

**MAYOR'S ADVISORY COMMITTEE
ON IMPACT FEE ALTERNATIVES
MINUTES**

**GENERAL MEETING
APRIL 6, 2009
PRESCOTT, ARIZONA**

MINUTES OF THE GENERAL MEETING OF THE MAYOR'S ADVISORY COMMITTEE ON IMPACT FEE ALTERNATIVES Held On APRIL 6TH, 2009 In The PRESCOTT CHAMBER OF COMMERCE CONFERENCE ROOM LOCATED AT 117 WEST GOODWIN ST., Prescott, Arizona.

Members:

Gary Hudder, Chair	P	Councilman, Jim Lamerson	A
Malcolm Barrett Jr., Co Chair	A	Dave Maurer	P
Steve Conrad	P	Vic Pereboom	P
Sandy Griffis	P	Mr. Mark Woodfill	P
Tom Haley	P		

(P=Present: A=Absent)

Others Present:

Mark Nietupski/City of Prescott

3.1 Call to order & roll call:

The meeting was called to order at 2:07 pm by Chairman, Mr. Gary Hudder.

3.2. Public Comment:

None

3.3 Review of user fees for commercial application by Mark Woodfill:

Mr. Woodfill provided an Alt #1A Rate Plan Impact on Monthly Non-Residential Wastewater Charges sheet to the committee for review. At this point, wastewater is more critical than the water situation.

3.4 Discussion with City Engineer (Mr. Nietupski) regarding capacity usage:

Per the last meeting, there was a question of capacity. "Is there capacity in the system"? Mr. Nietupski answered, "there is capacity in parts of the system where there is undeveloped properties". "There are areas in West Prescott where we do not have adequate capacity for fire flow/pressure". "These areas are marginally operating and are not at optimum performance by any means, so there are facilities needed in way of pump stations, storage, main lines, etc. just to deal with existing lands". Mr. Hudder stated two points as clarification; a) Overall capacity to the system is currently challenged, b) Delivery of existing or future capacity to areas where it is required is also needed. Mr. Nietupski agreed. Mr. Nietupski also reiterated that aged lines that have had a history of breaks, the cost associated

with those types of projects are purely “rates”. There are areas that need a larger main because the capacity just isn’t there anymore, so the City is improving it, which is a combination of “rates” and “capacity” that is currently targeted for paying for those improvements. If you have a pump station that has been in place for twenty years, then the City would have to rebuild it, which is strictly a “rate” thing when there is not a need to increase the capacity. In the past, there were “buy in fees” for sewer & water when plans would come through the City. The City would look for the number of fixture units and charge accordingly and that was how the “buy in fees” worked at that time. Also, in the last twenty years the codes have changed, for instance, there was a time when five hundred gallons a minute was all that was required for residential fire flow/pressure that is no longer the case. As those things have occurred, the City had to respond as an organization in order to be in compliance. In summary, capacity is needed to provide for growth. The assurances of water for the undeveloped areas are in place, just not the means to get it to everyone.

Mr. Hudder stated, “through the study that was done, and assuming a 2 or 3% annual growth rate for the next 25 years or so, here’s how much money we will need to supply the services”. The committee does not question the need for the fee but how best to collect it.

3.5 **Review of alternative processes to help offset recommended increases:**

Taxes – Construction Sales Tax and General Sales Tax:

Construction Sales Tax: Increase local construction sales tax from 2% to 3 or 4% and use that additional revenue source to offset the cost of impact fees. This seems to be a viable option and a way to also be able to collect revenue from a tenant improvement project, not just “new” construction. Another advantage is that the construction sales tax is paid when you sell the property. It also helps affordable housing issues, as the higher end home is paying for more of that impact fee. Increasing the construction sales tax by 1% would equal approximately one million dollars a year to offset impact fee costs. It also becomes a more consistent source of income. Could look at this as a way to do away with the impact fee and put it all into construction sales tax.

Sales Tax: Increase sales tax would also be a viable option. Advantages would be that all visitors would be paying for part of it and all business owners’ would benefit as improvements are done and additional capacity would generate more growth. Businesses benefit from growth.

User Fee Increase: A more consistent revenue stream. User’s benefit from growth and this will be discussed further as to the actual benefit from growth.

Reduction of Governmental Impact Fees: It was discussed that maybe we should look at the City to consider reducing some of the Governmental impact fees and keep wastewater impact fees in place. Examples: Libraries and Parks.

Per Mr. Woodfill, three quarters of a percent across the board would eliminate the need of all water/wastewater impact fees. The committee suggested spreading these fees amongst several different options and will be discussed further in the next meeting.

3.6 **Discussion on changing City Charter pertaining to voter approval of increase in Tax of 1% or more:** Not necessary at this time until viable alternatives are reached. Most alternatives will require “Voter” approval.

3.7 **Action Items:**

All

Mr. Hudder suggested that within the next two meetings, the committee put together a draft scenario of what the committee is going to present to the Mayor as alternative ways to collect the impact fees. Also, Mr. Hudder will do some research and try and establish a reasonable formula to see how current users benefit from growth.

3.8 **Next Meeting** – April 20th, 2009; 2:00 pm at Prescott Chamber of Commerce, Conference Room located at 117 West Goodwin Street, Prescott, AZ

3.9 **Adjourn:**

Meeting adjourned @ 3:53 p.m.

GARY D. HUDDER, Chairman

SUSAN ESPER, Author