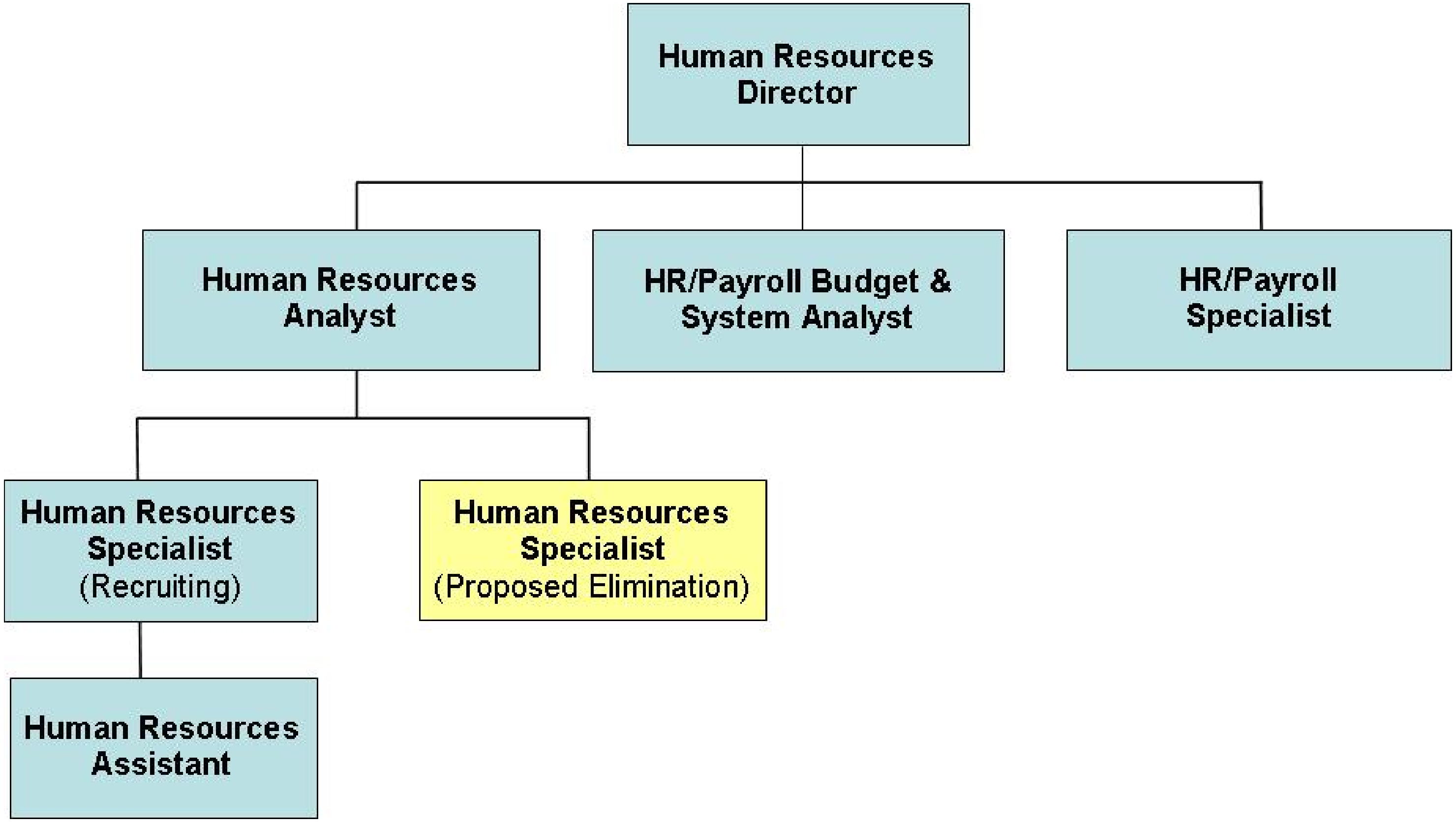
*This amount is allocated within each operating budget of all other General Fund Departments

Serving 501 Regular and 200 Variable-Hour Budgeted Employees

- Classification and compensation
- Payroll
- Employee benefits management
- Recruitment and new-hire services including orientation
- Employee handbook and policies
- Employee relations
- Supervisory training
- Personnel and payroll records including performance appraisals

Personnel	FY 15	FY 16	FY 16 Reduced
Full-time authorized	7	7	6
Full-time – vacant	0	1	0
Part-time – authorized	0	0	0
Part-time – vacant	0	0	0
Total	7	7	6

Human Resources



Budget Adjustments – Human Resources

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) currently vacant Human Resource Specialist	$57,000 (General Fund Cost $34,200)		• Internal – less assistance (benefits, payroll, screening, interviewing and applicant selection), longer response times (personnel/ performance issues, discipline) • External – longer hiring process; less personal service that applicants recognize and value
Eliminate Employee Recognition Program		$26,000 (GF Cost $15,600)	• Morale and retention
Recurring Annual Cost Reductions	**$57,000 (General Fund $34,200)**	**$26,000 (General Fund $15,600)**	**Total General Fund Impact $49,800**

Information Technology (IT)

Mission of the IT Department – deliver and support technology solutions in a timely, cost-effective, and efficient manner.

FY 16 Operating Budget $1,851,279 (Net General Fund $1,317,370*)
*This amount is allocated within each operating budget of all other General Fund Departments

Key Considerations

- 30% of functions are cost-recovered from other funds, remaining General Fund cost is less than 0.2% of total General Fund expense
- IT is a technology utility
- IT customers are City departments and other government agencies

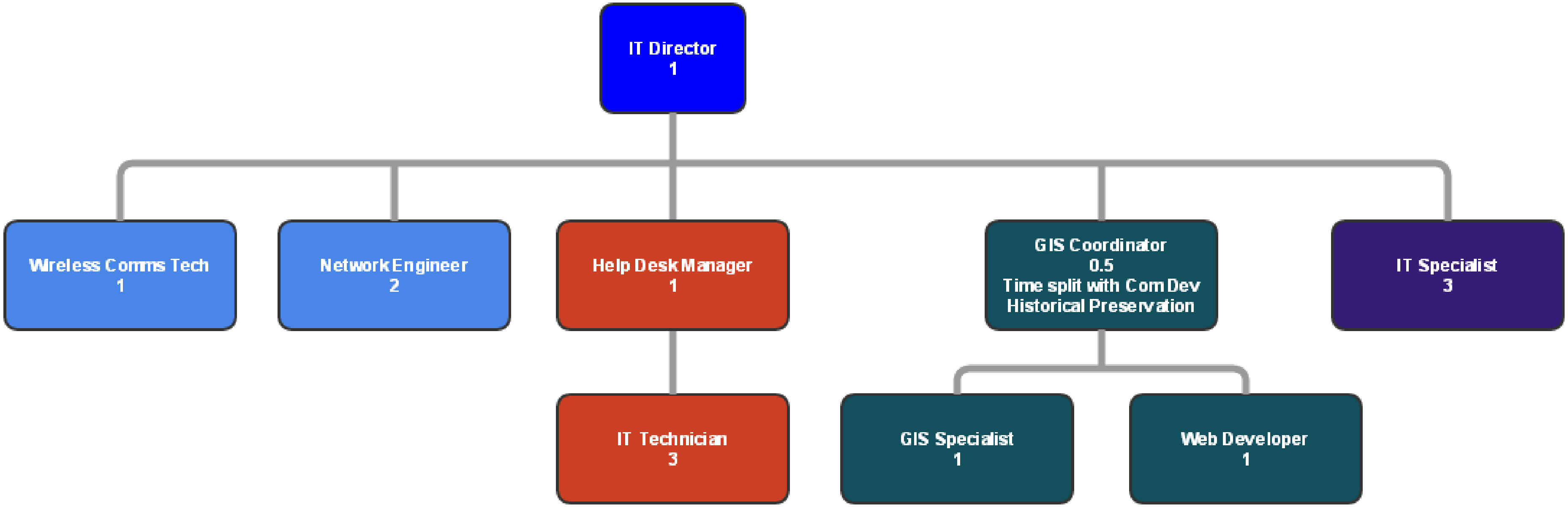
Personnel	FY 15	FY 16[1]	FY 16 Adjusted
Full-time authorized	11	13	13
Full-time – vacant	0	0	0
Part-time – authorized	0.5	0.5	0.5
Part-time – vacant	0	0	0
Total	11.5	13.5	13.5

[1]Change in personnel in FY 16 is the result of reorganization which moved positions formerly assigned to PRCC to IT to centralize IT support

Systems and Applications Supported by IT

Systems/Application	Impacted Service Area
Financial System	Customers/Collection, All Departments
Public Safety Software/Radio	Prescott Police/Fire, 10 regional partner agencies
City Telephone System	All Departments
Email System	All Departments
GIS	All Departments
Building Permits	Community Development, Public Works, Fire
Infrastructure	All Customers

Information Technology (IT) Department



Finance

Mission of the Finance Department – to continue to lead in government accountability, providing creative solutions to problems while efficiently managing City resources

FY 16 Operating Budget (net General Fund expense)

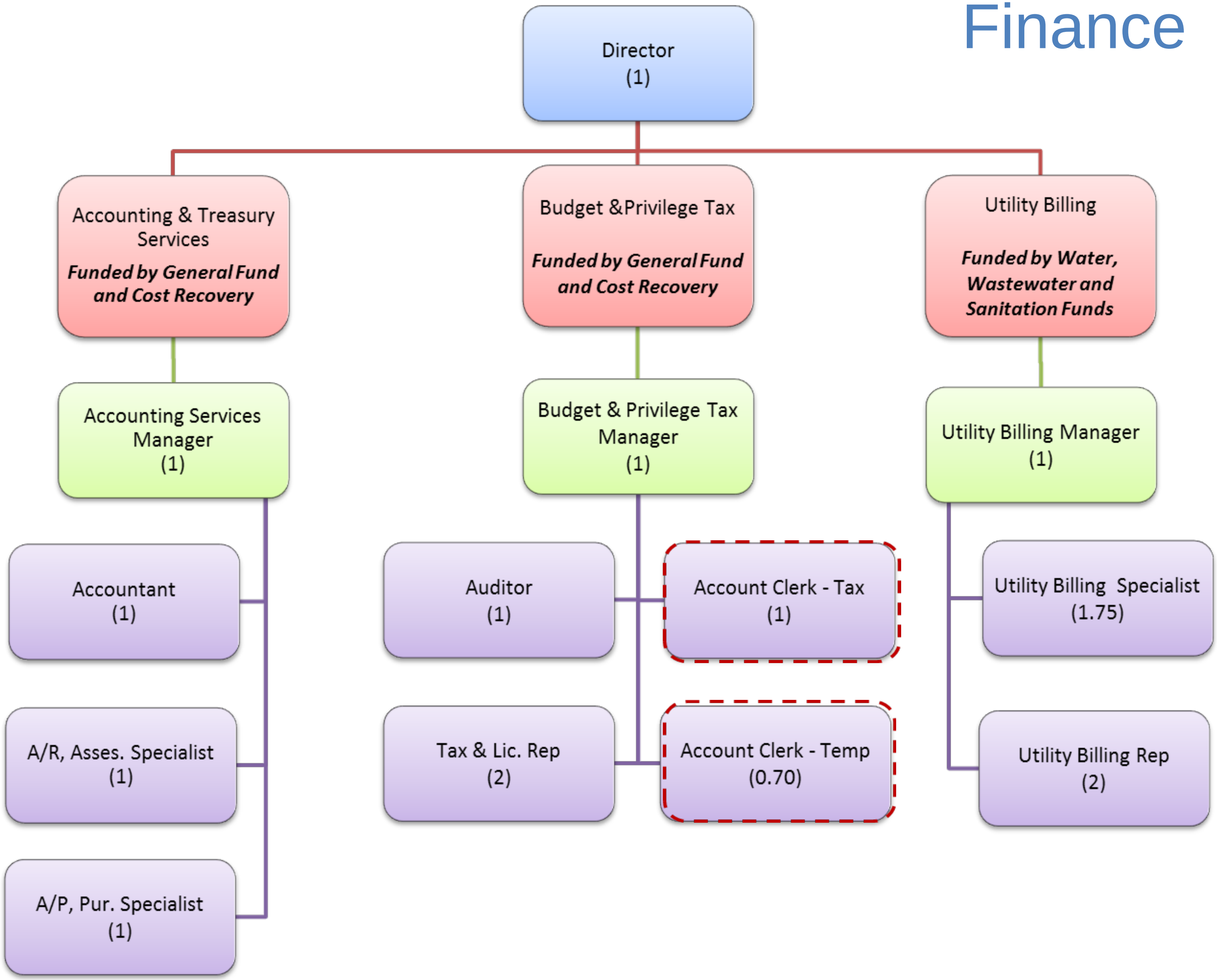
$393,421 - $57,500 (Direct Revenues) = $335,921

Key Considerations

- The majority of functions are cost-recovered from other funds
- Financial management is fundamental to operation of the City as a business; many legal requirements govern activities of the department
- Transition to State collection of City-levied privilege tax and transient occupancy will continue over the next several years, and the City will still need to perform various functions; associated staffing levels will be reviewed for the FY 17 and subsequent budgets

Personnel	FY 15	FY 16	FY 16 Adjusted
Authorized	14.75	14.75	13.75
Vacant	0	0	0
Total Authorized Full/Part Time	14.75	14.75	13.75
Temp – authorized	0.70	0.70	0
Temp – vacant	0	0	0
Total Authorized Temporary Positions	0.70	0.70	0

Finance


Director
(1)
Accounting & Treasury Services
Funded by General Fund and Cost Recovery
Budget & Privilege Tax
Funded by General Fund and Cost Recovery
Utility Billing
Funded by Water, Wastewater and Sanitation Funds
Accounting Services Manager
(1)
Budget & Privilege Tax Manager
(1)
Utility Billing Manager
(1)
Accountant
(1)
A/R, Asses. Specialist
(1)
A/P, Pur. Specialist
(1)
Auditor
(1)
Account Clerk - Tax
(1)
Tax & Lic. Rep
(2)
Account Clerk - Temp
(0.70)
Utility Billing Specialist
(1.75)
Utility Billing Rep
(2)

Budget Adjustments – Finance

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts
Eliminate (1) Part-time Sales Tax Clerk (0.7 FTE)	$ 24,620 ($6,436 net General Fund Cost)		Tax processing workload moved to Account Clerk causing the following impacts • Loss of central resource for City information, walk-up and by telephone • Replaced by automated operator on main City telephone number 777-1100 • Needed for support due to changes in Council/ City Manager offices (see General government)
Eliminate (1) Accounting Clerk – Tax position (also City Hall receptionist) Estimated lost revenue (2/10 of 1% of collections) Net effect of elimination	$ 47,393 ($12,389 General Fund) -$ 58,120 (-$29,060 General Fund) \_\_\_\_\_\_\_\_\_\_\_\_ -$ 10,727 (-$ 16,671 GF)		• Loss of capacity to process tax returns in same month received. • Negative impact on tax revenue with reduced tax collection and compliance verification because of shifting of excess tax return processing to auditor and supervisor • Elimination of City Hall mail room - departments will need to process their own outgoing mail with stamps and deliver to post office - incoming P.O. boxes will be closed, address changes sent out so all individual department mail is delivered to locations.
Recurring Annual Cost Reductions	**$ 13,893 (-$10,235 GF)**		Total General Fund Impact -$10,235

City Charter-Enabled Revenue Enhancement

Prescott City Charter Article VI

Finance and Taxation

Section 7 - Additional Taxes for Special Purposes

The council shall have the power to levy a transaction privilege tax; provided that no transaction privilege tax if based on gross income, gross receipts or gross proceeds of sale, shall be levied at a rate in excess of the present 1% rate unless such rate is approved by a majority of the qualified electors voting on the question at a special or general election.

Further provided that, should a transaction privilege tax ***not*** be based on gross income, gross receipts or gross proceeds of sale, the council shall have the power to fix the amount of license taxes to be paid by any person, firm, corporation or association for carrying on of any business, game or amusement, calling, profession or occupation.

Business Licenses

Current City of Prescott Transaction Privilege Tax (TPT) Licenses	8,500
Businesses without TPT Licenses (non-profits, no retail sales)	1,500 – 2,000
Number of business licenses that the City could issue	10,000

Sample Business License Code Section

All persons engaging in any business, occupation or profession within the city and operating from a regular place of business within the city . . . shall be required to obtain a BOP license pursuant to this article and to pay an annual license fee. A separate license shall be required for each location of a business, occupation or profession licensed under this article and for each type of business, occupation or profession carried on at a particular location by a licensee.

FEES and TAXES

License fee – Nominal annual fee to cover cost of administering business license program (e.g., $15 per calendar year)

License tax – Annual flat tax ***not*** based on gross income, gross receipts or gross proceeds of sale. Tax rate could be tiered based on type of business or general industry demand on public safety (police, fire/emergency, code enforcement).

EXAMPLES

- Assisted living businesses have high demand on fire and medical calls. Highest tier rate.
- Bars and restaurants with liquor licenses have moderate to high demand on public safety. Middle tier rate.
- Small businesses (e.g., barber, small retail, professional office) have low demand on public safety. Lowest tier rate.

POTENTIAL REVENUE

- Business License Fee

  10,000 licenses x $15/year = $150,000 to recover administrative costs

- Business License Tax

  10,000 licenses x average tax $100 per year = $1,000,000 dedicated to public safety availability (police, fire & EMS, code enforcement)

Summary of FY 16 Adjustments
and
Items to be Addressed in FY 17

Summary of General Fund Reductions and Revenue Enhancements

Department	Revenue Enhancements (Annualized)	Reductions in Personnel Expenses (Annualized)	Reductions in Other Expenses (Annualized)
Police		826,987	136,175
Fire		Case 1 (Rolling Brownout) 266,124 Case 2 (Close Fire Station) 798, 372	
Library	26,000	105,269	130,810
Recreation Services	229,301	9,901	53,400
Economic Initiatives		80,112	70,000
Community Development	213,369		
General Government		29,076	8,373
Human Resources		34,200	15,600
Information Technology			
Finance			
Business License Tax	1,000,000		
Totals	1,468,670	With Fire Dept. Case 1 1,351,669 With Fire Dept. Case 2 1,883,917	414,358

Notes: 1. Target for FY 16 Mid-Year Adjustments: Combination of Revenue Enhancements + Reductions of $1.2 million or more

2. FY 17 (Year 1) General Fund cost to implement the Classification & Compensation Study and new Pay Plans could be an additional $1 million (and recurring thereafter)

Example: FY 16 Mid-Year General Fund Budget Adjustment Plan eff. 1/1/16 (not a recommendation)

Department	Reductions in Personnel Expenses (Annualized)		Reductions in Other Expenses (Annualized)		Total for Department
Police	Elim. (5) vacant sworn positions	443,449	Expenses related to positions	50,000	493,449
Fire	Elim. (3) vacant FF positions (brownout)	266,124			266,124
Library	Elim. Various part-time positions	105,269	Reduce various materials	130,810	236,079
Recreation Services		9,901	Misc. reductions	53,400	63,301
Economic Initiatives	Elim. (1) Special Events Mgr. position	80,112	Elim. 4th of July event	40,000	120,112
Community Development					
General Government	Transfer (1) Council Asst. to Rec. Services Elim. Communications Mgr. position	29,076			29,076
Human Resources	Elim. (1) vacant HR Specialist position	34,200	Elim. Recognition Program	15,600	49,800
Information Technology					
Finance					
Business License Tax					
Totals					1,257,941

Note: Target for FY 16 Mid-Year Adjustments: Combination of Revenue Enhancements + Reductions of $1.2 million or more

Example: FY 17 General Fund Budget Adjustments eff. 7/1/16 (not a recommendation)

Department	Revenue Enhancements (Annualized)		Reductions in Other Expenses (Annualized)	
Police				
Fire				
Library	Charge for meeting rooms	26,000		
Recreation Services	Various fee/revenue increases (see Slide 34)	229,301		
Economic Initiatives				
Community Development	Various fee/revenue increases (see Slide 44)	213,269		
General Government			Reduce radio advertising	8,373
Human Resources				
Information Technology				
Finance				
Business License Tax	Business license and tax	1,000,000		
Totals		1,468,570		8,373

Notes:
1. Additional FY 17 reductions of over $230,000 anticipated required, depending upon PSPRS actuarials expected Nov. 2015
2. General Fund personnel cost increase in FY 17 (Year 1) to implement the Classification & Compensation Study and new Pay Plans estimated at $1 million (and recurring thereafter)

Items to be Addressed in the FY 17 Budget

Implement Personnel Class & Comp Study/Pay Plans	
Changes to charges for internal services (reduce charges to General Fund)	
Dog licenses	
Business license	
Library District	
Public Safety • Fire/EMS models • Regional Response	
Sale of assets to benefit General Fund	
Reduce Airport grant matches	
Defer vehicle/equipment replacements	
Airport leases and use fees (reduce General Fund subsidy)	

Comments and Questions

Next Step: 10/20/15 Discussion of Budget Adjustments

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: WORKSHOP SESSION 10-6-15

DEPARTMENT: Community Development

AGENDA ITEM: Public Hearing for Deep Well Ranches South annexation, master plan amendment and rezoning, ANX15-002, MP15-001, and RZ15-005. City-initiated applications including all or portions of APN 106-04-001D, an area of approximately 321 acres [Owner: James Deep Well Ranches #1]

Approved By: **Date:**

Director:	Guice, Tom	09/24/2015
City Attorney:	Paladini, Jon	09/25/2015
City Manager:	McConnell, Craig	09/30/2015

Item Summary

This is a City-initiated annexation and rezoning of 321 ± acres located west of the Piñon Oaks Subdivision (Attachment 1). The subject property is bounded on the east by Piñon Oaks, on the west by Williamson Valley Estates (County unincorporated area), and on the south by Pioneer Park, and currently vacant. This annexation is consistent with, and implements in part, the Procedural Pre-Annexation Agreement, among the City and James Deep Well Ranches #1 and #2, City Contract No. 2010-086, which set forth mutual understandings for future annexations in the vicinity of the airport.

The annexation is subject to Proposition 400 (Resolution No. 3735), since the area is greater than 250 acres. A Master Plan is attached showing proposed uses and locations, boundaries of the site, and significant natural features affecting development. Proposition 400 requirements include:

- A 60-day public comment period following the Planning and Zoning Commission's vote on the Master Plan, and prior to the Council voting on the annexation ordinance
- Permanent recharge of all effluent generated by development within the annexed area to benefit aquifer safe-yield

A major component of the Master Plan is the rezoning of various parcels from the current County zoning to the approved land uses. City General Plan land uses and a Master Plan are already in place for the property.

Rezoning of various parts of the annexation area to Multi-family and Single-family residential is proposed to allow for the type of development depicted on the Master Plan and, to be compatible with the General Plan and the Airport Specific Area Plan land use designations for the property.

The proposed rezoning comprises the following approximate acreages (Attachment 3):

Multi-family High (MF-H)	42 acres
Single Family 18 (SF-18)	279 acres

Background

The General Plan was adopted in 2003, and is the guide for land use and related decisions in the City. The updated Plan (2015) was ratified August 25, 2015. The 2015 General Plan acknowledges the Prescott Municipal Airport for its importance in regional economic development and encourages compatible growth in the airport area.

In 2011, the Airport Master Plan was updated to better reflect new FAA standards related to airport impacts. None of this portion of the Deep Well Ranches property is influenced by these impact zones, making the area suitable for a mix of single-family and multifamily residential land uses.

Annexation and subsequent development of this property within the Prescott corporate limits will benefit both the City and the land owner. For the City, the ability to enforce land use controls is significant. In addition, there is a financial benefit to collecting permitting fees, infrastructure impact fees, and development-related taxes. The subject area also has potential future roadway connections that will benefit the City's transportation system. Development of the property within the City limits will assure return of the wastewater generated for treatment and permanent recharge, under the provisions of Proposition 400. For the land owner, the benefits are in the ability to connect to central water and wastewater facilities, and to establish commercial and residential densities that are compatible with Prescott's zoning.

City Services and Financial Impacts

Utilities Master Plans have been created for this area, to guide water and sewer infrastructure development. Water to support development is available pursuant to City Contract No. 2010-086. Transportation-related decisions will be made in accordance with the Airport Area Transportation Plan. All related improvements will be built to City standards.

An independent cost-benefit analysis, as required by Proposition 400, will be presented by Sarah Murley of Applied Economics at the October 6, 2015, City Council Public Hearing.

The adopted Annexation Policy of the City (Resolution No. 2739) describes factors to be considered, and states that annexation priorities are property with potential commercial or industrial uses, new residential development and property located in relationship to long-term goals of the City. Resolution No. 3878 set forth specific guidelines to improve the cost-benefit review of annexations, and established an Advisory Annexation Financial Review Committee. The Financial Review Committee has reviewed the analysis prepared by Applied Economics and completed their report (Attachment 6 of the report for ANX15-001) The analysis includes identifiable costs and benefits to the City expected to result from the annexation and subsequent development of the property.

Planning and Zoning Commission Action

The Planning and Zoning Commission held public hearings related to the annexation, master plan amendment and rezoning on September 10, 2015. Approximately 200 written petitions were received opposing this annexation (Attachment 6 is an example of these petitions). Approximately 130 people attended the September 10, 2015, Commission meeting, with many speaking against the annexation. Much of the concern expressed related to the proposed multifamily zoning of 42 acres of the area to be annexed. Several individuals expressed concern about future road access to the annexed area across Pioneer Park. Following public comments and Commission discussion, the Planning and Zoning Commission voted to recommend approval of the annexation, Master Plan, and rezoning, with a modification replacing the 42 acre multifamily area with single-family land use and SF-18 zoning to match the remainder of the annexation (4-0, with Commissioner Stringer abstaining).

Water

The aforementioned Procedural Pre-Annexation Agreement made water available to Deep Well Ranches in three increments, 450 acre-feet/year, 500 acre-feet/year, and 900 acre-feet/year, respectively. Water supplies are managed in accordance with state laws and the state-issued Decision and Order of Assured Water Supplies currently held by the City of Prescott.

Development of the property will assure return of the wastewater generated to the Airport Water Reclamation Facility for treatment and subsequent permanent recharge.

Schedule

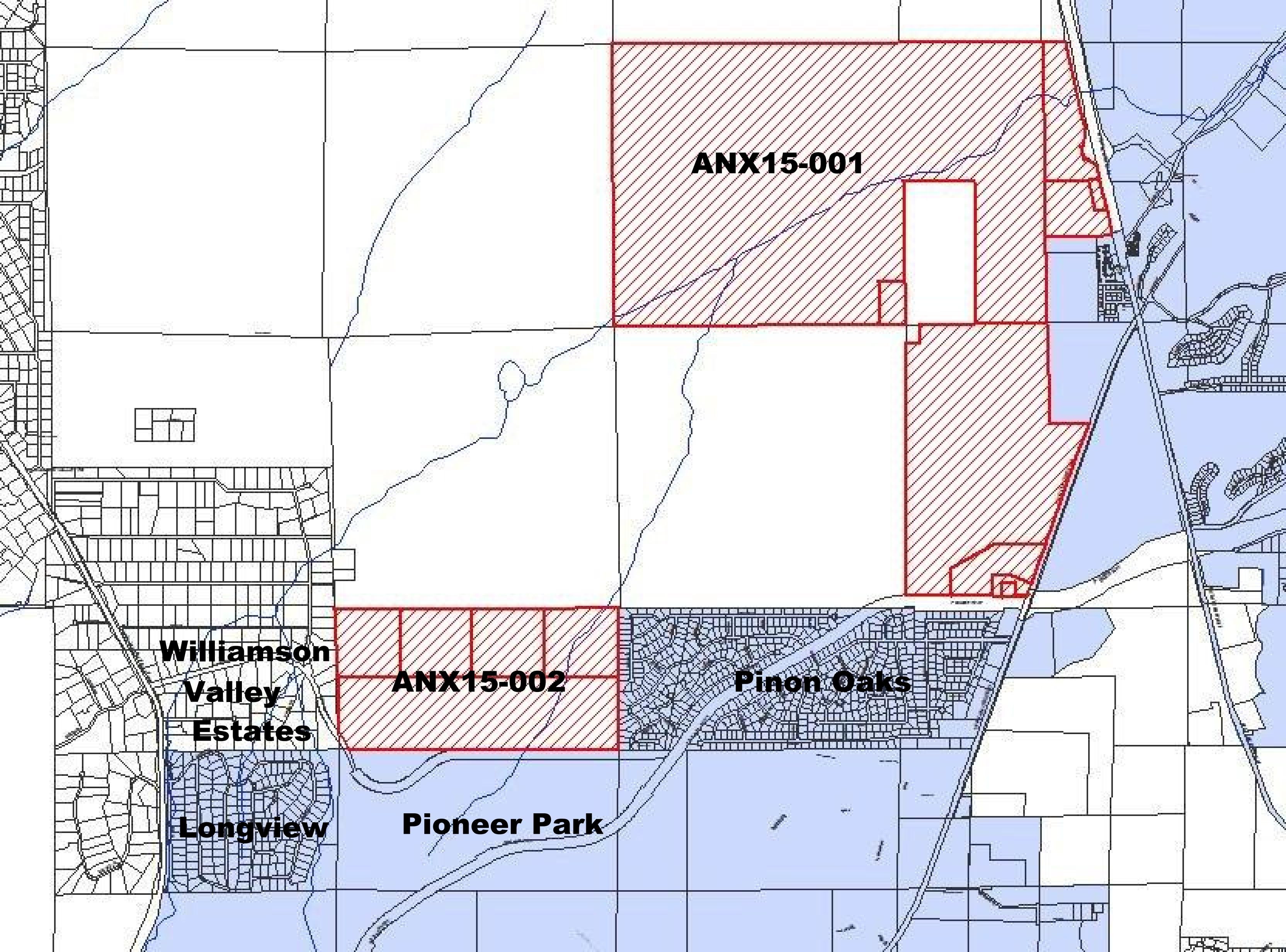
Following the conclusion of the sixty-day review period on November 9, 2015, the City Council will hold a public hearing November 10, 2015, to consider ordinances annexing the subject properties with City equivalent zoning, amending the Master Plan and rezoning the subject properties to be consistent with the General Plan, the Master Plan, and the Airport Specific Area Plan.

Agenda Item: Public Hearing for Deep Well Ranches South annexation, master plan amendment and rezoning - ANX15-002, MP15-001, and RZ15-005, comprising approximately 321.3 acres. City initiated application including all or portions of APN 106-04-001D [Owner: James Deep Well Ranches #1]

Attachments

1) Annexation Vicinity Map
2) Rezoning Map
3) General Plan Land Use Map
4) General Plan Circulation Map
5) Master Plan
6) Example Petition Form
7) Letters of Opposition

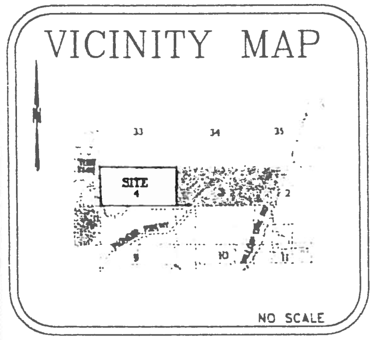
Recommended Action: MOVE to close the public hearing.



ANX15-001
ANX15-002
Williamson
Valley
Estates
Pinon Oaks
Longview
Pioneer Park

Attachment 2

PLAT OF
ZONING DISTRICTS
IN THE
CITY OF PRESCOTT
PORTIONS OF SECTIONS 4 & 5, T14N, R2W
G&SRB&M, YAVAPAI COUNTY, ARIZONA



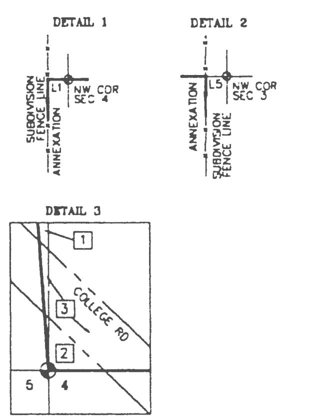
PARCELS INCLUDED

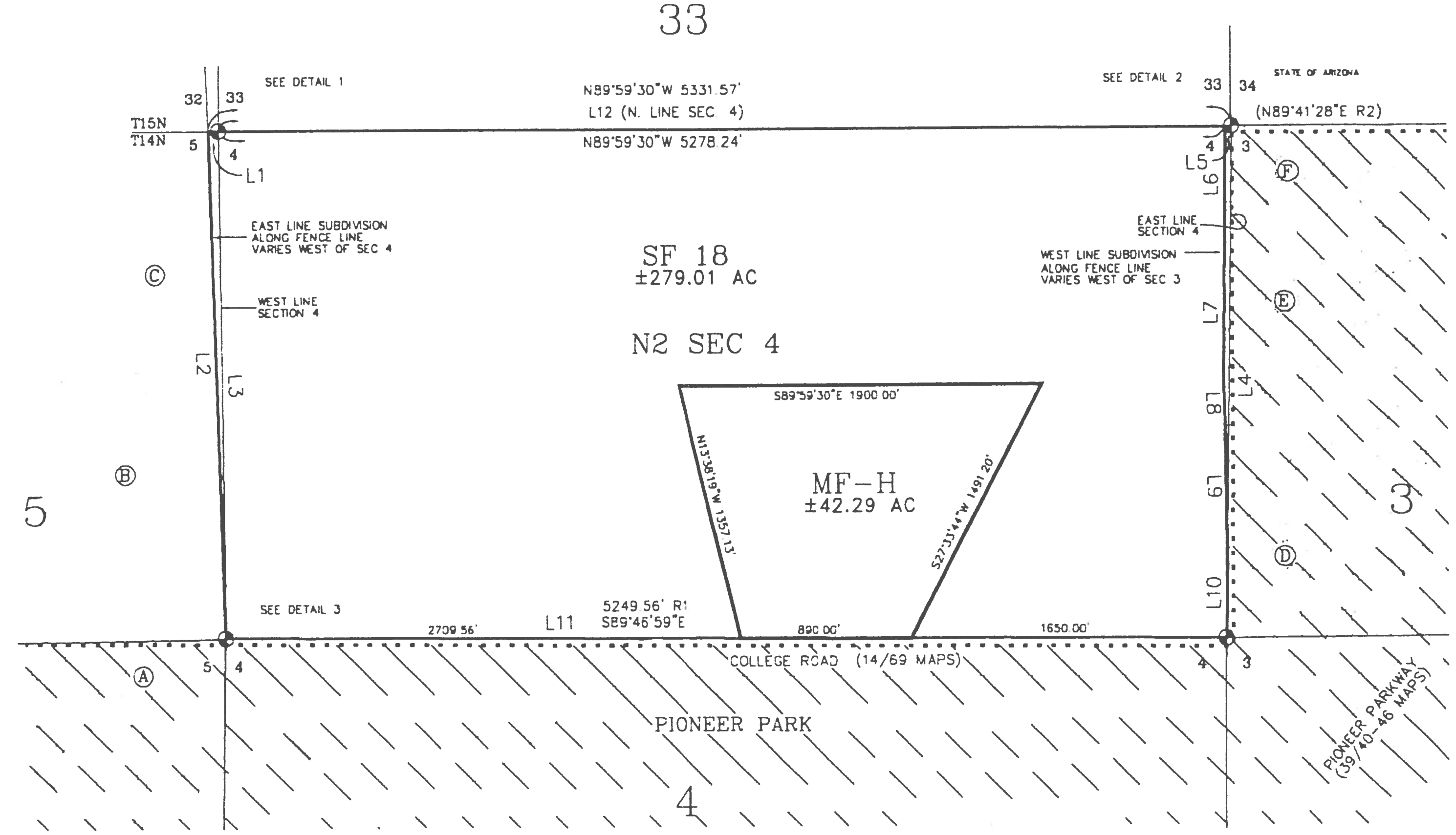
1. APN 106-04-001D
   DEEP WELL RANCHES No. 1 LLC
   BOOK 1601 OFFICIAL RECORDS, PAGE 803, YCR
   PORTION N2 SEC 4, T14N, R2W, G&SRB&M

2. APN 106-04-001A
   YAVAPAI COUNTY COLLEGE ROAD
   BOOK 3019 OFFICIAL RECORDS, PAGE 60, YCR
   BOOK 31 MAPS, PAGE 96, YCR
   PORTION N2 SEC 4, T14N, R2W, G&SRB&M

3. APN 800-17-054G
   APN 800-17-054D (PORTION)
   COLLEGE ROAD
   BOOK 14 MAPS, PAGE 69, YCR
   PORTION N2 SEC 4 & 5, T14N, R2W, G&SRB&M

4. APN 102-11-001H
   DEEP WELL RANCHES No. 1 LLC
   BOOK 1601 OFFICIAL RECORDS, PAGE 803, YCR
   BOOK 934 OFFICIAL RECORDS, PAGE 172, YCR
   PORTION N2 SEC 5, T14N, R2W, G&SRB&M





LINE TABLE			
LINE	LENGTH	BEARING	RECORD
L1	53.32	N89°59'30"W	SEC LINE R1
L2	2638.17	N01°40'50"W	N02°02'W R2
L3	2637.13	N00°31'21"W	SEC LINE R1
L4	2656.42	S00°51'46"W	N00°32'19"E R3
L5	35.34	S89°59'05"E	N89°41'28"E R5
L6	597.00	N00°25'55"E	N00°06'28"E R5
L7	729.98	N00°33'44"E	N00°14'17"E R4
L8	221.34	N00°58'26"W	N01°17'53"W R4
L9	643.97	N00°54'31"W	N01°13'58"W R6
L10	464.05	N00°51'46"E	N00°32'19"E R3
L11	5249.56	N89°46'59"W	SEC LINE R1
L12	5313.59	S89°59'30"E	SEC LINE R1

(A) = LONGVIEW ESTATES UNIT 4
BOOK 30 MAPS, PAGE 11, YCR

(B) = WILLIAMSON VALLEY ESTATES NO. 2
BOOK 11 MAPS, PAGE 40-41, YCR

(C) = WILLIAMSON VALLEY ESTATES NO. 3
BOOK 12 MAPS, PAGE 13-14, YCR

R3 (D) = PINON OAKS SUBDIVISION UNIT 4 PHASE III
BOOK 49 MAPS, PAGE 87, YCR

R4 (E) = PINON OAKS SUBDIVISION UNIT 4 PHASE IV
BOOK 53 MAPS, PAGE 39, YCR

R5 (F) = ARROYO VISTA SUBDIVISION
BOOK 53 MAPS, PAGE 41, YCR

⊕ = SECTION CORNER AND/OR QUARTER CORNER

R1 = CITY OF PRESCOTT GPS SECTION CORNER LOCATIONS
ENGINEERING DEPARTMENT

R2 = BOOK 934 OFFICIAL RECORDS, PAGE 172, YCR

R6 = BOOK 3152 OFFICIAL RECORDS, PAGE 724, YCR

GRAPHIC SCALE
(IN FEET)
1 inch = 400 ft.

ZONING DISTRICTS

SF-18 ZONING ±279.01 ACRES TOTAL
MF-H ZONING ±42.29 ACRES TOTAL

EXISTING CORPORATE LIMITS

AREA ANNEXED ±321.3 ACRES TOTAL

THIS PLAT WAS PREPARED BY ME DURING THE MONTH OF JUNE 2015 BASED ON RECORD INFORMATION, AND IS REPRESENTED ACCURATELY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DUANE FAMAS RLS 27737

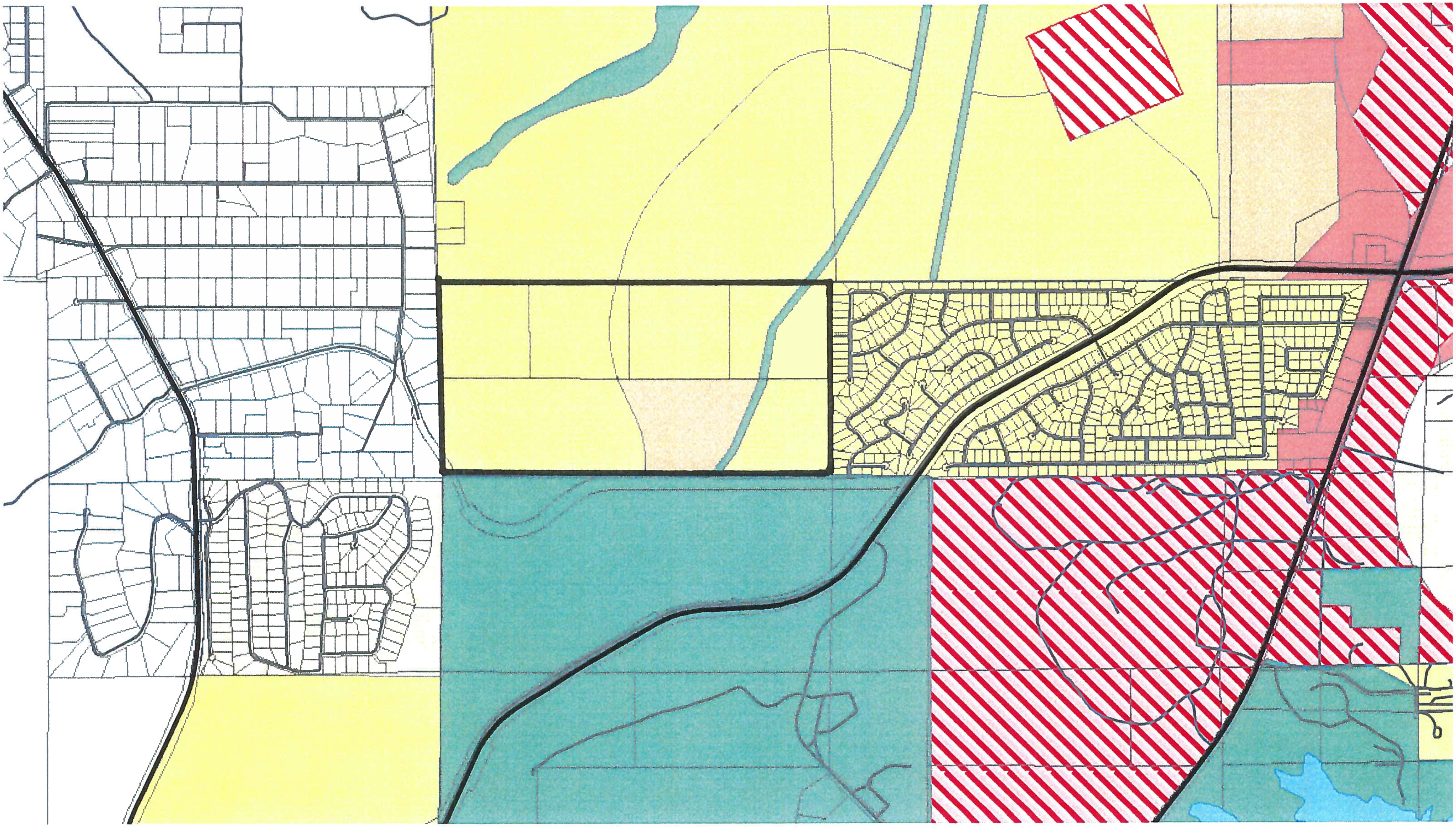
REGISTERED LAND SURVEYOR
27737
DUANE FAMAS
06/26/15
ARIZONA U.S.A.

SHEET SIZE 24 X 36

DUANE FAMAS RLS
131 ROBINSON DR. PRESCOTT, AZ 86303
PHONE (928) 820-0072

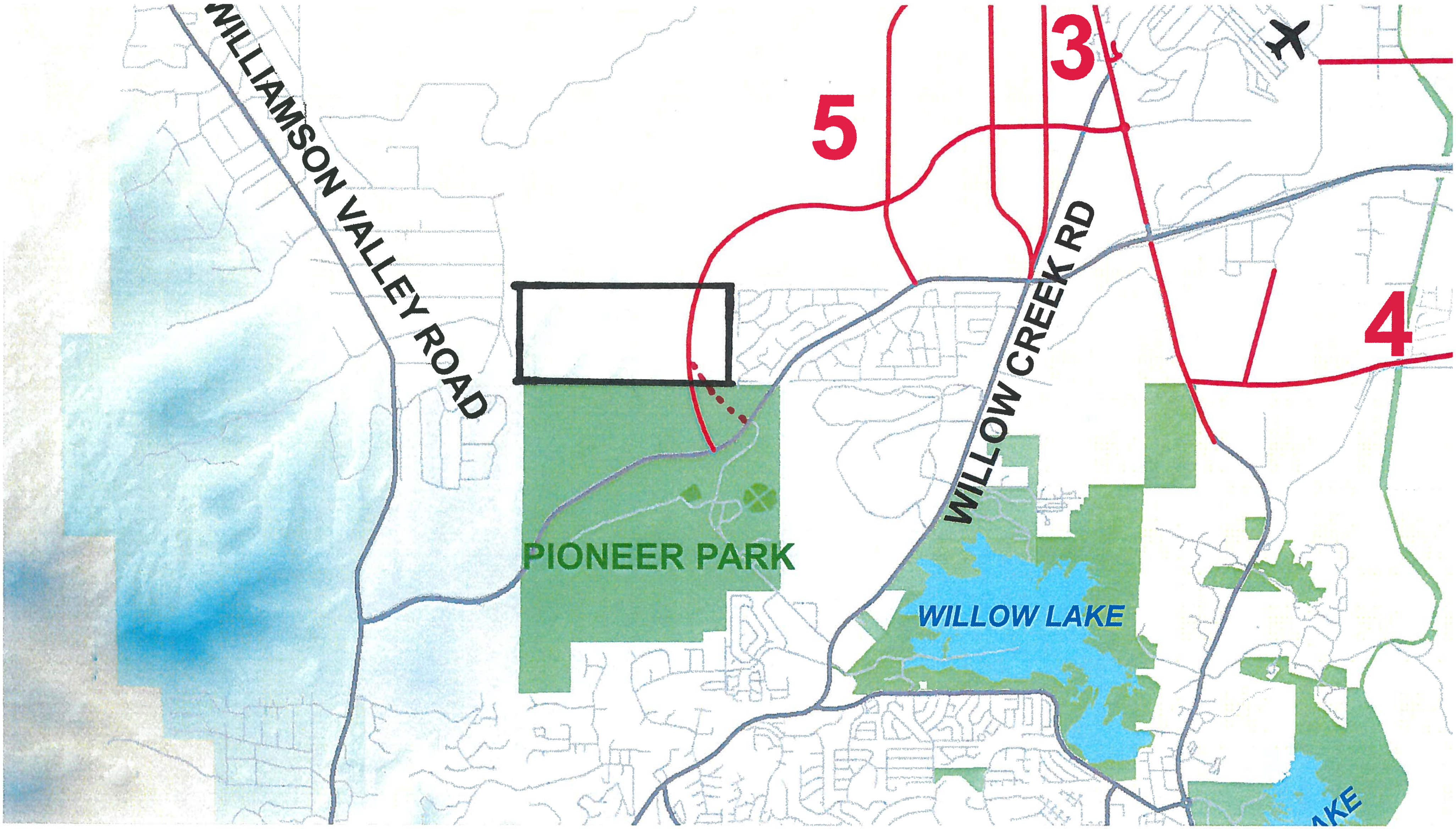
Attachment 3

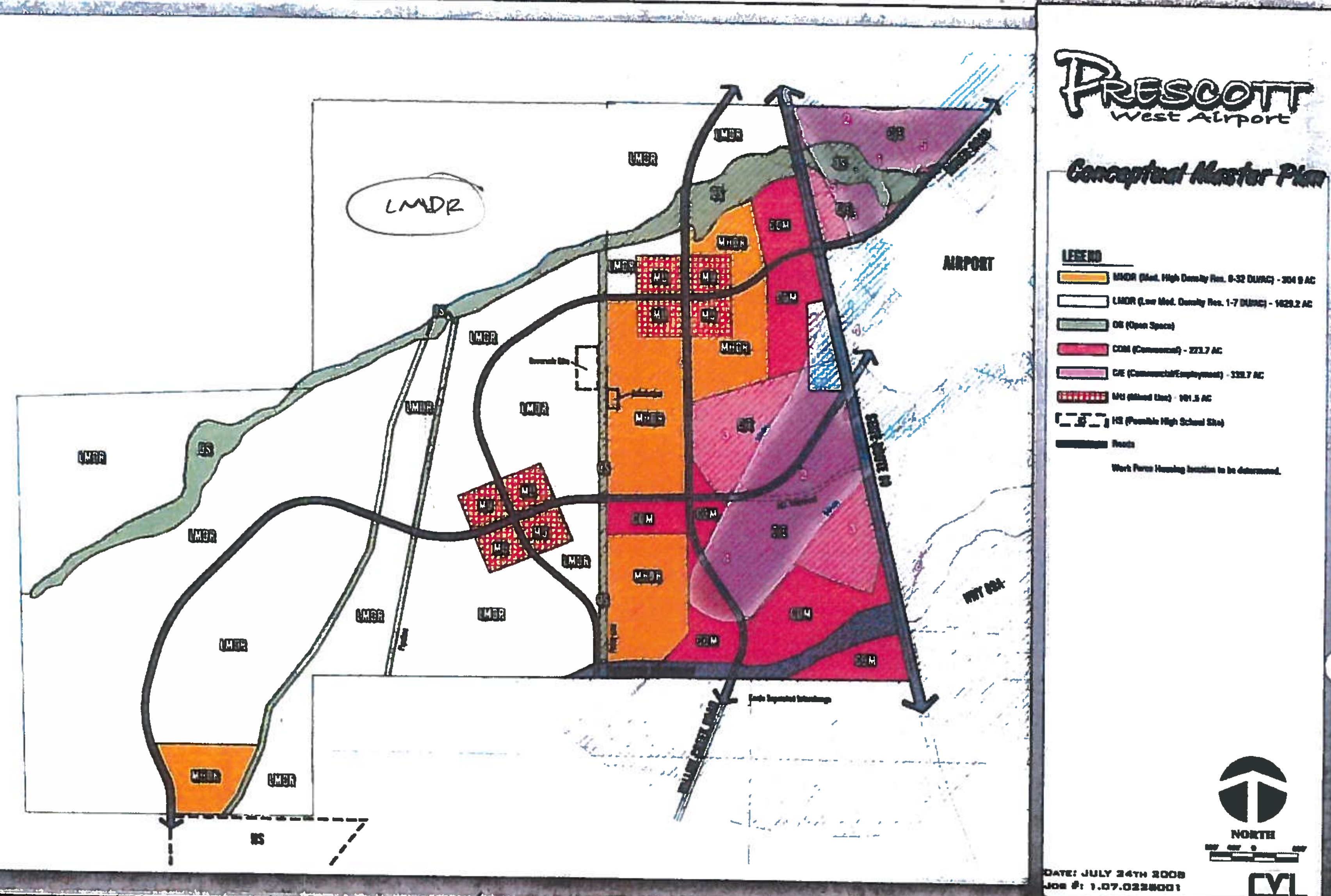
General Plan Land Use



Attachment 4

General Plan Circulation





Attachment A

PROTEST OF ANNEXATION AND ZONING
CITY OF PRESCOTT

Annexation (ANX15-002) and Rezoning (RZ15-005) for 321.3 acres between Pinon Oaks subdivision and Williamson Valley Estates

1) Please decrease the density of homes by zoning the entire 321 acres to single-family units. The lot size should be a minimum of 18,000 square feet.

2) Before annexing the 321 acres, a requirement be met to legally secure a main road access that could safely handle the increase of traffic. This main access road should not be located in either Pinon Oaks subdivision or Williamson Valley Estates.

Print Name Jerry Lee Ching

Signature Jerry Lee Ching

Address 1140 W Cliff Rose Rd

Date 9-3-15

Tom Heise

September 28, 2015

Mayor and Council, City of Prescott

RE: Deep Well Ranches Annexations 15-001 and 15-002

The City Council needs to give serious consideration to many factors before approving these annexations.

The total area of both annexations is 1, 625 acres. Granite Dells Estates, 1,140 acres is already annexed and Eco Development is planning to propose annexation of 2,471 acres. What will the impact be on police, fire, roads, schools and most important, water and neighboring subdivisions, when all these proposed annexations are developed? Will the city be able to provide the necessary services and water? The city already has a problem with services and water!

There are 2 Deep Well Annexations proposed. The council should consider postponing the annexation of the south annexation 15-002, 321 acres, until there is some idea of what the impact will be from development of 15-001 and previous annexations.

The annexation of 15-002 would have the greatest impact on neighboring subdivisions, water and access. Williamson Valley Estates is rural, 1 house on 2 acres. Most houses have wells and many have had water problems already. There is no access to this property except through existing subdivisions and they are not able to handle the traffic.

Perhaps council will vote to benefit the people already here instead of consistently voting to bring more people in and stretching resources even more. Remember, people who live in the county cannot vote in city elections. They were not part of the 80% that passed the General Plan!

It would be appreciated if the council would vote against the annexation of 15-002, 321 acres Deep Well Ranches south.

Thank you,

Joyce Mackin

Joyce Mackin

1235 w. Merrill Dr.

Prescott, AZ 86305

Guice,Tom

From: Worley,George
Sent: Wednesday, September 02, 2015 11:08 AM
To: kvhart@earthlink.net
Cc: McConnell,Craig; Guice,Tom; Paladini,Jon
Subject: Email to Prescott City Council
Attachments: 2015Circulation.pdf; Scan_7855_09022015.pdf

Mr. Hart,

Thank you for your email addressed to the City Council regarding the possibility of a road through Pioneer Park. I spoke to you twice on the matter (August 31 and September 1) and attempted to answer your questions. During those conversations, I emphasized that there were two potential road connections along Pioneer Parkway and that the eastern connection would be the primary access to the north into the area proposed for annexation. We discussed the fact that road extensions to the north were planned at the time Pioneer Parkway was designed and that they have been shown in the General Plan and a master plan for the past 7 years. We also discussed a potential road extending north from the western point on Pioneer Parkway, and I noted that the difficult terrain and remoteness of that point from the main access road would make such a road unlikely in the near future.

I point these things out because your email leaps to a number of conclusions that did not come out of our conversations and are not supported by the information available at this point in time. Our notifications went to all property owners near the annexation boundaries. Since there are no known development plans for the area proposed to be annexed, it is not possible to notify owners of development related impacts. If such information becomes available, be assured that the City of Prescott Planning Department goes to great efforts to notify affected property owners.

Your concern that a road will "abut" Longview Estates and destroy the value of properties there, is not supported by the information we have. If, at some remote time in the future, a secondary road is constructed northward from the western access point on Pioneer Parkway, it need not abut Longview Estates. We have no reason to believe that it would cut across difficult terrain and be visible to the residents of Longview Estates. If such a road were to be built, it would more likely follow terrain features to minimize costs and may be no more visible to Longview Estates than is Pioneer Parkway. Your contention that a roadway through Pioneer Park would render properties in Longview Estates "worthless" is a rather broad overstatement.

The construction of Pioneer Parkway by Yavapai County (with the two planned access points) was done with the full knowledge of the Bureau of Land Management and the City of Prescott. Any new roadways would require the same three entities to approve them. Sensitivity to the impact on nearby property owners would be considered, as it is with all new road construction projects.

To be clear, and to reassure you of the facts, there is no road currently planned to abut the eastern edge of Longview Estates. The area proposed for annexation will have its primary access from the eastern access point on Pioneer Parkway, south of Pinon Oaks subdivision and slightly over a mile east of Longview Estates. While it is possible that some future roadway could be built closer to Longview Estates, it is unlikely to be built abutting Longview Estates and is not contemplated in the foreseeable future. I have attached a copy of the 2009 Master Plan and the Prescott General Plan roadway circulation map showing the approximate location of the access road to the annexation area for your information.

Please feel free to contact me again if you have more questions.

George Worley
Planning Manager

CITY OF PRESCOTT
ARIZONA

201 S. Cortez Street | Prescott, AZ 86303
Ph: 928-777-1287 | Fax: 928-777-1258
george.worley@prescott-az.gov

Cc: Craig McConnell, City Manager
Jon Paladini, City Attorney
Tom Guice, Community Development Director

-----Original Message-----
From: kvhart@earthlink.net [mailto:kvhart@earthlink.net]
Sent: Tuesday, September 01, 2015 1:11 PM
To: Crouse,Patti
Subject: Deep Well Ranch Annexation

Attention: City Council Office

The failure of your planning office to notify the Longview Estates residents of a potential road through Pioneer Park abutting the Longview Estates has caused me to be involved in a law suit over a property in Longview. How could your planning office think that this would not have any impact on the property values in Longview? The road would make the homes on Longview Drive and Fawn Drive totally worthless. Green space is the most valuable commodity that the City of Prescott has to offer and the planning office thinks it is a good thing to build roads through your park space. It is the main reason I had planned to buy in Prescott. This should never happen. I can not vote for any of you yet but this will not be forgotten if I can resolve my suit and do buy in Prescott.

From: Kent V Hart

September 9, 2015

City of Prescott Planning and Zoning Commission
201 South Cortez
Prescott, Arizona 86303

RE: Annexation and Rezoning (ANX 15-002, RZ 15-005)

Dear Commission Members,

We own a home in the Williamson Valley Estates and would like to communicate to you our concerns on the proposed annexation and rezoning of the 321.3 acres located west of the Pinion Oaks Subdivision and east of Williamson Valley Estates.

Prescott and its surrounding communities are beautiful and offer so many wonderful things to its residents. The quiet rural atmosphere and larger acreage lots that make up the Williamson Valley Estates are ultimately what convinced us to purchase our home there. While we understand that growth for the city of Prescott is inevitable we feel that rezoning the 321.3 acres adjacent to our neighborhood to include multi-family homes would significantly denigrate our neighborhood and devalue our property. We ask that the Planning and Zoning Commission rezone these acres for only single family homes on lot sizes of no less than half an acre. We have lived in Phoenix and San Diego most of our lives and do not want the big city noise, congestion, chaos, overcrowding and traffic to contaminate the peaceful and inviting environment that currently exists in the Williamson Valley Estates and Pinion Oaks Subdivision.

In addition, we vehemently object to having traffic for the homes that are built on the 321.3 acres be routed through either of the Williamson Valley Estates or Pinion Oaks Subdivision neighborhoods. The existing roads in our neighborhood are quiet country lanes and we feel it is unacceptable, and would be deplorable for the city to plan for, or alter existing roads to allow traffic to stream through either of these existing neighborhoods. We ask that the Planning and Zoning Commission direct the city to build a new main access road for these 321.3 acres off of Pioneer Parkway and make this new road the only access to this new neighborhood.

We agree with Prescott presenting itself as "everybody's hometown" and appreciate the Commission holding a public hearing for homeowners to voice their concerns to hopefully enable all interested parties to work together and make Prescott and its communities a truly great hometown for everyone. There are several locations in Prescott that are perfect for multi-family developments, but these 321.3 acres is not one of them. New homeowners, like we were, will be drawn to the rural country charm that currently exists in the Williamson Valley Estates and Pinion Oaks Subdivision, and can exist in the new development of the 321.3 acres if these acres are zoned accordingly and the associated new traffic is provided for properly. We love our neighborhood and this part of Prescott, please don't destroy it!

Thank you for your consideration of our viewpoints and your open mindedness to keep Prescott the great city we love.

Sincerely,

Douglas and Virginia Langston

Guice,Tom

From: Webb,Kim
Sent: Thursday, September 10, 2015 8:24 AM
To: Guice,Tom
Subject: FW: Public Hearing Comments for the Planning and Zoning Commission hearing Sep 10, 2015

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

Kim Webb, CMC
Deputy City Clerk

CITY OF PRESCOTT
ARIZONA
201 S. Cortez Street I Prescott, AZ 86303
Ph: 928 –777 -1313 I Fax: 928-777-1255
kim.webb@prescott-az.gov

From: Carl Day [mailto:carlmday@gmail.com]
Sent: Wednesday, September 09, 2015 7:43 PM
To: Webb,Kim
Cc: Carl Day
Subject: Public Hearing Comments for the Planning and Zoning Commission hearing Sep 10, 2015

Dear Commission Members,

Kindly accept this input as submitted and please read it at your hearing on September 10, 2015 regarding ANX15-002.

"The City Clerk would not let me contact you directly via email and instructed me that any correspondence on this issue must flow thru her. I hope that she provides each of you with a copy of my input.

My name is Carl Day and I reside in Longview Estates, which borders the BLM land north of Pioneer Parkway, in the Pioneer Park leased lands south of the proposed 321 acre annexation parcel. Longview Estates also borders the southwest corner of the land proposed for annexation. Although I am President of our community's HOA, I am providing my individual comments to you on this matter. I am against the annexation of this 321 acre parcel into the City of Prescott and any and all future roadways on the BLM land which would serve the financial benefit of the current land owner and future commercial developers of the 321 acres.

As reported in the Daily Courier on Aug 28, at least one member of the Commission has publicly stated that he does not support any vehicular entrance into this parcel if the vehicles must travel through the existing streets of the northern portion of Piñon Oaks or on West Cliff Rose in Williamson Valley Estates. I concur with the good sense as stated by that Commission member. Good common sense is no longer common in the times in which we live. I am glad to see that it exists on your Commission.

Piñon Oaks residents will see a diminished quality of life if they are subjected to this increased traffic flow into the 321 acre parcel. Extension of West Cliff Rose by the Yavapai County Board of Supervisors thru Williamson Valley Estates into the most southern portion of the western border of the 321 acre parcel will result in a roadway being built within approximately 200 feet of land in Longview Estates. An access at that location will be a disaster for the residents of Williamson Valley Estates and severely impact on the noise and visual pollution for the residents of Longview Estates Subdivision Unit Four. Building an access road at that location does not meet the common sense test unless it is the purpose of the City of Prescott to annoy both the County residents of Williamson Valley Estates and the city residents in Longview Estates. The maximum amount of road use in the West Cliff Rose area should be a gate to be used only for emergency egress from the 321 acre parcel in case of a future emergency, in the event the City ultimately decides to approve the annexation of this parcel. A permanent road at this geographic point for daily use I find to be objectionable. The gate could be similar in nature to the current emergency gate now in place near Pioneer Parkway on the south west portion of Pinion Oaks subdivision north of Pioneer Parkway.

The Commission should ask the current responsible City officials what written and verbal dialog they have had with appropriate Yavapai County officials regarding the extension of West Cliff Rose to the western edge of the 321 acre parcel in question. This is a City-driven annexation at this time and one would hope that answers would be in place or some substantial dialogue done with the County. Do you have Yavapai County Governmental representation in place today? Please determine what other governmental agencies may agree to do or not do in the future before for you bring your recommendations forward.

In the event the Commission recommends the annexation without access from West Cliff Rose, or Piñon Oaks via Symphony Drive, it would limit access from the South via BLM-owned, City-leased land. The second option is to enter via the north on a road over other James Deep Well Ranch owned land with connection to a new Willow Lakes Road or AZ 89. A road providing access from the north connecting with those roads will not adversely impact Pinion Oaks, Williamson Valley Estates, or Longview Estates

The City of Prescott lease of the BLM lands north of Pioneer Parkway, south of the 321 acre parcel, expires on December 3, 2032. The lease is based on the Recreation and Public Purposes Act of 1927, enacted by Congress. The purpose of the lease is for the lands to be used for recreation and public purposes. Clearly, the current land use for hiking trails is compliant with the terms of the lease. The current plans of the City planning office would have it ask the Yavapai County Supervisors to take the lead in developing a proposal that would go to the BLM to allow construction of roads going north off Pioneer Parkway and onto the BLM-leased lands to service the 321 acre parcel. The current City position is that the land developers would pay the construction cost associated with this road that would most likely be built near the current intersection of Commerce Drive and Pioneer Parkway. That would probably generate a new traffic circle or a four-way intersection with traffic lights on Pioneer Parkway at Commerce Drive.

Since it appears to be the intent of the City and Yavapai County to have the developers pay for the road that may be built on the BLM land, one must question if it meets the current requirement of the lease. The beneficiary of the road will be the developers who will construct various types of residential housing on the 321 acre parcel turning a tremendous profit. Their accumulation of a profit, based on their funding of the road, does not meet the common sense test--that the leased BLM land is to be used for public purposes.

City officials may counter that the precedent was already established in years past, when the Yavapai County Board of Supervisors sought and obtained the approval of BLM to construct a mile or more portion of Pioneer Parkway thru BLM land. The difference is that no developers financed that portion of Pioneer Parkway on BLM land. That portion of Pioneer Parkway was constructed with public funds. The section going thru Pioneer Park connected with a public-funded section to the west that met at an intersection at Williamson Valley Road. That portion of Pioneer Parkway to the east of the BLM land was publicly funded, so that it intersected with Willow Creek Road. That section of Pioneer Parkway on BLM land did serve the public purpose of giving County residents a highway connecting Williamson Valley Road to Highway 69 in Dewey. That is the proper use of BLM land for public purposes. It truly was a publicly funded road, NOT built to benefit any developer or commercial firm.

Developer-funded roads on BLM land that will directly benefit the developers should never be planned or executed by the City or the County. I would hope that the Yavapai County Board of Supervisors not get in lock-step with the City of Prescott to build roads on BLM-leased land for the ultimate benefit of the developers.

After being in Prescott for over 10 years, one gets to learn how things get done, often at the expense of the property tax paying residents. In the event you give this parcel an annexation OK and go forward to the City Council as it currently stands, I only have one request as a compromise. It is that any and all future roads, drives, streets, lanes or boulevards handling motor vehicle traffic built on BLM land, be built no closer than 2,640 feet to the eastern property line of Longview Estates Subdivision Unit Four-owned land. The BLM land is one mile wide and we have no desire to experience noise or visual pollution.

Since these two annexation issues each exceed the 250 acre minimum and fall under the provisions of Proposition 400, can the Commission or City Attorney confirm that the electorate of Prescott will ultimately be faced with two separate ballot choices if the City Council goes forward with both ANX15-001and ANX15-002? Since they are not contiguous properties, I would hope that each annexation proposal would be a separate ballot initiative. Although the Commission and the City Council cannot let water availability for these parcels be an issue in any of their decisions I am certain the the educated electorate of Prescott citizens will take future water issues to heart when they vote on the 321 ace parcel covered by ANX15-002. The Prescott voters will exercise common sense related to our limited water supply when they cast their vote on annexation.

Thank you for your consideration of my request. "

Carl Day
4660 Fremont Drive

--
Carl

Guice,Tom

From: Crouse,Patti
Sent: Monday, September 14, 2015 8:01 AM
To: Elected Officials; 'sblair1802@cableone.net'; Greg Lazzell; Jean Wilcox
Cc: DeLong,Dana; Guice,Tom
Subject: Annexation

Follow Up Flag: Follow up
Flag Status: Flagged

From: Rita Mackey [mailto:rita_mackey@hotmail.com]
Sent: Friday, September 11, 2015 12:20 PM
To: Crouse,Patti
Subject: Annexation

Please forward this email to all current and future council members.

We are informing you that we are against annexing the area between Williamson Valley Estates and Pinion Oaks. You keep talking about purchasing open space, and here we have open space and you want to do away with it and put in houses and multi-family dwellings. Here in Prescott we are all concerned about our water supply and yet the council doesn't seem concerned at all. What are these people going to have coming out of their faucets and be using in their toilets. Sure enough it is water, just what we are in short supply of here in the high country. We don't want to end up in the same situation as California.

You were elected because the voters thought you had common sense, cared about the quality of life here in Prescott, but obviously we were wrong. You are all shortsighted and interested only in the tax revenue this will provide. Anyone of you who votes to annex this area should be voted out of office at the next election. We will know who you are.

We moved here because of the small town atmosphere and we don't want to see Prescott grow by leaps and bounds.

Donald & Rita Mackey
Pinion Oaks

Guice,Tom

From: Worley,George
Sent: Monday, September 14, 2015 7:54 AM
To: Guice,Tom
Subject: FW: Deep Well Ranch ANEX

FYI

-----Original Message-----
From: chuck.queen@me.com [mailto:chuck.queen@me.com]
Sent: Saturday, September 12, 2015 12:06 PM
To: Worley,George
Subject: Deep Well Ranch ANEX

Attention: George Worley

First thank you for your presentation relative to the Deep Well Ranch Annexations. As I noted, after the meeting, I am not sure that the City has a legal and/or moral obligation to effectively act as Deep Well Ranch's agent relative to RE-zoning annexed properties. I do understand that the City has made an obligation to effectively act as their agent relative to the annexation (a separate issue from zoning). I would appreciate the new e-mail address to use to send you files relative to this and/or other issues. I fervently believe in the planning process as a means to bring order and consideration to the future land use. However we all know that the future is not exactly predictable and flexibility in any Master Plan is essential to recognizing the future and adapting to it when it arrives. I also believe that, especially considering all that Prescott has to offer, the zoning of annexed land should be at the least possible impact, meaning if at all possible at the
current county zoning, unless there are immediate and specific needs otherwise as any land owner may request re-zoning at a later date to a more intensive use. This would reduce immediate impacts to the Prescott environment both physical and physiological. The presentation and discussion at the last meeting, as in previous meetings, notes that there are NO current developer and/or land owner immediate plans for the areas under consideration. Therefore there is no immediate need to rezone the annexed area immediately upon annexation other than to bring the land IMMEDIATELY into synchronization with a master plan that is a projection into the future. NOT rezoning this annexed land will not impact a future rezoning if and when a developer and/or land owner has a specific use in mind. Just a note and will follow up with some other data when I have an email address that I can send files to.
Thank you again for a very informative and respectful meeting with the Planni
ng Commission. Chuck Queen

From: Charles T. Queen

Worley,George

From: joycemackin@gmail.com
Sent: Monday, September 28, 2015 2:47 PM
To: Worley,George
Subject: Deep Well Annexation 15-002, 321 acres

Attention: Community Development Department

I urge the council to vote no on this portion of the Deep Well Annexation. This annexation will negatively impact the surrounding area which is mostly rural and open space. There is no access to this property and neighboring subdivisions are not able to handle the traffic. Water is already a problem here. Please consider all the factors before voting. Thank you

From: Joyce Mackin

Donna Sinclair
6115 N. Bailey Avenue
Prescott, AZ 86305

September 10, 201

City of Prescott
201 S. Cortez Street
Prescott, Arizona 86303

Mayor Kkuykendall
Council Members
Tom Guice
Community Development Department

Subject: **Proposed Annexations (ANX 15-002) and Rezoning (RZ15--005) for property north of Pioneer Parkway and west of Pinion Oaks subdivision. Proposed zoning is SF-18, MF-H. Site APN 106-04-001D, totaling 321.3 acres and (ANX 15-001)**

I am a resident of Williamson Valley Estates. I believe this proposed annexation and land use is short -sighted and bad for the area in every way! I am in favor of protecting private property rights. But not just for the large land owner with deep pockets. While it may be understandable for any property owner to wish to enhance the value of their property, there are broader factors to be considered.

Property rights, yes, but consider this: My family's 320 acres along the northern CA coast experienced the 30 ac. nearest the beach being condemned in the 1960s by the California Coastal Commission. In the 1970s, another 90 ac. were "taken" by the federal government national parks. The remaining 200 ac. have been downzoned and regulated to the point the property is basically worthless, except of course we still love it there. Our grandmother's wish each of her five grandkids could have a little vacation home there overlooking the valley and ocean was ended. We can never build another thing there. In fact, if the existing structures burned down, there is little chance we could rebuild. We were not happy with this for obvious reasons, but our rights were set aside. Property rights for small land owners all over the nation often do not exist. So large landowners and cities should also have to face the fact, development is not always best for all. Money should not always be the deciding factor. The good old boy thing wears thin.

Too much development is not sustainable here. Sometimes property rights must bend . . .

Water

Arizona is the ARID State. Much more arid than property developers and cash strapped cities seem able to accept. While water rights are provided to the City of Prescott via the planned water from the Big Chino water ranch, it is more than apparent this litigation delayed water use will probably never come to fruition. Again, too much development is too much development! There are new homes going up all over our cities and county. Water is already scarce at best.

If more wells are sunk in this area, the wells in Williamson Valley Estates could dry up completely, as their levels are already down!.
Is this right? Is it fair? Whose rights matter? Why do the local government entities always find justification for more and more development when there is clearly unsustainable water? All the expensive studies do not change the reality of facts.

What good is added revenue to the City treasury when there is not enough water for the added people? We are told to conserve and always have. Yet, here and all over Arizona we see golf courses, athletic fields, aesthetic water features. All lovely, but even with recycled water, there is much waste. Money seems to talk and where does it end?

Wildlife Protection

Is critically important. This should be a huge priority too! Think of our sad Pronghorn situation . . .

Open Space

Once all the ridges are speckled with homes, there is no going back. The beauty of this area is diminishing fast. Too much building, high density for high profit for developers and city is short sighted but can be too easily justified by the few for the wrong reasons.

Thank you for not going forward with this development,

Donna Sinclair

Worley,George

From: khalford@cableone.net
Sent: Thursday, September 10, 2015 7:55 AM
To: Worley,George
Subject: 321 acre Deep Well Annexation

Attention: Community Development Department

This project is unreasonable,irresponsible and incomplete. I question the judgement of the P&Z that would even look at a project with no ingress/egress. Why would the commission presume they could burden the neighboring Pinion Oaks and/or Williamson Valley Estates with the traffic from 2200 proposed homes. In our opinion this project should be pulled and taken back to the drawing board 1) The landowner must provide ingress/egress through and over his own land 2)7 houses per acre is irresponsible! Cut that number in half. We realize the City needs the tax revenue, no problem--BE RESPONSIBLE!!

From: Ron and Karen Halfor

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: WORKSHOP SESSION 10-6-15

DEPARTMENT: Community Development

AGENDA ITEM: Public Hearing for Deep Well Ranches North annexation, master plan amendment and rezoning, ANX15-001, MP15-001 and RZ15-004. City-initiated applications including all or portions of APNs 102-02-004A, 102-02-004B, 102-03-008, 102-03-008A, 102-04-001A, 102-04-001B, 102-01-002A, 102-01-002B, and 102-01-213Q, an area of approximately 1,304 acres [Owners: James Deep Well Ranches #1, Brooke and City of Prescott]

Approved By:		**Date:**
Director:	Guice, Tom	09/24/2015
City Attorney:	Paladini, Jon	09/25/2015
City Manager:	McConnell, Craig	09/30/2015

Item Summary

This is a City-initiated annexation, master plan amendment and rezoning of 1304 ± acres located west of the Prescott Municipal Airport (Attachment 1). The subject property is bounded on the east by State Route 89 and on the south by Pioneer Parkway, and currently vacant. This annexation is consistent with, and implements in part, the Procedural Pre-Annexation Agreement among the City and James Deep Well Ranches #1 and #2, City Contract No. 2010-086, which set forth mutual understandings for future annexations in the vicinity of the airport.

The annexation is subject to Proposition 400 (Resolution No. 3735), since the area is greater than 250 acres. A Master Plan is attached showing proposed uses and locations, boundaries of the site, and significant natural features affecting development. Proposition 400 requirements include:

- A 60-day public comment period following the Planning and Zoning Commission's vote on the Master Plan (or, in this instance amendment of the existing plan), and prior to the Council voting on the annexation ordinance
- Permanent recharge of all effluent generated by development within the annexed area to benefit aquifer safe-yield

A major component of the Master Plan is the rezoning of various parcels from the current County zoning to the approved land uses. During the General Plan update process, the land use map designation for the area north of Bottleneck wash was changed to Residential from the previous Ranching use designation. The Master Plan (Attachment 5) is being amended to reflect this change.

The proposed rezoning comprises the following approximate acreages (Attachment 2), and is consistent with the General Plan, Airport Master Plan, and Airport Specific Area Plan:

Industrial Light (IL)	105 acres
Business Regional (BR)	141 acres
Multi-family High (MF-H)	193 acres
Mixed Use (MU)	20 acres
Single Family 18 (SF-18)	809 acres

Background

The General Plan is the guide for land use and related decisions in the City. The updated Plan was ratified by the voters on August 25, 2015. The 2015 General Plan acknowledges the Prescott Municipal Airport for its importance in regional economic development, and encourages compatible growth in the airport area. The General Plan Land Use Map (Attachment 3) designates land uses compatible with the Airport Impact Zones.

In 2011, the Airport Master Plan was updated to better reflect new FAA standards related to airport impacts. A significant portion of the Deep Well Ranches property is influenced by the Impact Zones, making the area more suitable for higher intensity industrial, commercial, and mixed uses in many areas, and residential land uses in others where appropriate (Attachment 4).

Annexation and subsequent development of this property within the Prescott corporate limits will benefit both the City and the land owner. For the City, the ability to enforce land use controls to protect the airport is significant. In addition, there is a financial benefit to collecting permitting fees, infrastructure impact fees, and development-related taxes. The subject area also has potential future roadway connections that will benefit the transportation system of the region. Development of the property within the City limits will assure return of the wastewater generated for treatment and permanent recharge, under the provisions of Proposition 400. For the land owner, the benefits are in the ability to connect to central water and wastewater facilities, and to establish commercial and residential densities that are compatible with Prescott’s zoning.

City Services and Financial Impacts

Utilities Master Plans have been created for this area, to guide water and sewer infrastructure development. Water to support development is available pursuant to City Contract No. 2010-086. Transportation-related decisions will be made in accordance with the Airport Area Transportation Plan. All related improvements will be built to City standards.

An independent cost-benefit analysis, as required by Proposition 400, will be presented by Sarah Murley of Applied Economics at the October 6, 2015, City Council Public Hearing (Attachment 6).

The adopted Annexation Policy of the City (Resolution No. 2739) describes factors to be considered, and states that annexation priorities are property with potential commercial or industrial uses, new residential development and property located in relationship to long-term goals of the City. Resolution No. 3878 set forth specific guidelines to improve the cost-benefit review of annexations, and established an Advisory Annexation Financial Review Committee. The Financial Review Committee has reviewed the analysis prepared by Applied Economics and completed their report (Attachment 6). The analysis includes identifiable costs and benefits to the City that can be expected to result from the annexation and subsequent development.

Planning and Zoning Commission Action

The Planning and Zoning Commission held public hearings related to the annexation, master plan amendment and rezoning on September 10, 2015. No public comments were received for or against this annexation. The Commission discussed the Airport Impact Zones and the appropriate land uses and zoning proposed for the area before voting to recommended approval of the annexation, Master Plan amendment, and rezoning to Council (4-1, with Commissioner Stringer dissenting).

Water

The aforementioned Procedural Pre-Annexation Agreement made water available to Deep Well Ranches in three increments, 450 acre-feet/year, 500 acre-feet/year, and 900 acre-feet/year, respectively. Water supplies are managed in accordance with state laws and the state-issued Decision and Order of Assured Water Supplies currently held by the City of Prescott.

Development of the property will assure return of the wastewater generated to the Airport Water Reclamation Facility for treatment and subsequent permanent recharge.

Agenda Item: Public Hearing for Deep Well Ranches North annexation, master plan amendment and rezoning, ANX15-001, MP15-001 and RZ15-004. City-initiated applications including all or portions of APNs 102-02-004A, 102-02-004B, 102-03-008, 102-03-008A, 102-04-001A, 102-04-001B, 102-01-002A, 102-01-002B, and 102-01-213Q, an area of approximately 1,304 acres [Owners: James Deep Well Ranches #1, Brooke and City of Prescott]

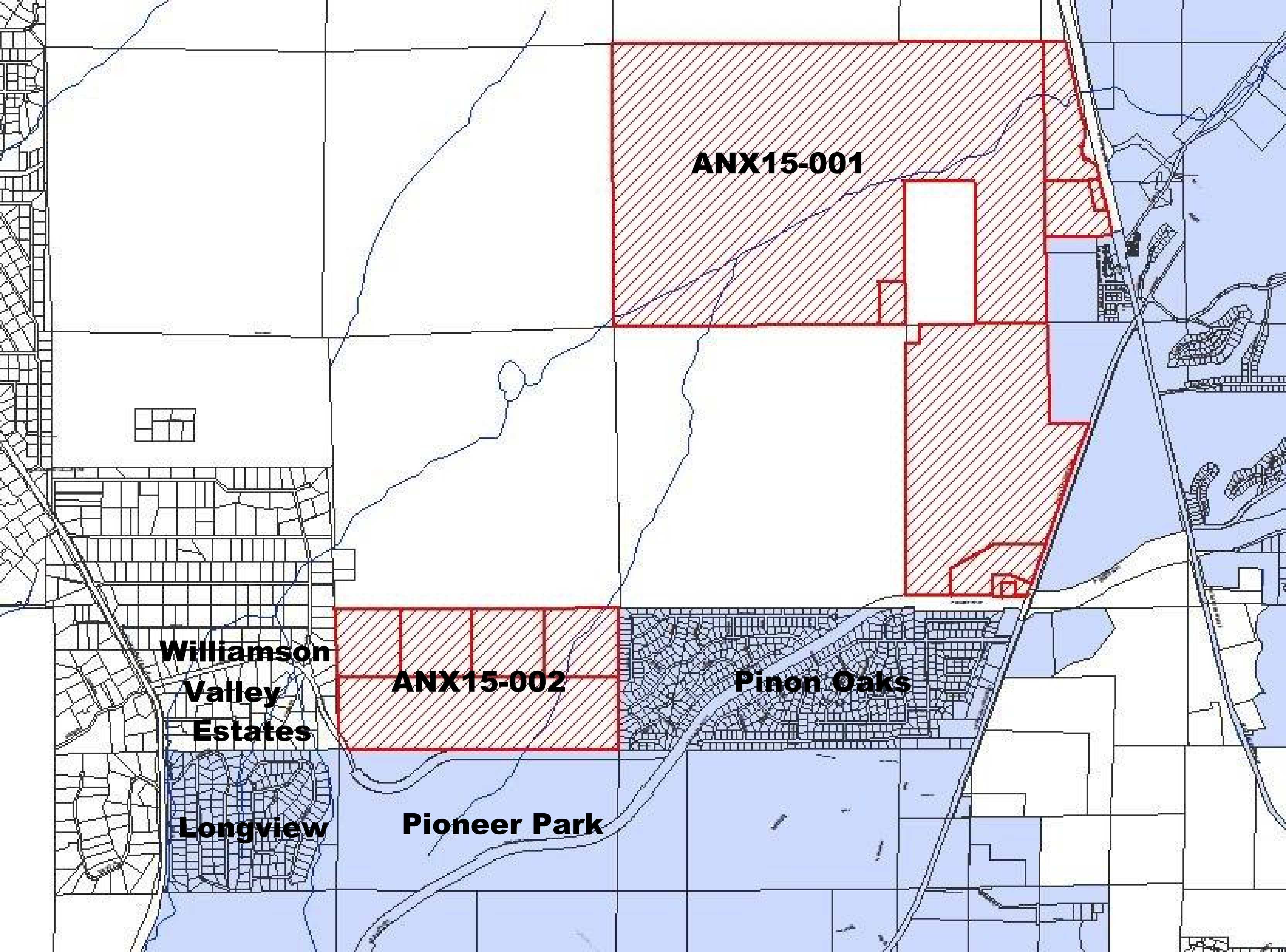
Schedule

Following the conclusion of the sixty-day review period on November 9, 2015, the City Council will hold a public hearing November 10, 2015, to consider ordinances annexing the subject properties with City equivalent zoning, amending the Master Plan and rezoning the subject properties to be consistent with the General Plan, the Master Plan, and the Airport Specific Area Plan.

Attachments

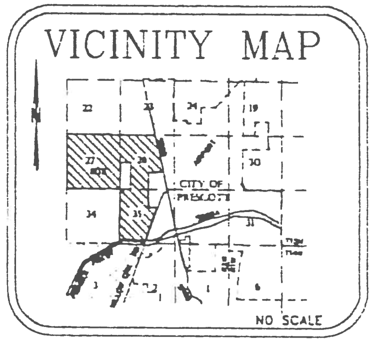
1) Annexation Vicinity Map
2) Rezoning Map
3) General Plan Map
4) Airport Impact Zones Map
5) Master Plan
6) Financial Analysis and Financial Review Committee Report

Recommended Action: MOVE to close the Public Hearing.



ANX15-001
ANX15-002
Williamson
Valley
Estates
Pinon Oaks
Longview
Pioneer Park

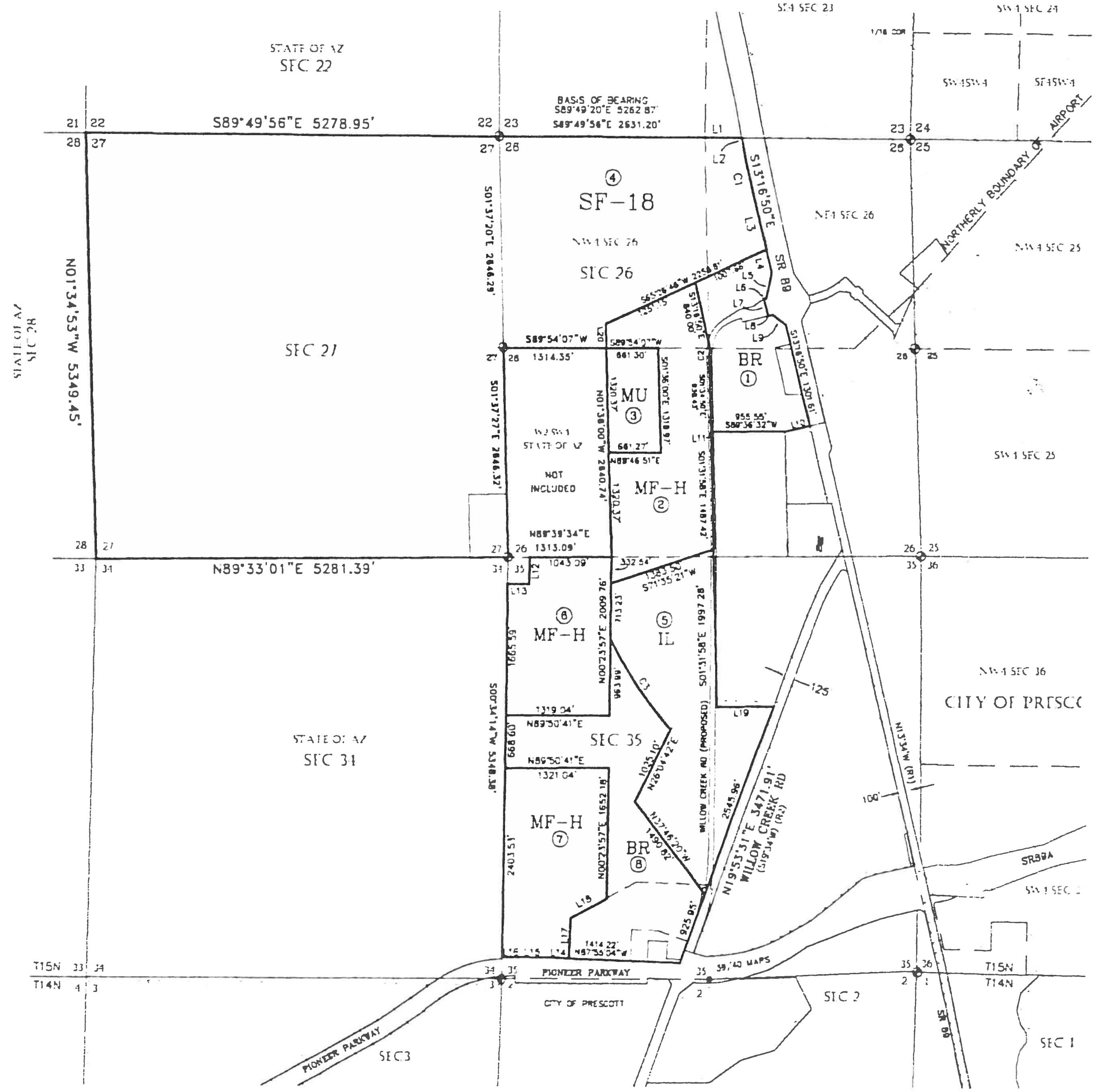
Attachment 2



PLAT OF
ZONING DISTRICTS
IN THE
CITY OF PRESCOTT
SECTIONS 26, 27 & 35, T15N, R2W
G&SRB&M, YAVAPAI COUNTY, ARIZONA

LINE TABLE		
LINE	LENGTH	BEARING
L1	489 59	S89°48'45"E
L2	1 25	S10°26'35"E
L3	856 07	S13°16'50"E
L4	300 30	S13°16'50"E
L5	326 18	S11°56'34"W
L6	28 00	S76°43'10"W
L7	220 00	S13°16'50"E
L8	55 00	N75°43'10"E
L9	219 26	S56°26'48"E
L10	314 90	S76°34'38"W
L11	1.20	S88°25'10"W
L12	340.00	N00°34'14"E
L13	270 00	N89°39'34"E
L14	250 40	S87°55'04"E
L15	509 35	S89°21'52"E
L16	99 24	S89°40'35"E
L17	516.11	N01°41'21"E
L18	525 12	N61°02'21"E
L19	725 97	N89°36'32"E
L20	300.00	N01°36'00"W

CURVE TABLE				
CURVE	LENGTH	RADIUS	CHRD BEARING	CHORD
C1	573 05	11571.16	S11°51'43"E	572.99
C2	112 87	750 00	S02°43'50"W	112.76
C3	1376 02	5000.00	S34°03'41"E	1371 68



GRAPHIC SCALE
(IN FEET)
1 inch = 600 ft.

1 = BR BUSINESS REGIONAL ZONING ±50.6 ACRES
2 = MF-H MULTIFAMILY HIGH ZONING ±79.4 ACRES
3 = MU MULTIUSE ZONING ±20.0 ACRES
4 = SF-18 SINGLE FAMILY RESIDENTIAL ±809.1 ACRES
5 = IL INDUSTRIAL LIGHT ZONING ±104.7 ACRES
6 = MF-H MULTIFAMILY HIGH ZONING ±58.5 ACRES
7 = MF-H MULTIFAMILY HIGH ZONING ±55.5 ACRES
8 = BR BUSINESS REGIONAL ZONING ±91.1 ACRES

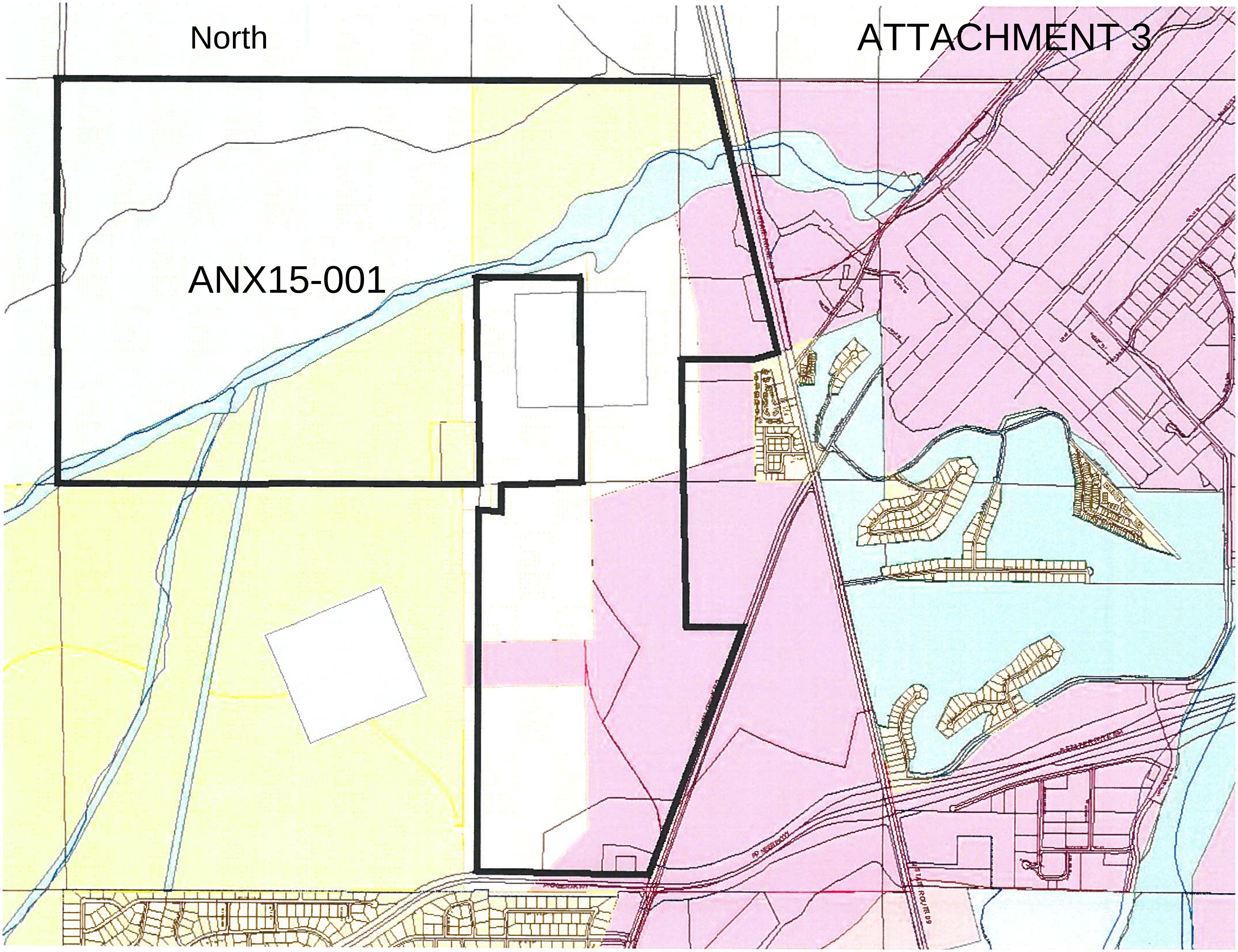
THIS PLAT WAS PREPARED BY ME DURING THE MONTH OF MAY 2015 BASED ON RECORD INFORMATION, AND IS REPRESENTED ACCURATELY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DUANE FAMAS RLS 27737

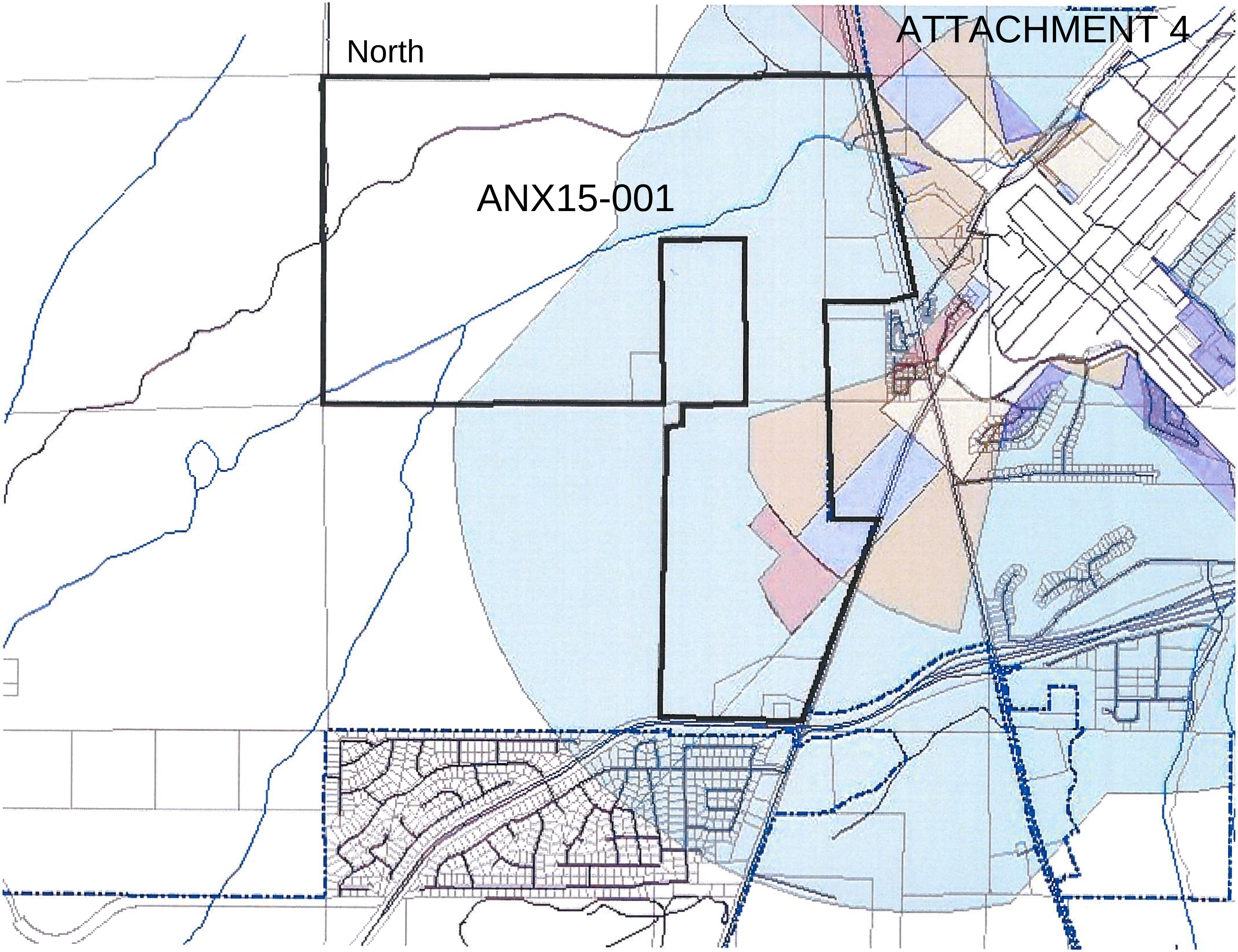
SHEET SIZE 24 X 36

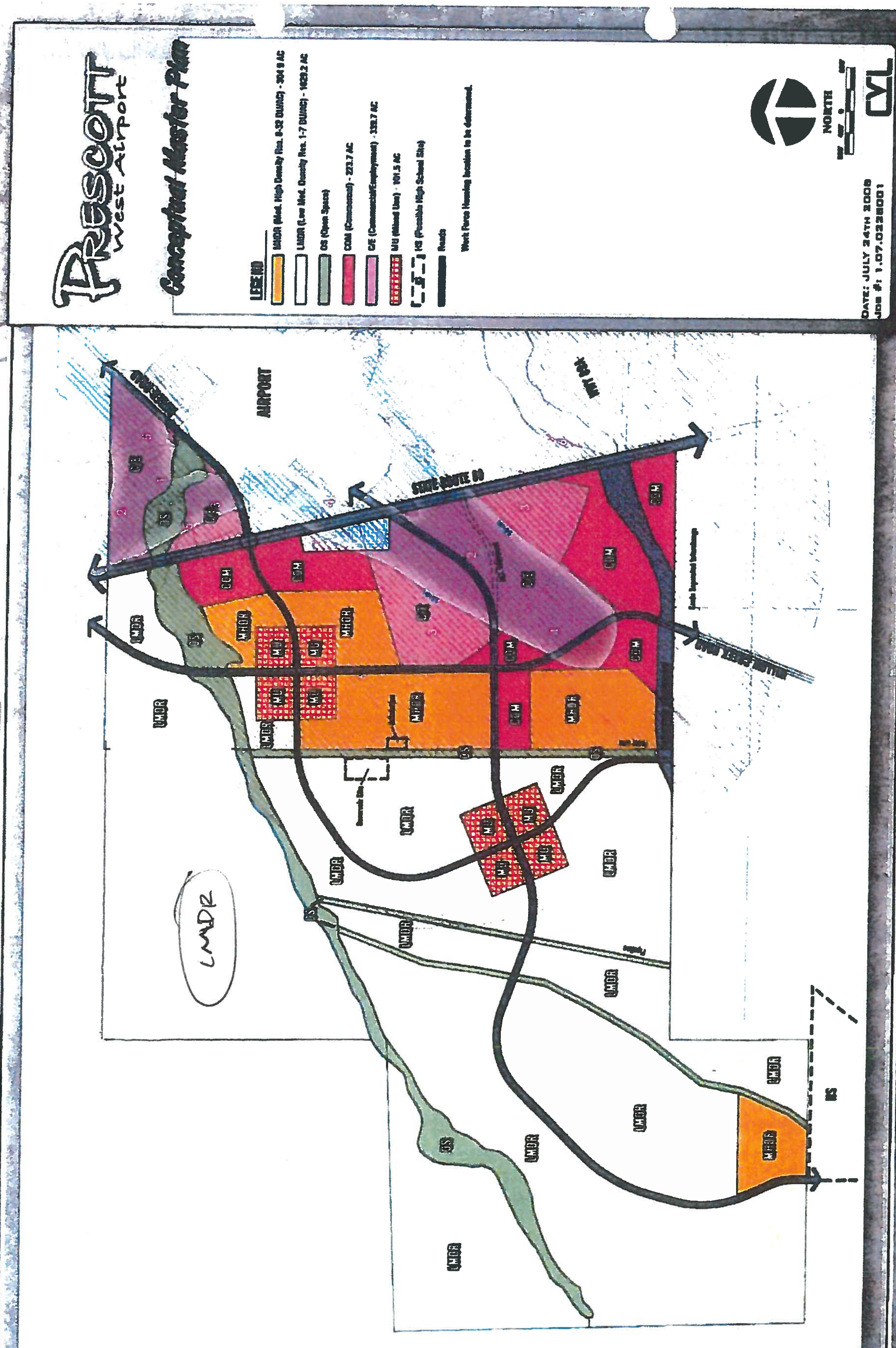
DUANE FAMAS RLS

ATTACHMENT 3



ATTACHMENT 4





Attachment A

MEMORANDUM

TO: City of Prescott
Honorable Mayor and Council

FROM: Mayor's ad hoc advisor annexation financial review committee
Alexandria Wright, Jim Clemens and Steve Burton

SUBJECT: Deep Well Ranch North and South Annexation Fiscal Impacts Review

DATE: September 30, 2015

This memo will confirm our review of the Fiscal Impacts Report dated September 2015 by Applied Economics relative to the above referenced annexation. We have reviewed the methodology, fiscal and variable growth assumptions and the projected fiscal impact on the City of Prescott service budgets for the years 2017 through 2041. We conclude that the report complies with the requirements of the in the City's Annexation Review Policy and the analysis contained in the report is professionally rendered and incorporates no obvious biases.

The sensitivity analysis that was performed consisted of a 25% increase or decrease in projected absorption rates according to annual net impact by fund, and a 15% increase or decrease in projected occupancy rates according to annual net impact by fund. Although the committee recognizes that absorption rates and occupancy rates may vary to a degree greater than what is outlined in the sensitivity analysis, we find the analysis viable for the intended purpose given the minimal expenditure of public resources that this project will incur. We find the assumptions and projections to be reasonable and conclude that completing the annexation presents no material financial risk to the City, while at the same providing the opportunity for an estimated positive financial impact of $22.9 million from 2017 to 2041.

The committee's conclusions are solely based on the fiscal impact to the city service budgets. No review was requested or performed relative to any other implications of the annexation including land use, zoning, or water usage.

APPLIED ECONOMICS

FISCAL IMPACTS OF THE DEEP WELL RANCH ANNEXATION AREA ON THE CITY OF PRESCOTT

SEPTEMBER 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY

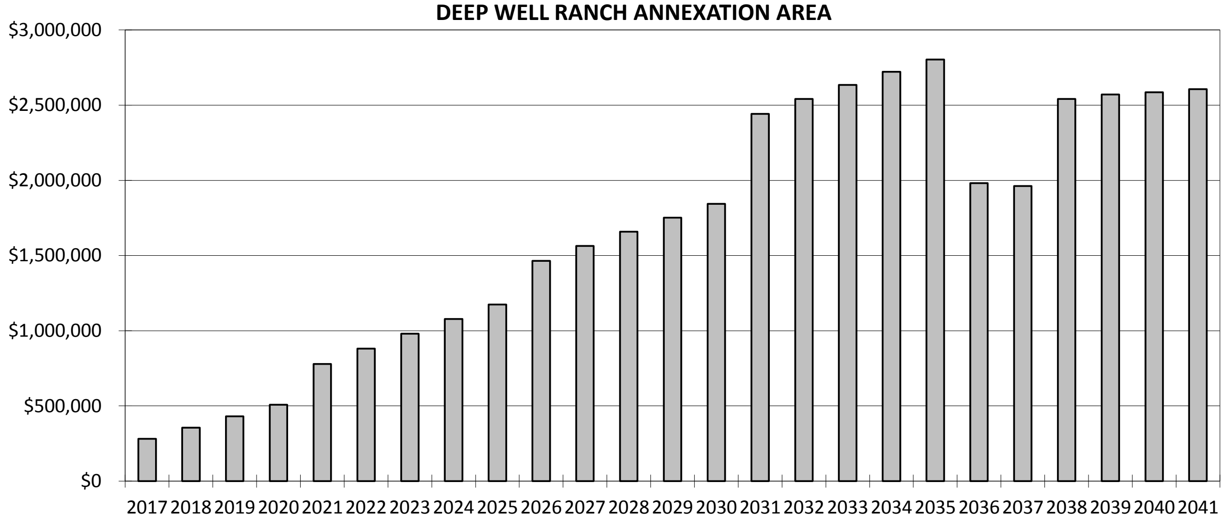
This analysis demonstrates the potential socioeconomic and fiscal impacts of the proposed Deep Well Ranch Annexation Area on the City of Prescott. The annexation includes two non-contiguous areas. There is a 1,268 acre undeveloped area that is located just east the airport area across State Route 89A as well as a 321 acre area on the north side of Pioneer Park along College Road. For the purpose of this analysis, these two areas are combined. Future development plans for the 321 acre area include medium density single family development and high density multi-family development. Future development plans for the 1,268 acre parcel include medical office, commercial office, retail, general industrial and residential uses.

The fiscal impacts include the General Fund, Water Fund, Wastewater Fund and the Streets Fund. The analysis covers a 25 year period from 2017 to 2041, during which about 61 percent of the developable land would be absorbed. This detailed cost benefit analysis is required by the City of Prescott for all annexations greater than 250 acres.

The proposed land uses for the annexation area includes 20 acres of mixed use, 141 acres of business regional, 105 acres of general industrial, 1,088.01 acres of medium density single family residential and 235.29 acres of high density multi-family. Since the mixed use and business regional designations can accommodate a wide range of uses, they are allocated to community retail (85 acres), office (38 acres) and medical office (38 acres) for the purpose of this analysis, based on recommendations from the Planning Department. Development is expected to begin in 2017 for all land uses and will continue throughout the 25 year period. Although development will likely occur in and uneven fashion, and industrial and office development will likely lag retail, medical office and residential development, the total amount of development expected to occur in a given decade is allocated evenly to each year in that period since it is impossible to predict the exact timing.

Overall, for the funds included in this analysis, the annexation would have a combined positive *net present value* impact of $22.9 million from 2017 to 2041. All four of the funds included in the analysis have positive net present value impacts individually as well over the 25 year period. However, the streets fund shows a small annual negative impact after 2035 when the streets sales tax is due to sunset. Overall, the annexation would create a significant positive fiscal impact for the city based on the absorption projections shown here.

FIGURE 1
ANNUAL NET FISCAL IMPACTS*
BASELINE SCENARIO
DEEP WELL RANCH ANNEXATION AREA



*Impacts include general fund, water, wastewater and streets funds.

1.0 INTRODUCTION

This analysis demonstrates the potential socioeconomic and fiscal impacts of the Deep Well Ranch Annexation on the City of Prescott. The annexation would include a total of 1,589 gross acres, with 1,268 acres located just east of the airport along State Route 89A and 321 acres located along College Road on the north side of Pioneer Park in Yavapai County. The proposed annexation will include a mix of residential and nonresidential uses with 161.6 acres of mixed use and business regional (assumed to be office, retail, medical office), 104.7 acres of industrial, 1,130.01 acres of medium density residential and 193.29 acres of high density multi-family. Projected development in the area could increase the current amount of population in the city by over 4,700 and generate close to 3,400 jobs based on projected absorption by 2041.

The impact analysis for the Deep Well Ranch Annexation covers a 25 year time period from 2017 through 2041. Development is projected to begin in 2017 and continue through the remainder of the 25 year period. It is not expected that any of the uses will build out during this time period, the development is expected to be about 61 percent built out by the end of the period. Assumptions regarding phasing and absorption were developed by the City of Prescott Planning Department and Applied Economics. The sensitivity analyses presented in Section 4 addresses the impacts of an increased or decreased rate of development.

The information and observations contained in this report are based on our present knowledge of the components of development, and of the current socioeconomic and fiscal conditions of the affected areas. Projections made in this report are based on hypothetical assumptions and current public finance policies. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the projections and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to determine the fiscal impact of the proposed annexation. All dollar figures should be interpreted as order of magnitude estimates only. In no way will Applied Economics be held responsible or have any liability or be subject to damages as a result of this analysis. This report may be used only for the purposes that it was intended.

1.1 General Approach

The impact assessment includes revenues and expenditures associated with new development in the annexation area. The analysis includes operating impacts as well as projected capital costs associated with road, water and wastewater improvements. However, all capital costs would be the responsibility of the developer. The funds that would be impacted by this annexation include the General Fund, Water and Wastewater Operating Funds and the Streets Fund. All data is shown in constant dollars based on an annual inflation rate of 2 percent.

The basic approach for the analysis is to determine the level and character of existing and future development (measured in non-residential square footage, employment, road miles, etc.), and then to model the revenues and expenditures likely to be associated with that development. Current and historical budgets for the city were reviewed to identify revenue and expenditure line items that would be impacted by the annexation. Once identified, each line item was analyzed to identify a socioeconomic factor that could be used to predict a corresponding impact for the annexation area. For example, road miles are a good indicator of the cost of street maintenance. Therefore, by knowing the number of new road miles in the annexation area at any point in time, one could estimate the related costs in the traffic and street operations departments. Many of the services provided by the city are utilized by both residents and businesses, thus population and employment are drivers for a number of revenue and expenditure items. There are other departments such as the city clerk, finance and library that would not have increases in expenditures due to the amount of growth projected from this annexation area, and are thus not impacted.

1.2 Report Organization

The balance of this report is divided into two sections. Section 2.0 details the methodology and assumptions used in calculating the development characteristics and the fiscal assumptions used to develop the model. Section 3.0 presents the results of the fiscal impact calculations for the annexation area on an annual basis over the 25 year analysis period. Section 4.0 presents the sensitivity analysis on absorption, retail sales and occupancy rates. Detailed tables on the socioeconomic and fiscal impact results are included in the appendices following Section 4.0.

1.3 Non-Quantifiable Impacts

As with any proposed annexation or development project, the Deep Well Annexation may include both favorable and contrary impacts that cannot be quantified in this fiscal analysis. This broader range of socioeconomic impacts that should be considered in the final review of this prospective annexation include quality of life, new job creation, additional housing and shopping opportunities and synergy for additional development in the airport area. No specific aggravating factors have been identified at this time that are not already quantified in the analysis.

In terms of non-quantifiable benefits, this annexation with its proposed mix of nonresidential land uses and the placement of the residential development within the annexation relative to the orientation of the runway would allow the city to continue to protect the airport from encroachment which is very important to the long term viability of commercial air service. This annexation area would also provide marketable industrial and office sites for economic development in Prescott, both in terms of expansion sites for existing businesses as well as sites for new businesses from outside of Prescott.

2.0 METHODOLOGY

This chapter describes the methodology and assumptions used in developing the fiscal impact model and the absorption projections.

2.1 Development Characteristics

The annual impact of development for the annexation area can be described in terms of population, employment, square footage, housing units, assessed value, taxable sales, construction expenditures and street miles, based on assumptions about the development and the level of growth that could be expected to occur on an annual basis over the 25 year period. There are no specific plans for the area at this time and the significant amount of acreage allocated to mixed use and business regional development allows for some flexibility with future uses. However, specific land use designations must be applied in order to accurately project the fiscal impacts. The land use mix shown in this analysis is based on input from the Planning Department as to the types of uses and phasing.

The following sections briefly describe the other assumptions used to estimate each of the major characteristics of the projected development.

Single Family Development. A total of 1,130.01 acres is currently planned for medium density single family. This analysis assumes a density of 2.5 units per net acre. Based on projected absorption, about 712.6 acres and 1,550 units could develop in this area by 2041 (Figure 2). This would represent about 65 percent of total build out potential. At a rate of 2.3 persons per unit, the 1,550 new units could support a resident population of about 3,500 (Figure 3). The average value per unit is estimated at $305,000 in 2015 dollars.

Multi-Family High Development. A total of 193.29 acres is currently planned for high density multi-family development. This analysis assumes a density of 22.0 units per net acre. Based on projected absorption, about 55.6 acres and 1,100 units could develop in this area by 2041 (Figure 2). This would represent about 23 percent of total build out potential. At a rate of 1.2 persons per unit, the 1,550 new units could support a resident population of about 1,200 (Figure 3). Average rents are estimated at $8,400 per year in 2015 dollars which could generate $8.8 million in annual taxable sales for the city by 2041.

Medical Office Development. An estimated 38 acres are allocated to medical office, although the mix of office, medical office and retail could shift significantly since the land uses in this area allow for a mix of development types. It is projected that about 26.6 acres of medical office would develop within the 25 year period yielding 200,000 square feet. Total medical office employment generated at build out is estimated at approximately 600 jobs (Figure 3). These employment estimates are based on the number of acres by land use, floor-area ratios (the ratio of building area to land area), occupancy rates and per employee square footage requirements (Figure 4). The medical office portion of the annexation area could result in approximately $53.0 million in assessed value by 2041.[1] For the purpose of this analysis, it is assumed that the medical office portion of the development would include 100 percent multi-tenant leased space. Initial annual lease rates are estimated at $14 per square foot per year, based on current market rates for the City of Prescott. These commercial leases could generate approximately $4.2 million per year in taxable sales for the city by 2041.

Retail Development. It is assumed that 85.0 acres within the annexation area would be community retail development and would serve surrounding single and multi-family housing. This retail development would also capture sales from residents of nearby Chino Valley, and the Williamson Valley

[1] Assessed value is assumed to be equal to approximately 82 percent of market value based on construction costs from R.S. Means that are specific to each type of development (office, retail and service) and specific to the City of Prescott. Construction costs and assessed value are inflated at a rate of 2 percent per year. Taxable sales and leases are also inflated at 2 percent per year.

area where there are currently no retail outlets. It is projected that about 56.1 acres would develop by 2041. This area could support about 312,000 square feet and 1,000 jobs at build out. Assessed value associated with the retail component of the development is estimated at $72.1 million by 2041. *The mix of retail versus non-retail uses in this annexation area is particularly significant to the fiscal impact.* Retail development generates taxable sales which currently make up about 45 percent of total city general fund revenues. In addition, this analysis assumes that 100 percent of the retail space would be leased at an average annual lease rate of $13 per square foot, generating additional sales tax revenues for a combined total of $117.9 million in taxable sales per year by 2041. In addition to supporting general fund services, these taxable sales also help to fund streets operations.

Office Development. In addition to the medical office, it is assumed that 38 acres within the annexation area would be office development which may include a mix of professional services providers. It is projected that about 32.7 acres would develop by 2041. This area could support about 400,000 square feet of one and two story office buildings and 1,500 jobs at build out. Office development is generally denser and generates more jobs than retail or industrial development. Assessed value associated with the office component of the development is estimated at $87.7 million by 2041. This analysis assumes that 100 percent of the office space would be leased at an average annual lease rate of $15 per square foot, generating $9.0 million in taxable sales per year by 2041. In addition to supporting general fund services, these taxable sales also help to fund streets operations.

Industrial Development. In addition to the other commercial development, the annexation area includes about 105 acres of industrial uses (classified as general industrial). Industrial development is projected to begin in 2017, although it will likely be lagged somewhat given current market conditions, but be about 86 percent built out by 2041. Industrial development generally has a much slower timeline than commercial development and there is a significant amount of other industrial land available in the airport area. The industrial part of the annexation area could support an estimated 472,000 square feet and 300 new jobs by 2041. Assessed value associated with the industrial portion of the development is estimated at $70.4 million by 2041. This analysis assumes that 50 percent of the industrial space would be leased at an annual rate of $7.00 per square foot, generating $1.5 million in annual taxable sales for the city by 2041.

FIGURE 2
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH ANNEXATION

	Current Acres		Cumulative Developed Acres												
Land Use	Developed	Vacant	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Mixed Use and Bsns Regional															
Medical Office	0.00	38.00	1.14	2.28	3.42	4.56	5.51	6.46	7.41	8.36	9.31	10.26	11.21	12.16	13.11
Office	0.00	38.00	1.05	2.09	3.14	4.18	5.55	6.92	8.28	9.65	11.02	12.39	13.76	15.12	16.49
Community Retail	0.00	85.00	2.34	4.68	7.01	9.35	11.39	13.43	15.47	17.51	19.55	21.59	23.63	25.67	27.71
Industrial															
General Industrial	0.00	105.00	5.25	10.50	15.75	21.00	24.99	28.98	32.97	36.96	40.95	44.94	48.93	52.92	56.91
Residential															
Single Family (2-3)	0.00	1,130.01	11.49	22.99	34.48	45.98	64.37	82.76	101.15	119.54	137.93	156.32	174.71	193.10	211.49
Multi-Family High	0.00	193.29	0.63	1.26	1.89	2.53	5.30	8.08	10.86	13.64	16.41	19.19	21.97	24.75	27.53
Vacant-Developable			1,567.40	1,545.50	1,523.61	1,501.71	1,472.19	1,442.67	1,413.16	1,383.64	1,354.12	1,324.61	1,295.09	1,265.58	1,236.06
Total Lane Miles			2.60	5.20	7.81	10.41	12.49	14.58	16.67	18.76	20.85	22.93	25.02	27.11	29.20
Residential Collectors			0.69	1.39	2.08	2.78	3.99	5.20	6.41	7.62	8.84	10.05	11.26	12.47	13.68
Arterials and Major Collectors			1.91	3.82	5.72	7.63	8.51	9.38	10.26	11.13	12.01	12.89	13.76	14.64	15.51

FIGURE 2 (continued)
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH ANNEXATION

	Current Acres		Cumulative Developed Acres											
Land Use	Developed	Vacant	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Mixed Use and Bsns Regional														
Medical Office	0.00	38.00	14.06	15.31	16.57	17.82	19.08	20.33	21.58	22.84	24.09	25.35	26.60	26.60
Office	0.00	38.00	17.86	19.34	20.82	22.31	23.79	25.27	26.75	28.23	29.72	31.20	32.68	32.68
Community Retail	0.00	85.00	29.75	32.39	35.02	37.66	40.29	42.93	45.56	48.20	50.83	53.47	56.10	56.10
Industrial														
General Industrial	0.00	105.00	60.90	63.84	66.78	69.72	72.66	75.60	78.54	81.48	84.42	87.36	90.30	90.30
Residential														
Single Family (2-3)	0.00	1,130.01	229.89	278.16	326.44	374.71	422.99	471.26	519.54	567.82	616.09	664.37	712.64	712.64
Multi-Family High	0.00	193.29	30.30	32.83	35.35	37.88	40.40	42.93	45.45	47.98	50.51	53.03	55.56	55.56
Vacant-Developable			1,206.54	1,147.43	1,088.32	1,029.21	970.09	910.98	851.87	792.76	733.64	674.53	615.42	615.42
Total Lane Miles			31.29	34.42	37.55	40.68	43.81	46.94	50.07	53.20	56.34	59.47	62.60	62.60
Residential Collectors			14.90	17.80	20.71	23.62	26.53	29.44	32.35	35.25	38.16	41.07	43.98	43.98
Arterials and Major Collectors			16.39	16.61	16.84	17.06	17.28	17.51	17.73	17.95	18.17	18.40	18.62	18.62

FIGURE 3
CUMULATIVE POPULATION AND EMPLOYMENT IMPACTS

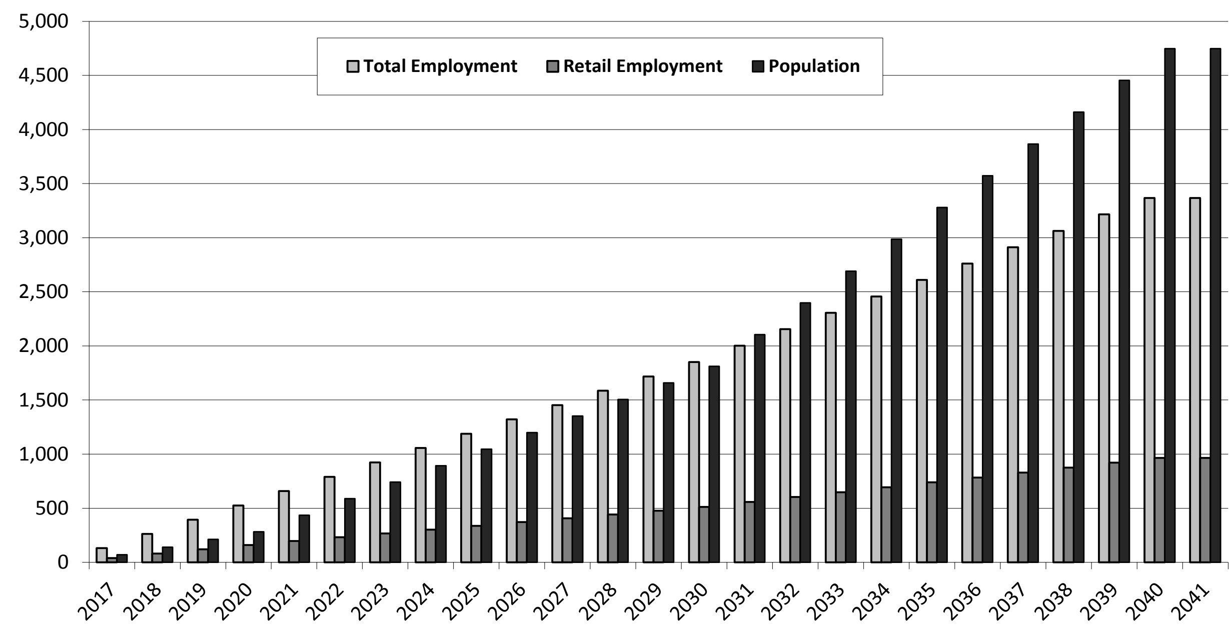


FIGURE 4
DEVELOPMENT ASSUMPTIONS

Land Use	Square Feet per Employee	Units Per Acre	Floor Area Ratio	Occupancy	Taxable Sales per Sq Ft	Retail Share	Construction Cost	Annual Lease	Percent Leased
Nonresidential							**Per Sq Ft**		
Medical Office	300	na	0.23	93%	$0.00	0%	$132.44	$14.00	100%
Community Retail	300	na	0.17	93%	$300.00	80%	$106.64	$13.00	100%
Office/Service	250	na	0.38	93%	$0.00	0%	$116.10	$15.00	100%
General Industrial	1,500	na	0.15	93%	$0.00	0%	$73.10	$7.00	50%
Residential	Pop per Unit								
Single Family	2.3	2.5	na	98%	$0.00	0%	$92.88	$0.00	0%
Multi-Family High	1.2	22.0	na	95%	$0.00	0%	$107.50	$8,400	100%
							Value Per Acre		
Vacant									
All	0		na	na	na		$42,800	na	na

Source: R.S. Means, Building Construction Cost Data, 2015; Loopnet.com (Lease Rate and Land Value); Urban Land Institute, "Dollars and Cents of Shopping Centers," (Taxable Sales).

Other Asssumptions	
Inflation Rate for Revenues and Expenditures	2.00%
Effective Long Term Interest Rate	1.00%
Effective Long Term Borrowing Rate	5.00%
Net Present Value Rate	4.50%

Source: City of Prescott Finance Department, 2015.

2.2 Fiscal Assumptions

The fiscal model created to assess the impacts of the Deep Well Ranch Annexation Area was based on current and historical budgets for the City of Prescott. Historical trends were analyzed for the 2008-09 fiscal year through the 2015-16 fiscal year. Revenue and expenditure line items in the General Fund, Water, Wastewater and Streets Funds were included since these funds will be most impacted by the annexation. The Solid Waste Fund and the Transient Occupancy Tax Fund are also noted in the city's cost benefit analysis guidelines, however, these funds are not impacted by the types of land uses proposed for Deep Well Ranch.

In order to create the model, several years of historical budget information and socioeconomic data were collected. Various drivers were tested for each of the revenue and expenditure items in the model. In this way, consistent rates were developed that could be applied to the socioeconomic data for the proposed annexation area. In many cases an average of rates over the past several years was used. However, some revenue and expenditure items increased at rates that were less consistent over time, or experienced permanent increases or decreases due to operational or other changes. In these cases, rates from more current budget years were used to accurately reflect current conditions.

Many of the revenue and expenditure line items are driven by population, or by "service population", which includes both population and employment. This is because many of the services provided by the City, as well as the various types of revenues that local governments depend on, are proportional to the number of people living and working there. In some cases, population may be weighted more heavily than employment since some services are used proportionally more by residents. Current citywide population and employment are used as a basis for developing the rates that can then be applied to projected employment in the annexation area.

Major line items that are not driven by population or employment include property tax which is a function of assessed value; sales tax which is a function of retail square footage, retail share, sales per square foot, lease rates per square foot and occupancy rates; and a variety of building and planning permits and service charges that are a function of annual construction costs. On the expenditure side, community development is a function of annual construction value, although it is assumed that any increases in community development expenditures would be offset by building permit and planning fee revenues. Street operations are a function of the number of street lane miles added. Human resources and administrative services are a function of city staff size. It is assumed that there would be no impact to the mayor and council, city clerk, budget and finance, insurance or library line items in the general fund as a result of development in the annexation area. Also, adjustments were made in police and fire expenditures from 2037 forward to account for the elimination of unfunded pension obligations.

Water sales, wastewater usage charges, connection fees and meter reading revenues as well as wastewater treatment plant and wastewater treatment expenditures are based on the number of connections and level of water usage. In order to estimate the projected number of connections in the annexation area, citywide data on the number of water and wastewater connections by customer class was collected from the Water and Wastewater Rate and Impact Fee Study. For nonresidential customers, the number of connections was compared to employment in the city to estimate the rate of nonresidential connections per employee. This rate was then applied to employment in the annexation area to estimate the number of nonresidential water and wastewater connections. Additionally, information on water use and wastewater generation per gross square foot and per acre from the 2013 Carollo North Airport Area Water and Wastewater Master Plan was used to estimate water and wastewater service charges for the annexation area along with current rate schedules. Production, distribution and alternative water charges in the water operating fund are based on a share of costs per account by customer class.

The model also incorporates assumptions about future inflation. All revenues and expenditures are inflated at a rate of 2 percent annually including property tax and sales tax revenues. The inflation rate was provided by the City Finance Director. If there is a positive cumulative net impact, interest will accrue in each fund at a rate of 1 percent per year times the cumulative net impact. Conversely, if there is a negative cumulative net impact, finance charges will accrue at a rate of 5 percent per year.

Figure 5 below shows the estimated cost of capital improvements that will be required for the proposed annexation area. Annual expenditures for required capital improvements related to street, water and wastewater were calculated. The city is not obligated to fund any on-site or off-site street or utility improvements. The estimated water, wastewater, and street capital costs shown in Figure 5 are the developer's responsibility *and are not included in the fiscal impact.*

The final item to be considered is land dedication for right of way and other infrastructure, the value of which has not been included in this analysis. The value of this land is not available to offset costs to the City associated with the annexation; hence it has not been included in the analysis.

FIGURE 5
CAPITAL IMPROVEMENT SCHEDULES

Fund/Project	Total	Developer's Share*
Water System Impact	**$50,441,000**	100%
Water System	$36,295,000	100%
Pump Station	$2,190,000	100%
12" Main Extension and PRV	$10,557,000	100%
16" Main Extension	$1,399,000	100%
Wastewater Impact	**$40,599,000**	100%
Wastewater System	$28,001,000	100%
8" Force Main	$818,000	100%
6" Force Main	$1,467,000	100%
Lift Stations	$3,511,000	100%
Sewer Collection Mains	$6,802,000	100%
Internal Street Improvements (*not included in fiscal impact*)	**$126,795,000**	100%
South Area	$5,420,000	100%
North Area	$11,375,000	100%
Local Collectors	$110,000,000	100%
New Lane Miles	94.38	
Annual Total Capital Improvements	**$217,835,000**	100%

Source: City of Prescott Public Works; Carollo Engineers, Deep Well Ranch Annexation Water and Sewer Cost Evaluation, August 14, 2015.

3.0 IMPACT RESULTS

3.1 Fiscal Impact Results

This chapter describes the results of the fiscal impact analysis by fund. Overall, for the funds included in this analysis Deep Well Ranch would have a positive net present value impact of $22.9 million from 2017 to 2041.[2] Detailed impact results are shown in the appendix.

The **general fund** shows a positive annual impact throughout the modeling period with a cumulative net present value impact of $6.8 million by 2041. There are significant increases in revenues in 2021, 2026, 2031, 2036 and 2041 when state shared revenues are assumed to be adjusted for new resident population. The annual net impacts range from $114,000 in 2017 to $1.6 million in 2041 (Figure 6). There are non-recurring construction sales taxes throughout the period since development projected within each decade is spread evenly throughout each ten year period. In addition, retail sales also increase annually as the retail portion of the development continues to build.

Sales taxes are by far the most significant source of revenues to the general fund throughout the 25 year period, estimated at $1.4 million per year by 2041. By comparison, general fund property tax revenues account for only about $376,000 per year by 2041, based on the City's share of property tax revenues from the approximately $896.6 million in taxable assessed value generated by development in the annexation area. The other significant revenues sources in the general fund include state shared revenues (income, sales and auto lieu) which total $2.1 million by 2041, out of total annual revenues of $4.5 million.

Major expenditures in the general fund include police and fire at $2.6 million per year. However, there is existing capacity at both the police and fire stations that would serve this area so actual costs may be lower. Recreation expenditures are also significant given the number of new households at $199,000 per year by 2041.

[2] The net present value calculations use a discount rate of 4.0 percent.

FIGURE 6
SUMMARY OF ANNUAL NET IMPACTS BY FUND
DEEP WELL RANCH ANNEXATION

Year	General Fund	Water Fund	Wastewater Fund	Streets Fund	Net Impact All Funds	Cum Impact All Funds
2017	$114,212	$33,944	$22,684	$110,578	$281,418	$281,418
2018	$120,697	$48,747	$40,359	$145,044	$354,847	$636,265
2019	$132,786	$61,150	$57,167	$179,965	$431,068	$1,067,333
2020	$145,358	$72,869	$73,427	$216,142	$507,797	$1,575,129
2021	$246,379	$114,562	$115,380	$303,071	$779,391	$2,354,521
2022	$236,516	$144,232	$154,506	$345,614	$880,867	$3,235,388
2023	$226,144	$172,308	$192,809	$389,062	$980,322	$4,215,710
2024	$215,141	$198,850	$230,286	$433,907	$1,078,184	$5,293,894
2025	$203,490	$223,814	$266,913	$480,195	$1,174,413	$6,468,307
2026	$386,920	$247,154	$302,665	$527,968	$1,464,707	$7,933,014
2027	$379,796	$268,821	$337,517	$577,268	$1,563,402	$9,496,416
2028	$370,155	$288,767	$371,441	$628,139	$1,658,502	$11,154,918
2029	$359,861	$306,940	$404,412	$680,627	$1,751,840	$12,906,757
2030	$348,918	$323,290	$436,400	$734,777	$1,843,385	$14,750,143
2031	$624,709	$391,375	$509,151	$916,469	$2,441,705	$17,191,847
2032	$576,911	$405,708	$568,347	$990,544	$2,541,509	$19,733,356
2033	$528,357	$415,294	$625,444	$1,065,914	$2,635,009	$22,368,366
2034	$477,610	$420,499	$680,499	$1,143,738	$2,722,345	$25,090,711
2035	$424,594	$421,198	$733,454	$1,224,095	$2,803,341	$27,894,052
2036	$827,660	$417,261	$784,247	($47,981)	$1,981,188	$29,875,240
2037	$783,666	$408,552	$832,817	($62,049)	$1,962,986	$31,838,226
2038	$1,331,984	$394,932	$879,097	($63,924)	$2,542,088	$34,380,315
2039	$1,337,387	$376,257	$923,022	($65,850)	$2,570,817	$36,951,132
2040	$1,336,838	$352,382	$964,525	($67,827)	$2,585,918	$39,537,050
2041	$1,550,042	$205,774	$920,729	($69,184)	$2,607,361	$42,144,410
Total	$13,286,131	$6,714,681	$11,427,296	$10,716,302	$42,144,410	$42,144,410
NPV	$6,774,760	$3,687,278	$5,824,347	$6,589,893	$22,876,277	na

The **water fund** shows a moderate positive impact throughout the period. This fund includes water operations as well as alternative water. Water-related impact fees are not included in this fund. Water revenues were modeled based on the estimated number of connections, projected water use by land use in gallons per acre per day, and the current water fee schedule. However, the number of connections and usage levels could vary depending on the exact nature of future development in this area. Production and distribution expenditures are modeled based on average cost per nonresidential account. There were no specific capital improvements allocated to this fund, which is the primary reason for the positive impact. The *net present value* impact in the water fund over the next 25 years is $3.7 million.

The **wastewater fund** is similar to the water fund in terms of the structure. User charges are based on projected wastewater volume by land use. To estimate wastewater volume, water usage is multiplied by 80 percent for single family residential and industrial users, and by 70 percent for retail, office and multi-family users to estimate wastewater volume. Expenditures are based on the number of connections by type. There were no specific capital improvements allocated to this fund. The results for this fund show a moderate positive result with a *net present value* impact over the next 30 years of $5.8 million.

The **streets fund** also shows a positive net present value impact over the 25 year period, although annual impacts are negative after the 1 percent sales tax sunsets in 2035. The retail component of the proposed development could generate approximately $1.3 million per year in sales tax revenues to the streets fund by 2035. In addition to sales tax, the other primary revenue source for this fund is highway user revenues that are distributed to the city by ADOT based on population. Since the proposed annexation area includes a significant amount of residential development, there are generally sufficient revenues in this fund to cover the maintenance costs of the 62.6 miles of new collector and arterial street lane miles that will need to be constructed. Although the annual net impacts after 2035 are negative, they are very small, estimated at only about ($63,000) per year. Additional residential collector streets will need to be added after 2041 as development continues, although it is expected that revenues in the streets fund would be sufficient since the additional residential development will result in increased HURF revenues. The *net present value* impact in the streets fund over the next 25 years is $6.6 million.

3.2 Summary

Over the long term, the Deep Well Ranch Annexation would have a sizeable positive overall impact on the city, based on the assumptions used in this analysis. Due to the mix of residential and non-residential development, and in particular the amount of retail development, there are sufficient revenues available to meet the on-going service demands from both residents and businesses. The new retail development would generate direct sales tax revenues, which combined with the amount of state shared revenues, property taxes and resident spending sales taxes generated by this mix of uses are sufficient to cover operating costs. The water and wastewater operating funds would have moderate positive impacts since all capital costs would be covered by the developer. The streets fund would also yield a positive net impact over the 25 year period, despite small negative impacts in the later years of the analysis. Over the long term, the mix of land uses in the proposed annexation area would be fiscally sustainable provided that a long term revenue source could be identified to cover the small deficit in funding for street maintenance costs.

4.0 SENSITIVITY ANALYSIS

The following chapter describes the results of modifying various underlying assumptions in the fiscal impact analysis. These include absorption as well as occupancy and retail sales rates. The results of both an increase and decrease in each factor are shown. In order to clearly delineate the impacts, the sensitivity analyses for individual assumptions are shown separately.

Each of these changes in assumptions impact different line items and funds. The intent is to illustrate how the overall fiscal impacts may change if one or more of these variables are different in terms of actual development. There will usually be differences between the projections and the actual results because events and circumstances frequently do not occur as expected. Since it is impossible to project exactly how future development will occur, it is most important to understand the magnitude of the difference in the fiscal results if one or more of the underlying assumptions changes.

4.1 Absorption

In order to increase or decrease the absorption schedule by 25 percent, the amount of land absorbed in each year and in each category was increased or decreased by 25 percent. In some cases, particular land uses such as industrial and office reached build out before the end of the 25 year term in the increased absorption scenario. The schedule of lane miles of residential collector streets added was also adjusted up or down to reflect changes in residential absorption. However, the number of non-residential lane miles added remained the same as in the baseline scenario. The revised absorption schedules are shown in Appendix D.

Absorption has the most widespread impacts of all of sensitivity variables in terms of the number of line items that are affected by this change. Absorption changes result in employment and population changes, so all of the line items that are driven by population or employment will also increase correspondingly faster or slower. In addition, the change in the schedule for the retail development means that retail sales also grow at a faster or slower rate which has a cumulative effect. The rate of assessed value growth and related property tax revenues are also impacted by absorption.

Overall, increasing the absorption rate by 25 percent results in a 27 percent difference in the cumulative net impact for all funds combined (Figure 7). Slowing the absorption rate by 25 percent results in a 23 percent decrease in the cumulative net impact for all funds combined. The range of differences in individual funds range from plus or minus 23 to 31 percent. In all cases, the impacts remain positive, with the exception of post 2035 negative impacts in the street fund that existed in the baseline scenario as well. In the general fund, assessed value and taxable sales increase slower or faster and this has a cumulative effect on revenues. However, expenditures also increase at a slower or faster rate which offsets the change in revenues. In the streets fund, changes in residential absorption change the amount of HURF revenues available for street maintenance. However, the total number of street miles requiring maintenance also varies based on residential absorption.

FIGURE 7
DEEP WELL RANCH
ABSORPTION RATE SENSITIVITY
ANNUAL NET IMPACT BY FUND

	General Fund		Wtr & WW Operating Funds		Streets		Total All Funds*	
Year	+25%	-25%	+25%	-25%	+25%	-25%	+25%	-25%
2017	$134,848	$93,577	$72,385	$43,431	$138,867	$82,288	$346,100	$219,296
2018	$142,716	$98,678	$113,754	$68,252	$182,629	$107,460	$439,099	$274,391
2019	$157,663	$107,908	$152,148	$91,289	$226,985	$132,946	$536,795	$332,143
2020	$173,212	$117,504	$188,550	$113,130	$272,938	$159,347	$634,700	$389,981
2021	$299,318	$193,439	$297,126	$178,276	$381,981	$224,160	$978,426	$595,875
2022	$286,816	$186,215	$387,166	$232,300	$435,554	$255,674	$1,109,536	$674,189
2023	$273,675	$178,613	$474,186	$284,512	$490,272	$287,852	$1,238,132	$750,976
2024	$259,741	$170,541	$558,256	$334,954	$546,751	$321,064	$1,364,748	$826,558
2025	$244,993	$161,986	$639,291	$383,575	$605,049	$355,341	$1,489,334	$900,902
2026	$474,094	$299,746	$717,202	$430,321	$665,219	$390,717	$1,856,515	$1,120,784
2027	$464,998	$294,595	$791,896	$475,138	$727,314	$427,222	$1,984,208	$1,196,954
2028	$452,752	$287,559	$863,280	$517,968	$791,389	$464,888	$2,107,421	$1,270,415
2029	$439,686	$280,037	$931,255	$558,753	$857,503	$503,750	$2,228,444	$1,342,540
2030	$425,804	$272,033	$995,724	$597,434	$925,713	$543,841	$2,347,241	$1,413,308
2031	$770,335	$479,082	$1,177,603	$706,562	$1,153,076	$679,862	$3,101,015	$1,865,507
2032	$710,376	$443,445	$1,275,366	$765,220	$1,245,922	$735,166	$3,231,664	$1,943,830
2033	$649,470	$407,245	$1,364,571	$818,743	$1,340,394	$791,434	$3,354,435	$2,017,422
2034	$585,816	$369,404	$1,445,748	$867,449	$1,437,940	$849,535	$3,469,505	$2,086,388
2035	$519,322	$329,866	$1,518,669	$911,201	$1,538,661	$909,529	$3,576,652	$2,150,596
2036	$1,022,926	$632,394	$1,583,092	$949,855	($51,152)	($44,810)	$2,554,866	$1,537,439
2037	$967,700	$599,631	$1,638,769	$983,261	($68,535)	($55,562)	$2,537,934	$1,527,330
2038	$1,650,951	$1,011,107	$1,685,453	$1,011,268	($70,527)	($57,264)	$3,265,877	$1,965,111
2039	$1,634,976	$1,015,402	$1,721,508	$1,033,717	($70,648)	($59,011)	$3,285,836	$1,990,108
2040	$1,626,120	$1,015,238	$1,751,575	$1,050,449	($69,372)	($60,806)	$3,308,323	$2,004,881
2041	$1,926,939	$1,175,393	$1,522,274	$907,681	($70,759)	($62,022)	$3,378,454	$2,021,052
Total	$16,295,247	$10,220,638	$23,866,848	$14,314,737	$13,563,166	$7,882,600	$53,725,262	$32,417,976
	22.6%	-23.1%	-31.6%	-21.1%	26.6%	-26.4%	27.5%	-23.1%
25 Year NPV	$8,292,299	$5,234,752	$12,486,713	$7,490,030	$8,326,813	$4,858,057	$29,105,824	$17,582,839
	22.4%	-22.7%	31.3%	-21.3%	26.4%	-26.3%	27.2%	-23.1%

4.2 Occupancy

The second sensitivity analysis shows the result of increasing and decreasing occupancy rates by 15 percent for both residential and nonresidential uses. The change in occupancy rates not only impacts the level of population and employment generated by the development, but it also impacts retail sales, taxable non-residential leases and taxable multi-family rents. Figure 8 shows the occupancy rate assumptions by land use. In this case, an increase of 15 percent would result in occupancy rates over 100 percent, so the "increase" scenario represents 100 percent occupancy while the "decrease" scenario represents occupancy rates ranging from 79 to 83 percent. It is important to note that if long term occupancy rates were 80 percent or lower, it is likely that new construction could not continue until occupancy increased.

FIGURE 8
OCCUPANCY RATE ASSUMPTIONS
DEEP WELL RANCH

Land Use	Original	15% Increase	15% Decrease
Medical Office	93%	100.00%	79.05%
Community Retail	93%	100.00%	79.05%
Office/Service	93%	100.00%	79.05%
General Industrial	93%	100.00%	79.05%
Single Family	98%	100.00%	83.30%
Multi-Family High	95%	100.00%	80.75%

Increasing occupancy rates by 15 percent results in a 4 percent increase in the cumulative net impact for all funds combined (Figure 9). Impacts by fund are relatively small and range from 3 to 5 percent. There are small increases in all revenues and expenditures that are driven by population or employment due to higher occupancy. There are also small increases in sales tax revenues in the general fund and streets fund. The differences in the water and wastewater funds are due to increases in water usage and related fees as well as increases in the number of active connections.

Decreasing occupancy rates by 15 percent results in a 14 percent decrease in the cumulative net impact for all funds combined with higher net impacts in the water, wastewater and streets funds offsetting lower net impacts in the general fund. The general fund reflects slightly lower sales tax revenues from lower occupancy, but expenditures are also reduced due to lesser number of residents and employees. In the streets fund, lower occupancy means less sales tax as well as lower HURF revenues (which are population based), with no decrease in street maintenance expenditures. In the water and wastewater funds, the decrease in water and wastewater usage fees due to lower occupancy is greater than the decrease in expenditures.

FIGURE 9
DEEP WELL RANCH
OCCUPANCY RATE SENSITIVITY
ANNUAL NET IMPACT BY FUND

	General Fund		Wtr & WW Operating Funds		Streets		Total All Funds*	
Year	+15%	-15%	+15%	-15%	+15%	-15%	+15%	-15%
2017	$0	$0	$0	$0	$0	$0	$0	$0
2018	$122,918	$119,989	$89,997	$81,662	$150,082	$134,594	$362,997	$336,246
2019	$136,291	$131,503	$119,873	$103,755	$187,679	$163,967	$443,842	$399,225
2020	$150,193	$143,488	$148,106	$127,369	$226,632	$194,389	$524,931	$465,246
2021	$253,253	$237,864	$234,093	$199,022	$316,393	$275,143	$803,739	$712,029
2022	$243,694	$231,107	$305,196	$255,856	$361,867	$311,301	$910,757	$798,264
2023	$233,607	$224,098	$373,830	$310,376	$408,346	$348,150	$1,015,784	$882,624
2024	$222,885	$216,626	$440,052	$362,643	$456,327	$386,175	$1,119,265	$965,444
2025	$211,514	$208,678	$503,790	$412,590	$505,857	$425,416	$1,221,161	$1,046,684
2026	$401,802	$366,626	$564,972	$460,149	$556,982	$465,908	$1,523,756	$1,292,683
2027	$395,150	$362,684	$623,523	$505,251	$609,747	$507,686	$1,628,419	$1,375,621
2028	$385,915	$356,685	$679,364	$547,823	$664,200	$550,788	$1,729,479	$1,455,296
2029	$376,027	$350,217	$732,417	$587,791	$720,389	$595,252	$1,828,833	$1,533,260
2030	$365,489	$343,286	$782,601	$625,079	$778,364	$641,116	$1,926,455	$1,609,481
2031	$648,536	$597,392	$926,595	$743,647	$964,834	$812,147	$2,539,966	$2,153,186
2032	$600,943	$559,840	$1,003,120	$795,139	$1,043,859	$875,174	$2,647,923	$2,230,153
2033	$552,512	$522,305	$1,072,721	$839,940	$1,124,351	$939,121	$2,749,583	$2,301,365
2034	$501,873	$483,051	$1,135,817	$878,475	$1,207,470	$1,005,132	$2,845,160	$2,366,658
2035	$448,951	$442,013	$1,192,226	$910,568	$1,293,303	$1,073,278	$2,934,480	$2,425,860
2036	$864,319	$788,796	$1,241,751	$936,029	($50,509)	($53,935)	$2,055,561	$1,670,890
2037	$820,756	$755,733	$1,284,192	$954,665	($65,445)	($67,331)	$2,039,503	$1,643,066
2038	$1,392,600	$1,226,296	$1,319,343	$966,277	($67,503)	($70,075)	$2,644,440	$2,122,498
2039	$1,400,380	$1,235,549	$1,346,991	$970,662	($69,617)	($72,902)	$2,677,755	$2,133,309
2040	$1,402,049	$1,239,914	$1,366,921	$967,610	($71,788)	($75,814)	$2,697,183	$2,131,710
2041	$1,630,272	$1,374,993	$1,174,681	$780,679	($73,224)	($77,330)	$2,731,729	$2,078,342
Total	$13,877,174	$12,632,706	$18,719,847	$14,372,984	$11,291,633	$9,392,824	$43,888,654	$36,398,514
	4.4%	-4.9%	3.2%	-20.8%	5.4%	-12.4%	4.1%	-13.6%
25 Year NPV	$7,064,172	$6,484,934	$9,802,579	$7,628,839	$6,938,759	$5,805,898	$24,471,774	$20,447,086
	4.3%	-4.3%	3.1%	-19.8%	5.3%	-11.9%	7.0%	-10.6%

4.3 Taxable Retail Sales

The third sensitivity analysis shows the results of increasing and decreasing taxable retail sales per square foot by 15 percent. The baseline scenario assumes sales per square foot of $300 for community retail. An increase of 15 percent would translate to sales per square foot of $345, while a decrease would translate to sales per square foot of $255. The change in taxable sales only impacts the general fund and streets fund. It is important to note there are other sales tax revenues coming from taxable leases on both residential and non-residential property that are not impacted by this sensitivity analysis. However, the change in taxable sales for retail only is valid because the rate of sales per square foot could vary significantly depending on the specific types of retail tenants that are attracted to this area.

Increasing taxable retail sales per square foot by 15 percent results in a 7 percent increase in the cumulative net impact for all funds combined (Figure 10). The percentage difference in cumulative net impacts is somewhat greater in the general fund where sales tax revenues increase by $1.9 million or 9 percent over the 25 year period, versus in the streets fund where they only increase by $990,000 or 8 percent over 25 years. Decreasing taxable retail sales per square foot by 15 percent results a 7 percent decrease in the cumulative net impact for all funds combined, which is exactly the reverse of the effect of increasing the sales rate.

FIGURE 10
DEEP WELL RANCH
TAXABLE RETAIL SALES PER SQUARE FOOT SENSITIVITY
ANNUAL NET IMPACT BY FUND

	General Fund		Wtr & WW Operating Funds		Streets		Total All Funds*	
Year	+15%	-15%	+15%	-15%	+15%	-15%	+15%	-15%
2017	$0	$0	$0	$0	$0	$0	$0	$0
2018	$129,607	$111,787	$89,106	$89,106	$153,955	$136,134	$372,667	$337,026
2019	$146,441	$119,130	$118,317	$118,317	$193,621	$166,310	$458,378	$403,757
2020	$163,945	$126,772	$146,296	$146,296	$234,729	$197,556	$544,970	$470,624
2021	$269,490	$223,268	$229,942	$229,942	$326,181	$279,960	$825,613	$733,170
2022	$264,318	$208,713	$298,737	$298,737	$373,416	$317,811	$936,472	$825,262
2023	$258,817	$193,471	$365,116	$365,116	$421,735	$356,389	$1,045,668	$914,977
2024	$252,867	$177,414	$429,136	$429,136	$471,634	$396,181	$1,153,637	$1,002,731
2025	$246,459	$160,520	$490,727	$490,727	$523,165	$437,226	$1,260,352	$1,088,473
2026	$435,327	$338,513	$549,819	$549,819	$576,375	$479,561	$1,561,521	$1,367,893
2027	$433,841	$325,751	$606,338	$606,338	$631,313	$523,223	$1,671,492	$1,455,312
2028	$430,044	$310,266	$660,208	$660,208	$688,028	$568,250	$1,778,280	$1,538,724
2029	$425,807	$293,916	$711,352	$711,352	$746,572	$614,681	$1,883,730	$1,619,949
2030	$421,138	$276,698	$759,690	$759,690	$806,997	$662,557	$1,987,825	$1,698,946
2031	$704,888	$544,530	$900,526	$900,526	$996,648	$836,291	$2,602,062	$2,281,347
2032	$665,352	$488,469	$974,055	$974,055	$1,078,986	$902,102	$2,718,393	$2,364,626
2033	$625,361	$431,354	$1,040,738	$1,040,738	$1,162,918	$968,911	$2,829,016	$2,441,002
2034	$583,482	$371,738	$1,100,997	$1,100,997	$1,249,610	$1,037,866	$2,934,089	$2,510,601
2035	$539,651	$309,538	$1,154,652	$1,154,652	$1,339,152	$1,109,038	$3,033,455	$2,573,228
2036	$952,226	$703,094	$1,201,509	$1,201,509	($46,830)	($49,132)	$2,106,905	$1,855,471
2037	$918,076	$649,255	$1,241,369	$1,241,369	($62,049)	($62,049)	$2,097,396	$1,828,576
2038	$1,476,582	$1,187,386	$1,274,029	$1,274,029	($63,924)	($63,924)	$2,686,687	$2,397,490
2039	$1,492,527	$1,182,247	$1,299,280	$1,299,280	($65,850)	($65,850)	$2,725,957	$2,415,677
2040	$1,502,884	$1,170,793	$1,316,907	$1,316,907	($67,827)	($67,827)	$2,751,964	$2,419,873
2041	$1,719,486	$1,380,597	$1,126,503	$1,126,503	($69,184)	($69,184)	$2,776,805	$2,437,916
Total	$15,177,175	$11,395,086	$18,141,977	$18,141,977	$11,714,293	$9,718,312	$45,033,446	$39,255,375
	14.2%	-14.2%	0.0%	0.0%	9.3%	-9.3%	6.9%	-6.9%
25 Year NPV	$7,741,826	$5,807,693	$9,511,625	$9,511,625	$7,189,352	$5,990,433	$25,130,405	$21,889,415
	14.3%	-14.3%	0.0%	0.0%	9.1%	-9.1%	9.9%	-4.3%

In summary, the sensitivity analysis provides some useful guidelines as to how the fiscal impact will likely vary as plans change. This information can be carried forward and used as part of the planning process for developing this annexation area. In general, factors that impact the rate of absorption or change in the amount of square footage devoted to retail uses will have significant impacts on the fiscal results.

APPENDICES

APPENDIX A
SOCIOECONOMIC IMPACTS
DEEP WELL RANCH

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Housing Units	38	75	113	150	245	340	435	530	625	720	815	910	1,005
Population	71	141	212	282	435	588	741	894	1,047	1,200	1,352	1,505	1,658
Employment (Non-Construction)	131	263	394	526	658	791	923	1,056	1,188	1,321	1,453	1,586	1,719
Retail Square Feet	12,982	25,964	38,947	51,929	63,259	74,589	85,919	97,249	108,579	119,909	131,239	142,569	153,899
Taxable Sales (millions)	$3.53	$7.20	$11.01	$14.95	$18.98	$23.15	$27.45	$31.90	$36.50	$41.24	$46.15	$51.21	$56.44
Taxable Construction (millions)	$8.00	$8.16	$8.32	$8.49	$13.37	$13.64	$13.91	$14.19	$14.47	$14.76	$15.05	$15.36	$15.66
Assessed Value (millions)	$68.02	$69.38	$82.71	$96.65	$111.22	$126.44	$147.65	$169.77	$192.83	$216.87	$241.93	$268.03	$295.22
New Road Lane Miles	2.6	5.2	7.8	10.4	12.5	14.6	16.7	18.8	20.8	22.9	25.0	27.1	29.2

Sources: Applied Economics, 2015.

APPENDIX A
SOCIOECONOMIC IMPACTS
DEEP WELL RANCH

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Housing Units	1,100	1,255	1,410	1,565	1,720	1,875	2,030	2,185	2,340	2,495	2,650	2,650
Population	1,811	2,105	2,398	2,692	2,986	3,279	3,573	3,867	4,160	4,454	4,748	4,748
Employment (Non-Construction)	1,851	2,003	2,154	2,306	2,458	2,609	2,761	2,913	3,064	3,216	3,368	3,368
Retail Square Feet	165,229	179,863	194,498	209,132	223,767	238,401	253,036	267,670	282,305	296,939	311,574	311,574
Taxable Sales (millions)	$61.84	$68.45	$75.29	$82.35	$89.65	$97.19	$104.99	$113.04	$121.36	$129.95	$138.83	$141.40
Taxable Construction (millions)	$15.98	$27.64	$28.19	$28.75	$29.33	$29.92	$30.51	$31.13	$31.75	$32.38	$33.03	$0.00
Assessed Value (millions)	$323.54	$353.03	$383.72	$432.18	$482.62	$535.08	$589.66	$646.40	$705.40	$766.72	$830.44	$896.64
New Road Lane Miles	31.3	34.4	37.5	40.7	43.8	46.9	50.1	53.2	56.3	59.5	62.6	62.6

Sources: Applied Economics, 2015.

APPENDIX B
FISCAL IMPACT ASSUMPTIONS

GENERAL FUND	Rate	Basis
REVENUES		
Local Taxes		
Property Tax	0.2910%	Net assessed value
Sales Tax	1.00%	taxable sales and leases + 65% const cost + resident taxable purchases
Utility Franchises	$26.110	service population (population + employment)
Licenses and Permits		
Building Permits & Plan Checks	$0.0003	new construction
Animal Licenses	$0.6309	population
Other Licenses	$0.4754	service population
Intergovernmental Revenues		
State Sales Tax	$93.461	population (updated in Census year only)
Urban Sharing	$120.841	population (updated in Census year only)
Auto Lieu Tax	$54.571	population
Library	14.93%	library expenditures
Charges for Services		
Animal Control	$0.051	population
Plan Reviews, Inspections, Filing Fees	$0.00022	new construction value
Fire Department Fees	$0.00008	new construction value
Library and Recreation Fees	$13.798	population
Administrative Fees	$2.421	population
Fines and Forfeitures		
Court Fines	$0.677	service pop (pop*3) (25% of citywide rate)
Library Fines	$1.231	population
Miscellaneous		
Interest	1.00%	previous years net impact
Other Revenues	na	not modeled
EXPENDITURES		
Mayor and Council	na	not impacted
City Clerk	na	not impacted
City Court	$0.890	service pop (pop*3) (25% of citywide rate)
City Manager	$0.928	service population (pop*2)
Public Communications/Comm Access	$2.003	population
Legal	$2.302	service population (pop*2)
Economic Development	$16.009	per new job
Insurance & Retirements	na	not impacted
Budget & Finance	na	not impacted
Community Development	$0.0005	new construction value
Park Maintenance	$1,427.52	park acres
Recreation	$26.080	population
Library	na	not impacted
Police	$167,120	police officers (cost reduced 20 percent for PSPRS unfunded pension elimination after 2037)
Fire	$75.35	service population (pop*2) (cost reduced 24 percent for PSPRS unfunded pension elimination after 2037)
Regional Communications	na	not impacted

APPENDIX B

WATER FUND	Rate	Basis
REVENUES		
Water Sales	$5.31 per thousand gallons plus $23.30 per connection per month	usage (1,000 gallons)
Connection Fees	$569.780	new connections
Interest	1.00%	previous years net impact
Misc	$1.809	service population
Effluent Recharge Fee	$0.000	not impacted
Alternative Water Source Fees	12.46%	water sales
EXPENDITURES		
Water Utility Billing	1.55%	water sales
Meter Reading	$17.155	connections
Water Utilities Administration	46.48%	prod/dist expenditures
Water Production	63% * $423.58	63% of cost per account
Water Distribution	22% * $423.58	22% of cost per account
Alternative Water	15% * $423.58	15% of cost per account
Water Improvements	na	schedule

WASTEWATER FUND	Rate	Basis
REVENUES		
User Charges	$6.17 per thousand gallons plus $21.47 per connection per month	usage (1,000 gallons)
Interest	1.00%	previous years net impact
Plan Reviews and Inspection Fees	$0.00001	new construction value
Wastewater Connections	$138.200	new connections (new units)
EXPENDITURES		
Administration and Legal	27.58%	share of operating expenses
Wastewater Treatment Plant	$136.41 * (330.02%*retail connections) + (132.33%*office connections) + (79.51% * res connections) + (413.01% * ind connections)	weighted connections (share of volume/share of connections)
Wastewater Collection	$99.13 * (330.02%*retail connections) + (132.33%*office connections) + (79.51% * res connections) + (413.01% * ind connections)	weighted connections (share of volume/share of connections)
Wastewater Improvements	na	schedule

APPENDIX B

STREETS FUND	**Rate**	**Basis**
REVENUES		
Highway User Revenue Funds	$72.419	population
Street Light Fee	$3.570	service population
Intergovernmental/Partnering	32.43%	highway user revenue funds
Interest	1.00%	previous years net impact
Sales Tax	1.00%	taxable sales through 2035
Build America Bond Subsidy		not impacted
EXPENDITURES		
Streets Projects	na	schedule
	25.915 per service pop+$1353.50	
Streets Operations	per lane mile	service population (pop*2) and lane miles
Transportation Services	$21.113	population
Finance Cost	5.00%	previous year negative net impact

**Note that all rates are subject to 2 percent annual inflation.*

APPENDIX C-1
ANNUAL FISCAL IMPACT
GENERAL FUND
DEEP WELL RANCH

Revenues/Expenditures	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
REVENUES	**$ 165,908**	**$ 218,319**	**$ 277,481**	**$ 338,967**	**$ 529,574**	**$ 608,902**	**$ 691,167**	**$ 776,351**	**$ 864,542**	**$ 1,151,577**	**$ 1,251,933**	**$ 1,353,759**	**$ 1,459,037**
Local Taxes													
Property Tax	$ 31,671	$ 32,304	$ 38,873	$ 45,762	$ 52,983	$ 60,550	$ 69,732	$ 79,334	$ 89,372	$ 99,862	$ 110,823	$ 122,273	$ 134,229
Sales Tax	$ 115,303	$ 153,578	$ 193,263	$ 234,400	$ 323,524	$ 367,851	$ 413,623	$ 460,883	$ 509,674	$ 560,041	$ 612,030	$ 665,687	$ 721,059
Utility Franchises	$ 5,275	$ 10,761	$ 16,465	$ 22,392	$ 30,906	$ 39,751	$ 48,938	$ 58,476	$ 68,376	$ 78,649	$ 89,305	$ 100,356	$ 111,813
Licenses and Permits													
Building Permits & Plan Checks	$ 3,710	$ 3,860	$ 4,016	$ 4,178	$ 6,714	$ 6,985	$ 7,268	$ 7,561	$ 7,867	$ 8,184	$ 8,515	$ 8,859	$ 9,217
Animal Licenses	$ 45	$ 91	$ 139	$ 189	$ 297	$ 410	$ 526	$ 648	$ 774	$ 904	$ 1,040	$ 1,181	$ 1,327
Other Licenses	$ 96	$ 196	$ 300	$ 408	$ 563	$ 724	$ 891	$ 1,065	$ 1,245	$ 1,432	$ 1,626	$ 1,827	$ 2,036
Intergovernmental Revenues													
State Sales Tax	$ -	$ -	$ -	$ -	$ 28,569	$ 29,140	$ 29,723	$ 30,318	$ 30,924	$ 116,911	$ 119,249	$ 121,634	$ 124,066
Urban Sharing	$ -	$ -	$ -	$ -	$ 36,939	$ 37,677	$ 38,431	$ 39,199	$ 39,983	$ 151,160	$ 154,184	$ 157,267	$ 160,413
Auto Lieu Tax	$ 3,853	$ 7,860	$ 12,025	$ 16,354	$ 25,711	$ 35,435	$ 45,538	$ 56,030	$ 66,925	$ 78,232	$ 89,965	$ 102,136	$ 114,759
Library	$ 890	$ 1,816	$ 2,778	$ 3,778	$ 5,939	$ 8,185	$ 10,519	$ 12,943	$ 15,460	$ 18,072	$ 20,782	$ 23,593	$ 26,509
Charges for Services													
Animal Control	$ 4	$ 7	$ 11	$ 15	$ 24	$ 33	$ 42	$ 52	$ 62	$ 73	$ 84	$ 95	$ 107
Plan Reviews, Inspections, Filing Fees	$ 2,647	$ 2,754	$ 2,866	$ 2,981	$ 4,791	$ 4,984	$ 5,186	$ 5,395	$ 5,613	$ 5,840	$ 6,076	$ 6,321	$ 6,577
Fire Department Fees	$ 950	$ 969	$ 989	$ 1,008	$ 1,589	$ 1,620	$ 1,653	$ 1,686	$ 1,720	$ 1,754	$ 1,789	$ 1,825	$ 1,861
Library and Recreation Fees	$ 974	$ 1,987	$ 3,041	$ 4,135	$ 6,501	$ 8,960	$ 11,514	$ 14,167	$ 16,922	$ 19,781	$ 22,747	$ 25,825	$ 29,016
Administrative Fees	$ 171	$ 342	$ 513	$ 684	$ 1,054	$ 1,424	$ 1,794	$ 2,164	$ 2,534	$ 2,904	$ 3,274	$ 3,645	$ 4,015
Fines and Forfeitures													
Court Fines	$ 232	$ 474	$ 725	$ 986	$ 1,438	$ 1,909	$ 2,397	$ 2,905	$ 3,431	$ 3,978	$ 4,545	$ 5,133	$ 5,743
Library Fines	$ 87	$ 177	$ 271	$ 369	$ 580	$ 799	$ 1,027	$ 1,264	$ 1,510	$ 1,765	$ 2,029	$ 2,304	$ 2,588
Miscellaneous													
Interest	$ -	$ 1,142	$ 1,207	$ 1,328	$ 1,454	$ 2,464	$ 2,365	$ 2,261	$ 2,151	$ 2,035	$ 3,869	$ 3,798	$ 3,702
Other Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES	**$ 51,696**	**$ 97,622**	**$ 144,695**	**$ 193,609**	**$ 283,196**	**$ 372,386**	**$ 465,023**	**$ 561,210**	**$ 661,052**	**$ 764,657**	**$ 872,137**	**$ 983,604**	**$ 1,099,175**
Mayor and Council	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City Clerk	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City Court	$ 306	$ 623	$ 954	$ 1,297	$ 1,893	$ 2,511	$ 3,154	$ 3,822	$ 4,515	$ 5,234	$ 5,980	$ 6,754	$ 7,556
City Manager	$ 253	$ 516	$ 790	$ 1,074	$ 1,536	$ 2,016	$ 2,514	$ 3,032	$ 3,569	$ 4,126	$ 4,705	$ 5,305	$ 5,927
Public Communications/Comm Access	$ 141	$ 283	$ 424	$ 566	$ 872	$ 1,178	$ 1,484	$ 1,790	$ 2,097	$ 2,403	$ 2,709	$ 3,015	$ 3,321
Legal	$ 628	$ 1,280	$ 1,959	$ 2,664	$ 3,810	$ 5,000	$ 6,236	$ 7,519	$ 8,852	$ 10,235	$ 11,669	$ 13,157	$ 14,699
Economic Development	$ 2,104	$ 2,146	$ 2,189	$ 2,233	$ 2,297	$ 2,342	$ 2,389	$ 2,437	$ 2,486	$ 2,536	$ 2,586	$ 2,638	$ 2,691
Insurance & Retirements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Budget & Finance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Community Development	$ 6,341	$ 6,598	$ 6,864	$ 7,141	$ 11,475	$ 11,939	$ 12,421	$ 12,923	$ 13,445	$ 13,988	$ 14,553	$ 15,141	$ 15,753
Park Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recreation	$ 1,841	$ 3,756	$ 5,747	$ 7,816	$ 12,288	$ 16,935	$ 21,763	$ 26,778	$ 31,984	$ 37,389	$ 42,996	$ 48,813	$ 54,845
Library	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Police	$ 20,179	$ 41,166	$ 62,984	$ 85,658	$ 127,114	$ 170,194	$ 214,947	$ 261,421	$ 309,669	$ 359,742	$ 411,693	$ 465,579	$ 521,456
Fire	$ 19,902	$ 41,253	$ 62,784	$ 85,160	$ 121,912	$ 160,271	$ 200,114	$ 241,488	$ 284,436	$ 329,006	$ 375,245	$ 423,201	$ 472,926
Regional Communications	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT	$ 114,212	$ 120,697	$ 132,786	$ 145,358	$ 246,379	$ 236,516	$ 226,144	$ 215,141	$ 203,490	$ 386,920	$ 379,796	$ 370,155	$ 359,861
as percent of revenue	68.8%	55.3%	47.9%	42.9%	46.5%	38.8%	32.7%	27.7%	23.5%	33.6%	30.3%	27.3%	24.7%
25 year NPV :													

Source: Applied Economics, 2015.

APPENDIX C-1
ANNUAL FISCAL IMPACT
GENERAL FUND
DEEP WELL RANCH

Revenues/Expenditures	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
REVENUES	**$ 1,567,890**	**$ 2,055,291**	**$ 2,214,962**	**$ 2,381,594**	**$ 2,553,976**	**$ 2,732,265**	**$ 3,375,049**	**$ 3,579,432**	**$ 3,785,998**	**$ 4,005,335**	**$ 4,226,291**	**$ 4,450,620**
Local Taxes												
Property Tax	$ 146,712	$ 159,743	$ 173,341	$ 192,329	$ 212,131	$ 232,775	$ 254,292	$ 276,715	$ 300,077	$ 324,412	$ 349,756	$ 376,145
Sales Tax	$ 778,197	$ 960,904	$ 1,034,761	$ 1,111,033	$ 1,189,789	$ 1,271,101	$ 1,355,039	$ 1,441,680	$ 1,531,098	$ 1,623,373	$ 1,718,585	$ 1,413,984
Utility Franchises	$ 123,689	$ 141,504	$ 159,983	$ 179,144	$ 199,008	$ 219,595	$ 240,925	$ 263,021	$ 285,904	$ 309,598	$ 334,125	$ 340,807
Licenses and Permits												
Building Permits & Plan Checks	$ 9,589	$ 16,921	$ 17,604	$ 18,316	$ 19,056	$ 19,825	$ 20,626	$ 21,460	$ 22,327	$ 23,229	$ 24,167	$ -
Animal Licenses	$ 1,478	$ 1,752	$ 2,036	$ 2,332	$ 2,638	$ 2,955	$ 3,284	$ 3,625	$ 3,978	$ 4,344	$ 4,723	$ 4,818
Other Licenses	$ 2,252	$ 2,577	$ 2,913	$ 3,262	$ 3,624	$ 3,999	$ 4,387	$ 4,789	$ 5,206	$ 5,637	$ 6,084	$ 6,206
Intergovernmental Revenues												
State Sales Tax	$ 126,548	$ 223,332	$ 227,799	$ 232,355	$ 237,002	$ 241,742	$ 446,500	$ 455,430	$ 464,538	$ 473,829	$ 483,306	$ 713,703
Urban Sharing	$ 163,621	$ 288,759	$ 294,534	$ 300,425	$ 306,433	$ 312,562	$ 577,305	$ 588,851	$ 600,628	$ 612,641	$ 624,893	$ 922,787
Auto Lieu Tax	$ 127,845	$ 151,547	$ 176,147	$ 201,670	$ 228,143	$ 255,595	$ 284,054	$ 313,548	$ 344,109	$ 375,767	$ 408,554	$ 416,725
Library	$ 29,532	$ 35,007	$ 40,690	$ 46,586	$ 52,701	$ 59,042	$ 65,616	$ 72,430	$ 79,489	$ 86,802	$ 94,376	$ 96,263
Charges for Services												
Animal Control	$ 119	$ 141	$ 164	$ 188	$ 212	$ 238	$ 264	$ 292	$ 320	$ 349	$ 380	$ 388
Plan Reviews, Inspections, Filing Fees	$ 6,842	$ 12,074	$ 12,562	$ 13,069	$ 13,597	$ 14,146	$ 14,718	$ 15,313	$ 15,931	$ 16,575	$ 17,244	$ -
Fire Department Fees	$ 1,899	$ 3,284	$ 3,350	$ 3,417	$ 3,485	$ 3,555	$ 3,626	$ 3,699	$ 3,773	$ 3,848	$ 3,925	$ -
Library and Recreation Fees	$ 32,325	$ 38,318	$ 44,538	$ 50,992	$ 57,685	$ 64,626	$ 71,822	$ 79,280	$ 87,007	$ 95,012	$ 103,302	$ 105,368
Administrative Fees	$ 4,385	$ 5,096	$ 5,807	$ 6,518	$ 7,229	$ 7,940	$ 8,651	$ 9,362	$ 10,073	$ 10,784	$ 11,495	$ 11,495
Fines and Forfeitures												
Court Fines	$ 6,375	$ 7,424	$ 8,513	$ 9,642	$ 10,814	$ 12,028	$ 13,286	$ 14,590	$ 15,941	$ 17,340	$ 18,788	$ 19,164
Library Fines	$ 2,884	$ 3,418	$ 3,973	$ 4,549	$ 5,146	$ 5,765	$ 6,407	$ 7,072	$ 7,762	$ 8,476	$ 9,215	$ 9,400
Miscellaneous												
Interest	$ 3,599	$ 3,489	$ 6,247	$ 5,769	$ 5,284	$ 4,776	$ 4,246	$ 8,277	$ 7,837	$ 13,320	$ 13,374	$ 13,368
Other Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES	**$ 1,218,972**	**$ 1,430,582**	**$ 1,638,051**	**$ 1,853,237**	**$ 2,076,366**	**$ 2,307,670**	**$ 2,547,389**	**$ 2,795,766**	**$ 2,454,014**	**$ 2,667,948**	**$ 2,889,453**	**$ 2,900,578**
Mayor and Council	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City Clerk	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City Court	$ 8,388	$ 9,769	$ 11,202	$ 12,688	$ 14,228	$ 15,826	$ 17,482	$ 19,197	$ 20,975	$ 22,815	$ 24,721	$ 25,216
City Manager	$ 6,571	$ 7,608	$ 8,683	$ 9,798	$ 10,955	$ 12,153	$ 13,395	$ 14,683	$ 16,016	$ 17,396	$ 18,826	$ 19,203
Public Communications/Comm Access	$ 3,628	$ 4,216	$ 4,804	$ 5,392	$ 5,980	$ 6,569	$ 7,157	$ 7,745	$ 8,333	$ 8,922	$ 9,510	$ 9,510
Legal	$ 16,299	$ 18,869	$ 21,536	$ 24,302	$ 27,170	$ 30,143	$ 33,225	$ 36,417	$ 39,724	$ 43,148	$ 46,694	$ 47,628
Economic Development	$ 2,745	$ 3,203	$ 3,267	$ 3,333	$ 3,399	$ 3,467	$ 3,537	$ 3,607	$ 3,680	$ 3,753	$ 3,828	$ -
Insurance & Retirements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Budget & Finance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Community Development	$ 16,389	$ 28,920	$ 30,088	$ 31,304	$ 32,568	$ 33,884	$ 35,253	$ 36,677	$ 38,159	$ 39,701	$ 41,305	$ -
Park Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recreation	$ 61,099	$ 72,427	$ 84,184	$ 96,382	$ 109,034	$ 122,154	$ 135,754	$ 149,851	$ 164,456	$ 179,586	$ 195,255	$ 199,160
Library	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Police	$ 579,382	$ 677,783	$ 779,888	$ 885,806	$ 995,649	$ 1,109,532	$ 1,227,571	$ 1,349,888	$ 1,187,663	$ 1,293,228	$ 1,402,541	$ 1,430,591
Fire	$ 524,471	$ 607,787	$ 694,399	$ 784,232	$ 877,381	$ 973,942	$ 1,074,015	$ 1,177,700	$ 975,009	$ 1,059,398	$ 1,146,773	$ 1,169,270
Regional Communications	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT	$ 348,918	$ 624,709	$ 576,911	$ 528,357	$ 477,610	$ 424,594	$ 827,660	$ 783,666	$ 1,331,984	$ 1,337,387	$ 1,336,838	$ 1,550,042
as percent of revenue	22.3%	30.4%	26.0%	22.2%	18.7%	15.5%	24.5%	21.9%	35.2%	33.4%	31.6%	34.8%
25 year NPV : $6,774,760												

Source: Applied Economics, 2015.

APPENDIX C-2
ANNUAL FISCAL IMPACT
DEEP WELL RANCH

WATER FUND

Revenues/Expenditures	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
REVENUES	**$ 57,339**	**$ 96,472**	**$ 134,466**	**$ 172,750**	**$ 252,712**	**$ 322,437**	**$ 392,078**	**$ 461,741**	**$ 531,427**	**$ 601,137**	**$ 670,871**	**$ 740,630**	**$ 810,415**
Water Sales	$ 33,103	$ 66,391	$ 99,587	$ 132,783	$ 193,288	$ 253,793	$ 314,298	$ 374,803	$ 435,307	$ 495,812	$ 556,317	$ 616,822	$ 677,327
Connection Fees	$ 19,745	$ 20,721	$ 20,839	$ 21,256	$ 32,465	$ 33,114	$ 33,777	$ 34,452	$ 35,141	$ 35,844	$ 36,561	$ 37,292	$ 38,038
Interest	$ -	$ 339	$ 487	$ 612	$ 729	$ 1,146	$ 1,442	$ 1,723	$ 1,989	$ 2,238	$ 2,472	$ 2,688	$ 2,888
Misc	$ 366	$ 746	$ 1,141	$ 1,552	$ 2,141	$ 2,754	$ 3,391	$ 4,052	$ 4,738	$ 5,449	$ 6,188	$ 6,954	$ 7,747
Alternative Water Source Fees	$ 4,126	$ 8,274	$ 12,411	$ 16,549	$ 24,089	$ 31,630	$ 39,171	$ 46,711	$ 54,252	$ 61,793	$ 69,333	$ 76,874	$ 84,415
EXPENDITURES	**$ 23,395**	**$ 47,725**	**$ 73,316**	**$ 99,881**	**$ 138,151**	**$ 178,205**	**$ 219,770**	**$ 262,891**	**$ 307,613**	**$ 353,983**	**$ 402,050**	**$ 451,864**	**$ 503,475**
Water Utility Billing	$ 514	$ 1,031	$ 1,547	$ 2,062	$ 3,002	$ 3,942	$ 4,882	$ 5,821	$ 6,761	$ 7,701	$ 8,641	$ 9,580	$ 10,520
Meter Reading	$ 594	$ 606	$ 1,255	$ 1,920	$ 2,611	$ 3,660	$ 4,751	$ 5,883	$ 7,059	$ 8,279	$ 9,545	$ 10,859	$ 12,221
Water Utilities Administration	$ 7,109	$ 14,702	$ 22,494	$ 30,592	$ 42,279	$ 54,422	$ 67,034	$ 80,129	$ 93,720	$ 107,823	$ 122,453	$ 137,624	$ 153,354
Water Production	$ 9,561	$ 19,773	$ 30,253	$ 41,143	$ 56,862	$ 73,194	$ 90,156	$ 107,767	$ 126,046	$ 145,013	$ 164,689	$ 185,094	$ 206,249
Water Distribution	$ 3,339	$ 6,905	$ 10,564	$ 14,368	$ 19,857	$ 25,560	$ 31,483	$ 37,633	$ 44,016	$ 50,640	$ 57,510	$ 64,636	$ 72,023
Alternative Water	$ 2,277	$ 4,708	$ 7,203	$ 9,796	$ 13,539	$ 17,427	$ 21,466	$ 25,659	$ 30,011	$ 34,527	$ 39,212	$ 44,070	$ 49,107
Water Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT	**$ 33,944**	**$ 48,747**	**$ 61,150**	**$ 72,869**	**$ 114,562**	**$ 144,232**	**$ 172,308**	**$ 198,850**	**$ 223,814**	**$ 247,154**	**$ 268,821**	**$ 288,767**	**$ 306,940**
as percent of revenue	59.2%	50.5%	45.5%	42.2%	45.3%	44.7%	43.9%	43.1%	42.1%	41.1%	40.1%	39.0%	37.9%
25 year NPV :													

APPENDIX C-2
ANNUAL FISCAL IMPACT
DEEP WELL RANCH

WATER FUND

Revenues/Expenditures		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
REVENUES		**$ 880,226**	**$ 1,058,270**	**$ 1,188,198**	**$ 1,317,671**	**$ 1,447,182**	**$ 1,576,737**	**$ 1,706,336**	**$ 1,835,980**	**$ 1,965,671**	**$ 2,095,409**	**$ 2,225,194**	**$ 2,118,741**
Water Sales		$ 737,832	$ 850,031	$ 962,229	$ 1,074,428	$ 1,186,626	$ 1,298,824	$ 1,411,023	$ 1,523,221	$ 1,635,420	$ 1,747,618	$ 1,859,816	$ 1,859,816
Connection Fees		$ 38,799	$ 89,263	$ 91,048	$ 92,869	$ 94,727	$ 96,621	$ 98,554	$ 100,525	$ 102,535	$ 104,586	$ 106,678	$ (0)
Interest		$ 3,069	$ 3,233	$ 3,914	$ 4,057	$ 4,153	$ 4,205	$ 4,212	$ 4,173	$ 4,086	$ 3,949	$ 3,763	$ 3,524
Misc		$ 8,570	$ 9,805	$ 11,085	$ 12,413	$ 13,789	$ 15,215	$ 16,693	$ 18,224	$ 19,810	$ 21,452	$ 23,151	$ 23,614
Alternative Water Source Fees		$ 91,955	$ 105,938	$ 119,922	$ 133,905	$ 147,888	$ 161,871	$ 175,854	$ 189,837	$ 203,820	$ 217,804	$ 231,787	$ 231,787
EXPENDITURES		**$ 556,936**	**$ 666,895**	**$ 782,490**	**$ 902,377**	**$ 1,026,684**	**$ 1,155,539**	**$ 1,289,075**	**$ 1,427,428**	**$ 1,570,739**	**$ 1,719,151**	**$ 1,872,812**	**$ 1,912,967**
Water Utility Billing		$ 11,460	$ 13,203	$ 14,945	$ 16,688	$ 18,431	$ 20,173	$ 21,916	$ 23,659	$ 25,401	$ 27,144	$ 28,886	$ 28,886
Meter Reading		$ 13,634	$ 15,098	$ 18,142	$ 21,301	$ 24,579	$ 27,979	$ 31,506	$ 35,163	$ 38,953	$ 42,881	$ 46,951	$ 51,166
Water Utilities Administration		$ 169,658	$ 203,712	$ 239,060	$ 275,740	$ 313,792	$ 353,256	$ 394,173	$ 436,586	$ 480,537	$ 526,072	$ 573,235	$ 584,700
Water Production		$ 228,176	$ 273,976	$ 321,516	$ 370,849	$ 422,026	$ 475,102	$ 530,132	$ 587,173	$ 646,284	$ 707,524	$ 770,956	$ 786,375
Water Distribution		$ 79,681	$ 95,674	$ 112,276	$ 129,503	$ 147,374	$ 165,909	$ 185,125	$ 205,045	$ 225,686	$ 247,072	$ 269,223	$ 274,607
Alternative Water		$ 54,328	$ 65,232	$ 76,551	$ 88,297	$ 100,482	$ 113,119	$ 126,222	$ 139,803	$ 153,877	$ 168,458	$ 183,561	$ 187,232
Water Improvements		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT		**$ 323,290**	**$ 391,375**	**$ 405,708**	**$ 415,294**	**$ 420,499**	**$ 421,198**	**$ 417,261**	**$ 408,552**	**$ 394,932**	**$ 376,257**	**$ 352,382**	**$ 205,774**
as percent of revenue		36.7%	37.0%	34.1%	31.5%	29.1%	26.7%	24.5%	22.3%	20.1%	18.0%	15.8%	9.7%
25 year NPV :	**$3,687,278**												

APPENDIX C-2
WASTEWATER FUND

Revenues/Expenditures	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
REVENUES	**$ 36,969**	**$ 69,737**	**$ 102,119**	**$ 134,564**	**$ 196,467**	**$ 256,337**	**$ 316,183**	**$ 376,023**	**$ 435,859**	**$ 495,690**	**$ 555,516**	**$ 615,336**	**$ 675,151**
User Charges	$ 32,042	$ 64,343	$ 96,514	$ 128,685	$ 187,977	$ 247,270	$ 306,562	$ 365,854	$ 425,147	$ 484,439	$ 543,731	$ 603,024	$ 662,316
Interest	$ -	$ 227	$ 404	$ 572	$ 734	$ 1,154	$ 1,545	$ 1,928	$ 2,303	$ 2,669	$ 3,027	$ 3,375	$ 3,714
Plan Reviews and Inspection Fees	$ 95	$ 99	$ 103	$ 107	$ 172	$ 179	$ 186	$ 194	$ 202	$ 210	$ 218	$ 227	$ 236
Wastewater Connections	$ 4,831	$ 5,069	$ 5,098	$ 5,200	$ 7,583	$ 7,735	$ 7,889	$ 8,047	$ 8,208	$ 8,372	$ 8,540	$ 8,710	$ 8,885
EXPENDITURES	**$ 14,285**	**$ 29,378**	**$ 44,952**	**$ 61,137**	**$ 81,086**	**$ 101,832**	**$ 123,374**	**$ 145,737**	**$ 168,946**	**$ 193,025**	**$ 217,999**	**$ 243,895**	**$ 270,740**
Administration and Legal	$ 3,088	$ 6,351	$ 9,718	$ 13,217	$ 17,530	$ 22,015	$ 26,672	$ 31,507	$ 36,525	$ 41,730	$ 47,130	$ 52,728	$ 58,532
Wastewater Treatment Plant	$ 6,486	$ 13,337	$ 20,409	$ 27,757	$ 36,815	$ 46,241	$ 56,030	$ 66,191	$ 76,737	$ 87,678	$ 99,026	$ 110,793	$ 122,991
Wastewater Collection	$ 4,710	$ 9,690	$ 14,825	$ 20,162	$ 26,741	$ 33,575	$ 40,672	$ 48,039	$ 55,684	$ 63,616	$ 71,843	$ 80,374	$ 89,217
Wastewater Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT	**$ 22,684**	**$ 40,359**	**$ 57,167**	**$ 73,427**	**$ 115,380**	**$ 154,506**	**$ 192,809**	**$ 230,286**	**$ 266,913**	**$ 302,665**	**$ 337,517**	**$ 371,441**	**$ 404,412**
as percent of revenue	61.4%	57.9%	56.0%	54.6%	58.7%	60.3%	61.0%	61.2%	61.2%	61.1%	60.8%	60.4%	59.9%
25 year NPV :													

APPENDIX C-2
WASTEWATER FUND

Revenues/Expenditures		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
REVENUES		**$ 734,961**	**$ 858,603**	**$ 970,603**	**$ 1,082,477**	**$ 1,194,339**	**$ 1,306,190**	**$ 1,418,030**	**$ 1,529,858**	**$ 1,641,675**	**$ 1,753,479**	**$ 1,865,271**	**$ 1,839,528**
User Charges		$ 721,608	$ 832,436	$ 943,263	$ 1,054,091	$ 1,164,918	$ 1,275,745	$ 1,386,573	$ 1,497,400	$ 1,608,227	$ 1,719,055	$ 1,829,882	$ 1,829,882
Interest		$ 4,044	$ 4,364	$ 5,092	$ 5,683	$ 6,254	$ 6,805	$ 7,335	$ 7,842	$ 8,328	$ 8,791	$ 9,230	$ 9,645
Plan Reviews and Inspection Fees		$ 246	$ 434	$ 451	$ 470	$ 489	$ 508	$ 529	$ 550	$ 572	$ 596	$ 620	$ -
Wastewater Connections		$ 9,062	$ 21,370	$ 21,797	$ 22,233	$ 22,678	$ 23,131	$ 23,594	$ 24,066	$ 24,547	$ 25,038	$ 25,539	$ -
EXPENDITURES		**$ 298,561**	**$ 349,452**	**$ 402,256**	**$ 457,033**	**$ 513,840**	**$ 572,736**	**$ 633,783**	**$ 697,042**	**$ 762,578**	**$ 830,457**	**$ 900,746**	**$ 918,799**
Administration and Legal		$ 64,546	$ 75,549	$ 86,965	$ 98,807	$ 111,088	$ 123,821	$ 137,019	$ 150,695	$ 164,863	$ 179,538	$ 194,734	$ 198,637
Wastewater Treatment Plant		$ 135,632	$ 158,746	$ 182,728	$ 207,605	$ 233,405	$ 260,153	$ 287,879	$ 316,609	$ 346,373	$ 377,201	$ 409,123	$ 417,335
Wastewater Collection		$ 98,382	$ 115,157	$ 132,564	$ 150,621	$ 169,347	$ 188,762	$ 208,885	$ 229,738	$ 251,342	$ 273,718	$ 296,889	$ 302,826
Wastewater Improvements		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANNUAL NET IMPACT		**$ 436,400**	**$ 509,151**	**$ 568,347**	**$ 625,444**	**$ 680,499**	**$ 733,454**	**$ 784,247**	**$ 832,817**	**$ 879,097**	**$ 923,022**	**$ 964,525**	**$ 920,729**
as percent of revenue		59.4%	59.3%	58.6%	57.8%	57.0%	56.2%	55.3%	54.4%	53.5%	52.6%	51.7%	50.1%
25 year NPV :	**$5,824,347**												

APPENDIX C-2
STREETS FUND

Revenues/Expenditures	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	$ -	$ 110,578	$ 255,622	$ 435,587	$ 651,730	$ 954,800	$1,300,414	$1,689,476	$2,123,383	$2,603,579	$3,131,547	$3,708,815	$4,336,953
REVENUES	**$ 122,655**	**$ 169,682**	**$ 217,661**	**$ 267,409**	**$ 374,208**	**$ 437,396**	**$ 502,287**	**$ 569,396**	**$ 638,793**	**$ 710,544**	**$ 784,719**	**$ 861,386**	**$ 940,619**
Highway User Revenue Funds	$ 5,113	$ 10,430	$ 15,958	$ 21,703	$ 34,119	$ 47,024	$ 60,431	$ 74,356	$ 88,813	$ 103,819	$ 119,390	$ 135,542	$ 152,292
Street Light Fee	$ 581	$ 1,186	$ 1,814	$ 2,468	$ 3,337	$ 4,240	$ 5,179	$ 6,153	$ 7,163	$ 8,212	$ 9,300	$ 10,428	$ 11,598
Intergovernmental/Partnering	$ 1,658	$ 3,383	$ 5,175	$ 7,038	$ 11,065	$ 15,250	$ 19,598	$ 24,114	$ 28,803	$ 33,669	$ 38,719	$ 43,957	$ 49,390
Interest	$ -	$ 1,106	$ 1,450	$ 1,800	$ 2,161	$ 3,031	$ 3,456	$ 3,891	$ 4,339	$ 4,802	$ 5,280	$ 5,773	$ 6,281
1% Sales Tax	$ 115,303	$ 153,578	$ 193,263	$ 234,400	$ 323,524	$ 367,851	$ 413,623	$ 460,883	$ 509,674	$ 560,041	$ 612,030	$ 665,687	$ 721,059
EXPENDITURES	**$ 12,077**	**$ 24,638**	**$ 37,696**	**$ 51,266**	**$ 71,137**	**$ 91,782**	**$ 113,225**	**$ 135,488**	**$ 158,597**	**$ 182,576**	**$ 207,451**	**$ 233,247**	**$ 259,993**
Streets Projects Administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Streets Operations	$ 10,587	$ 21,597	$ 33,043	$ 44,939	$ 61,190	$ 78,073	$ 95,607	$ 113,811	$ 132,705	$ 152,309	$ 172,645	$ 193,732	$ 215,595
Transportation Services	$ 1,491	$ 3,041	$ 4,652	$ 6,327	$ 9,947	$ 13,709	$ 17,618	$ 21,677	$ 25,892	$ 30,267	$ 34,806	$ 39,515	$ 44,398
Ending Balance	$ 110,578	$ 255,622	$ 435,587	$ 651,730	$ 954,800	$ 1,300,414	$ 1,689,476	$ 2,123,383	$ 2,603,579	$ 3,131,547	$ 3,708,815	$ 4,336,953	$ 5,017,580
ANNUAL NET IMPACT	**$ 110,578**	**$ 145,044**	**$ 179,965**	**$ 216,142**	**$ 303,071**	**$ 345,614**	**$ 389,062**	**$ 433,907**	**$ 480,195**	**$ 527,968**	**$ 577,268**	**$ 628,139**	**$ 680,627**
	90.2%	85.5%	82.7%	80.8%	81.0%	79.0%	77.5%	76.2%	75.2%	74.3%	73.6%	72.9%	72.4%
25 year NPV :													

Source: Applied Economics, 2015.

APPENDIX C-2
STREETS FUND

Revenues/Expenditures		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Beginning Balance		$ 5,017,580	$ 5,752,357	$ 6,668,826	$ 7,659,370	$ 8,725,284	$ 9,869,022	$ 11,093,117	$ 11,045,136	$ 10,983,087	$ 10,919,163	$ 10,853,313	$ 10,785,486
REVENUES		**$ 1,022,492**	**$ 1,248,981**	**$ 1,369,529**	**$ 1,493,098**	**$ 1,620,897**	**$ 1,753,058**	**$ 534,667**	**$ 576,220**	**$ 631,958**	**$ 689,694**	**$ 749,486**	**$ 764,476**
Highway User Revenue Funds		$ 169,658	$ 201,113	$ 233,758	$ 267,629	$ 302,761	$ 339,191	$ 376,957	$ 416,098	$ 456,654	$ 498,666	$ 542,176	$ 553,020
Street Light Fee		$ 12,810	$ 14,393	$ 16,035	$ 17,737	$ 19,500	$ 21,326	$ 23,218	$ 25,177	$ 27,206	$ 29,305	$ 31,477	$ 32,107
Intergovernmental/Partnering		$ 55,022	$ 65,223	$ 75,810	$ 86,795	$ 98,188	$ 110,003	$ 122,251	$ 134,945	$ 148,097	$ 161,722	$ 175,833	$ 179,350
Interest		$ 6,806	$ 7,348	$ 9,165	$ 9,905	$ 10,659	$ 11,437	$ 12,241	$ -	$ -	$ -	$ -	$ -
1% Sales Tax		$ 778,197	$ 960,904	$ 1,034,761	$ 1,111,033	$ 1,189,789	$ 1,271,101	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES		**$ 287,715**	**$ 332,511**	**$ 378,985**	**$ 427,184**	**$ 477,160**	**$ 528,963**	**$ 582,648**	**$ 638,269**	**$ 695,882**	**$ 755,543**	**$ 817,313**	**$ 833,660**
Streets Projects Administration		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Streets Operations		$ 238,254	$ 273,880	$ 310,836	$ 349,161	$ 388,894	$ 430,077	$ 472,752	$ 516,962	$ 562,751	$ 610,165	$ 659,250	$ 672,435
Transportation Services		$ 49,461	$ 58,631	$ 68,149	$ 78,023	$ 88,265	$ 98,886	$ 109,896	$ 121,307	$ 133,131	$ 145,379	$ 158,063	$ 161,224
Ending Balance		$ 5,752,357	$ 6,668,826	$ 7,659,370	$ 8,725,284	$ 9,869,022	$ 11,093,117	$ 11,045,136	$ 10,983,087	$ 10,919,163	$ 10,853,313	$ 10,785,486	$ 10,716,302
ANNUAL NET IMPACT		**$ 734,777**	**$ 916,469**	**$ 990,544**	**$ 1,065,914**	**$ 1,143,738**	**$ 1,224,095**	**$ (47,981)**	**$ (62,049)**	**$ (63,924)**	**$ (65,850)**	**$ (67,827)**	**$ (69,184)**
		71.9%	73.4%	72.3%	71.4%	70.6%	69.8%	-9.0%	-10.8%	-10.1%	-9.5%	-9.0%	-9.0%
25 year NPV :	**$6,589,893**												

Source: Applied Economics, 2015.

FIGURE D-1
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH
ABSORPTION RATE INCREASED 25 PERCENT

	Cumulative Developed Acres												
Land Use	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Mixed Use and Bsns Regional													
Medical Office	1.43	2.85	4.28	5.70	6.89	8.08	9.26	10.45	11.64	12.83	14.01	15.20	16.39
Office	1.31	2.61	3.92	5.23	6.94	8.65	10.36	12.07	13.78	15.49	17.20	18.91	20.62
Community Retail	2.92	5.84	8.77	11.69	14.24	16.79	19.34	21.89	24.44	26.99	29.54	32.09	34.64
Industrial													
General Industrial	6.56	13.13	19.69	26.25	31.24	36.23	41.21	46.20	51.19	56.18	61.16	66.15	71.14
Residential													
Single Family (2-3)	14.37	28.74	43.10	57.47	80.46	103.45	126.44	149.43	172.41	195.40	218.39	241.38	264.37
Multi-Family High	0.79	1.58	2.37	3.16	6.63	10.10	13.57	17.05	20.52	23.99	27.46	30.93	34.41
Vacant-Developable	1,561.93	1,534.55	1,507.18	1,479.81	1,442.91	1,406.02	1,369.12	1,332.23	1,295.33	1,258.44	1,221.54	1,184.64	1,147.75
Total Lane Miles	2.78	5.55	8.33	11.10	13.49	15.88	18.27	20.66	23.06	25.45	27.84	30.23	32.62
Residential Collectors	0.87	1.74	2.60	3.47	4.99	6.50	8.02	9.53	11.05	12.56	14.07	15.59	17.10
Arterials and Major Collectors	1.91	3.82	5.72	7.63	8.51	9.38	10.26	11.13	12.01	12.89	13.76	14.64	15.51

FIGURE D-1 (continued)
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH
ABSORPTION RATE INCREASED 25 PERCENT

	Cumulative Developed Acres											
Land Use	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Mixed Use and Bsns Regional												
Medical Office	17.58	19.14	20.71	22.28	23.85	25.41	26.98	28.55	30.12	31.68	33.25	33.25
Office	22.33	24.18	26.03	27.88	29.74	31.59	33.44	35.29	37.15	38.00	38.00	38.00
Community Retail	37.19	40.48	43.78	47.07	50.36	53.66	56.95	60.24	63.54	66.83	70.13	70.13
Industrial												
General Industrial	76.13	79.80	83.48	87.15	90.83	94.50	98.18	101.85	105.00	105.00	105.00	105.00
Residential												
Single Family (2-3)	287.36	347.70	408.05	468.39	528.74	589.08	649.43	709.77	770.11	830.46	890.80	890.80
Multi-Family High	37.88	41.04	44.19	47.35	50.51	53.66	56.82	59.97	63.13	66.29	69.44	69.44
Vacant-Developable	1,110.85	1,036.96	963.07	889.18	815.29	741.40	667.51	593.62	520.26	451.04	382.68	382.68
Total Lane Miles	35.01	38.87	42.73	46.58	50.44	54.30	58.16	62.02	65.88	69.73	73.59	73.59
Residential Collectors	18.62	22.25	25.89	29.53	33.16	36.80	40.43	44.07	47.70	51.34	54.97	54.97
Arterials and Major Collectors	16.39	16.61	16.84	17.06	17.28	17.51	17.73	17.95	18.17	18.40	18.62	18.62

FIGURE D-2
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH
ABSORPTION RATE DECREASED 25 PERCENT

	Cumulative Developed Acres												
Land Use	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Mixed Use and Bsns Regional													
Medical Office	0.86	1.71	2.57	3.42	4.13	4.85	5.56	6.27	6.98	7.70	8.41	9.12	9.83
Office	0.78	1.57	2.35	3.14	4.16	5.19	6.21	7.24	8.27	9.29	10.32	11.34	12.37
Community Retail	1.75	3.51	5.26	7.01	8.54	10.07	11.60	13.13	14.66	16.19	17.72	19.25	20.78
Industrial													
General Industrial	3.94	7.88	11.81	15.75	18.74	21.74	24.73	27.72	30.71	33.71	36.70	39.69	42.68
Residential													
Single Family (2-3)	8.62	17.24	25.86	34.48	48.28	62.07	75.86	89.66	103.45	117.24	131.03	144.83	158.62
Multi-Family High	0.47	0.95	1.42	1.89	3.98	6.06	8.14	10.23	12.31	14.39	16.48	18.56	20.64
Vacant-Developable	1,572.88	1,556.45	1,540.03	1,523.61	1,501.47	1,479.33	1,457.19	1,435.06	1,412.92	1,390.78	1,368.64	1,346.51	1,324.37
Total Lane Miles	2.43	4.86	7.28	9.71	11.50	13.28	15.07	16.85	18.64	20.42	22.21	23.99	25.78
Residential Collectors	0.52	1.04	1.56	2.08	2.99	3.90	4.81	5.72	6.63	7.54	8.44	9.35	10.26
Arterials and Major Collectors	1.91	3.82	5.72	7.63	8.51	9.38	10.26	11.13	12.01	12.89	13.76	14.64	15.51

FIGURE D-2 (continued)
ABSORPTION ASSUMPTIONS
DEEP WELL RANCH
ABSORPTION RATE DECREASED 25 PERCENT

	Cumulative Developed Acres											
Land Use	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Mixed Use and Bsns Regional												
Medical Office	10.55	11.49	12.43	13.37	14.31	15.25	16.19	17.13	18.07	19.01	19.95	19.95
Office	13.40	14.51	15.62	16.73	17.84	18.95	20.06	21.18	22.29	23.40	24.51	24.51
Community Retail	22.31	24.29	26.27	28.24	30.22	32.19	34.17	36.15	38.12	40.10	42.08	42.08
Industrial												
General Industrial	45.68	47.88	50.09	52.29	54.50	56.70	58.91	61.11	63.32	65.52	67.73	67.73
Residential												
Single Family (2-3)	172.41	208.62	244.83	281.03	317.24	353.45	389.66	425.86	462.07	498.28	534.48	534.48
Multi-Family High	22.73	24.62	26.52	28.41	30.30	32.20	34.09	35.98	37.88	39.77	41.67	41.67
Vacant-Developable	1,302.23	1,257.90	1,213.56	1,169.23	1,124.90	1,080.56	1,036.23	991.89	947.56	903.22	858.89	858.89
Total Lane Miles	27.56	29.97	32.37	34.77	37.18	39.58	41.99	44.39	46.80	49.20	51.60	51.60
Residential Collectors	11.17	13.35	15.53	17.72	19.90	22.08	24.26	26.44	28.62	30.80	32.98	32.98
Arterials and Major Collectors	16.39	16.61	16.84	17.06	17.28	17.51	17.73	17.95	18.17	18.40	18.62	18.62