

PRESCOTT CITY COUNCIL
WORKSHOP
TUESDAY, JANUARY 8, 2013
PRESCOTT, ARIZONA

MINUTES OF THE WORKSHOP OF THE PRESCOTT CITY COUNCIL HELD ON JANUARY 8, 2013, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 1:00 P.M.

Councilman Lamerson acknowledged Sandy Griffis from Yavapai County Contractors Association.

◆ **ROLL CALL**

Present:

Mayor Kuykendall
Councilman Arnold
Councilman Blair
Councilman Carlow
Councilman Kuknyo
Councilman Lamerson
Councilman Scamardo

Absent:

None

I. DISCUSSION ITEM

A. Impact Fees – Discussion and Direction

City Manager, Craig McConnell, introduced Mark Woodfill, Finance Director, who gave the presentation on Impact Fees. Mr. Woodfill said this is a follow up meeting to receive direction from Council on how staff should proceed with the new rate study.

Mr. Woodfill showed a PowerPoint presentation that covered:

- Key Decision Making Criteria
- Impact Fees to Include in Study to be Implemented by August 1, 2014
- Oversight of Impact Fee Program
- Biennial Audit
- Advisory Committee Composition
- Committee Obligations
- Committee Reporting Requirements

- Biennial Audit and Stakeholder Group (not formal Advisory committee)
- New Impact Fees-Implementation Schedule

He pointed out that all projects in the infrastructure plan are an acknowledgement by the City that the projects will be constructed within the 10-year or 14-year timeframe. Projects have to be identified. If we are collecting impact fees we need to determine if they are for new growth and not operations and maintenance on existing infrastructure. Impact fees can be used to retire old debt if the project is related to new growth. These would be identified in the study.

Discussion took place related to various neighborhoods and current infrastructure in place. Mr. McConnell said there are about 10,000 lots, within the existing City limits, with water, that are undeveloped. Mr. Woodfill said impact fees have to be related to the service area. He noted that if we have impact fees in the future, they will be more complex.

Mr. McConnell said impact fees depend on where a new home is located and what infrastructure is needed. Council discussed old and new construction and the fairness of the impact fees. Mr. McConnell pointed out there are different factors that must be considered when looking at impact fees, and how important the decision making criteria is. We need to think about projects before we put them on the list.

Councilman Lamerson said it might be time to look at the unbuilt platted lots in the City and determine what we can or cannot build. We can only deliver a certain amount of water.

Mr. Woodfill said one option is not to impose impact fees, and when we need infrastructure, go to the citizens with a bond election and tax everyone. Service benefit areas will be looked at to determine the fees. Mr. McConnell said the question is, do we even analyze impact fees? We could do it in three (3) years or five (5) years. If we do not feel that in the next five years there is a validated need for another library, park or fire station, then staff is not recommending that the City go through the process of defining zones and analyzing who is benefiting from capital improvements. He said that Council is being asked to identify different fee categories to analyze and determine what new growth is and what existing efficiency is.

Councilman Blair said everyone in a zone, new or existing, is getting a benefit. Mr. Mc Connell said existing residences are paying for new water tanks through water rates.

Councilman Lamerson asked if the types of calls that come into the fire station came into play when they are discussing impact fees. Mr. McConnell said staff will look at alternative service models and the capital improvements associated with them may be reduced.

Mayor Kuykendall asked about a scenario to require a new one truck station. How do we tie the operating expense to the capital side? There may be a need on the capital side but there might not be the ability to pay for the cost of operating the station. Mr. Woodfill said we need to look carefully when we consider buying a new fire station. Will the sales tax will be there to support the project?

Councilman Kuknyo said it seemed that they would always be behind trying to recover the capital. Mr. Woodfill said the study looks at the impact side. There is not much leeway in property tax. Mr. McConnell asked if a municipality has the tools to rapidly respond to the impacts of very high growth rates. He said the answer was no. The City's hands are tied as far as incremental raises of property tax in the State of Arizona. He said this leaves just sales tax and we would be in serious trouble if we were in a high inflation economy.

Councilman Lamerson said we have the ability to serve the land mass we have. We are limited by water, and we have the land mass to diminish that water. Do we have police and fire to take care of the land mass? If the answer is yes, we probably should not be entertaining building anything new. Mr. McConnell said the City does have the capability of absorbing growth. We do not have the tools to deal rapidly with high growth in some areas.

Councilman Arnold said we have already contracted for the study. He asked staff if they felt there was a project on the horizon for Parks, Fire or the Library in the next five (5) years. Mr. McConnell said there could be capital projects, but he does not anticipate being able to afford the operating expense of the non-impact fee portion of that.

Councilman Arnold said that he would like to see Fire included in the study. He said we should only include what is being recommended in the study. Councilman Blair agreed. Councilman Lamerson said he would like to see a new model. Mr. McConnell said the Council was not making any decision about adopting a fire impact fee. Council is giving direction whether they want this analyzed for another conversation. He said the study for impact fees had to be done by a qualified professional, which is a consultant. Arizona law prohibits City staff from doing the study.

Mr. Woodfill reviewed the options discussed on December 18th. A biennial audit to fulfill the legal requirements and a stakeholders group to get input from people involved in the development of the community would be the staff's recommendation. He noted that the cost of the biennial audit would be \$10,000.00 to \$15,000.00 every two years, to be paid with impact fees.

Councilman Lamerson will be Council representative to work with staff regarding the composition of the stakeholder group and the Fire impact fee will be included for the purpose of analysis.

Councilman Kuknyo said this is a good example of what the State requires us to do. We need to keep an eye on the State during session this year.

II. ADJOURNMENT

There being no further business to be discussed, the Prescott City Council Workshop of January 8, 2013, adjourned at 2:09 p.m.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

LYNN MULHALL, City Clerk