

City of Prescott Council Meeting

Utility and Non-Utility Development Impact Fee Studies

January 22, 2019

Presented by Andrew Rheem



Agenda

- Study Overview and City Development Impact Fee (DIF) History
- Arizona Revised Statutes (ARS) Requirements
- Mayor's Commission Process
- Infrastructure Improvements Plan (IIP) by DIF Category
- Updated DIFs and DIF Comparisons
- DIF Process Next Steps



Development Impact Fees (DIFs) Evaluated

- Update Existing Utility DIFs
 - › Water System
 - › Water Resource
 - › Wastewater System
- Evaluate Feasibility of Non-Utility DIFs (1)
 - › Street
 - › Park & Recreation
 - › Fire
 - › Police



(1) Library DIF category determined to not be feasible in October 2018 and is not included in the draft LUA and IIP posted in November 2018.

DIF Study Considerations

- Compliance with requirements of ARS §9-463.05
- Sufficiency of fees reflecting the updated LUA and IIP
- Current and modified service area designations
- DIFs aligned with updated Land Use Assumptions (LUA) and IIP and development patterns
- Implementation and administration considerations
- DIF assessment schedules for residential and non-residential developments



DIF History

- November 2011 – Public Buildings and Recreation DIFs eliminated following adoption of modified ARS §9-463.05
- December 2012 - Library and Park and Recreation DIFs eliminated following growth-related CIP assessment
- April 2014 - Street DIFs eliminated following further investigation
- August 2014 – Updated Water System, Water Resource and Wastewater System DIFs implemented
 - › Established 10 Water System DIF service areas
 - › Established 1 Water Resource DIF service area
 - › Established 9 Wastewater System DIF service areas
- December 2014 - Police and Fire DIFs eliminated



ARS §9-463.05

- Sets forth specific procedures and public process for City Council review, adoption and implementation of DIFs



LAND USE ASSUMPTIONS (LUA)



INFRASTRUCTURE IMPROVEMENTS PLAN (IIP)



DEVELOPMENT IMPACT FEE (DIF) REPORT



ARS DIF Requirements – At least 225 Days from Notice of Intent to Full Implementation

LUA and IIP Public Hearing Notice of Intent Requirements

At Least 60 Days Before Public Hearing, Publish Documents



LUA and IIP Public Hearing

30 to 60 Days after Public Hearing To Act on LUA and IIP



DIF Public Hearing Notice of Intent Requirements

At Least 30 Days Before Public Hearing, Publish Documents



DIF Public Hearing

30 to 60 Days after Public Hearing To Act on Proposed DIFs



Implementation of DIFs

At least 75 Days after Adoption



Mayor's Commission for DIF Study

- Commission's role: provide feedback and advise Raftelis, City Staff and City Council regarding the utility and non-utility LUA, IIP and DIFs
- Commission members
 - › Dean Lyon, P.E., Lyon Engineering
 - › Michael Taylor, Taylor Architects
 - › David Grounds, Dorn Homes
 - › Brian Bombardieri, B's Contracting / YCCA
 - › Michael Yarnes, Rent Right Management Services
- Four meetings completed
 - › 10/9/18, 11/7/18, 11/28/18, and 1/9/19



DIF Recommendations

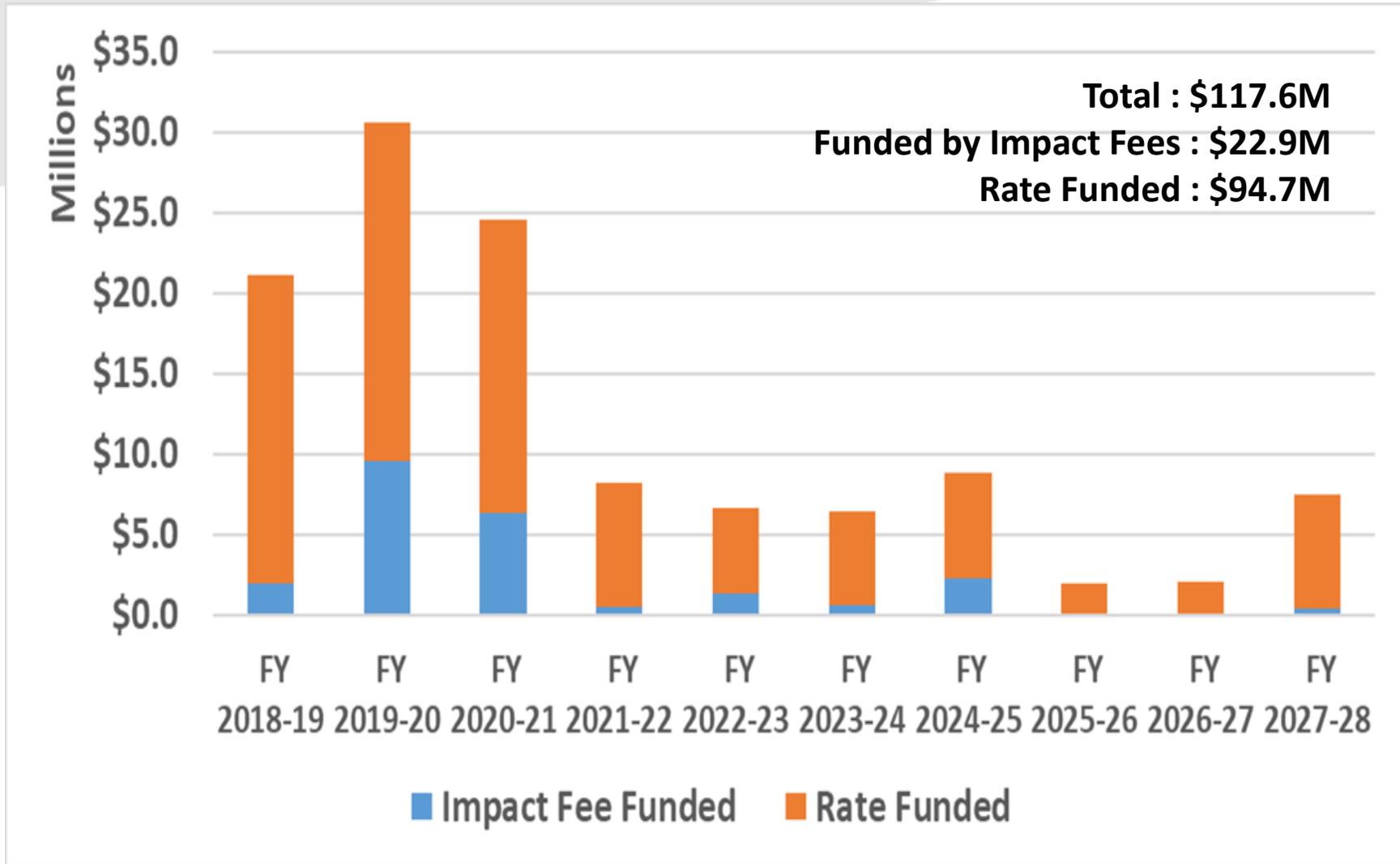
- Utility DIF service areas
 - › Consolidate Water System DIF to 2
 - › Consolidate Wastewater System DIFs to 1
 - › Maintain 1 Water Resource DIF
- Continue to pursue non-utility DIFs for:
 - › Streets
 - › Police
 - › Fire
- Evaluate preliminary DIFs to be finalized as process continues
 - › Maintain meter size based fees for all assessment categories
 - › Non-utility residential fee assessment categories
 - › Non-utility non-residential fee assessment by square foot



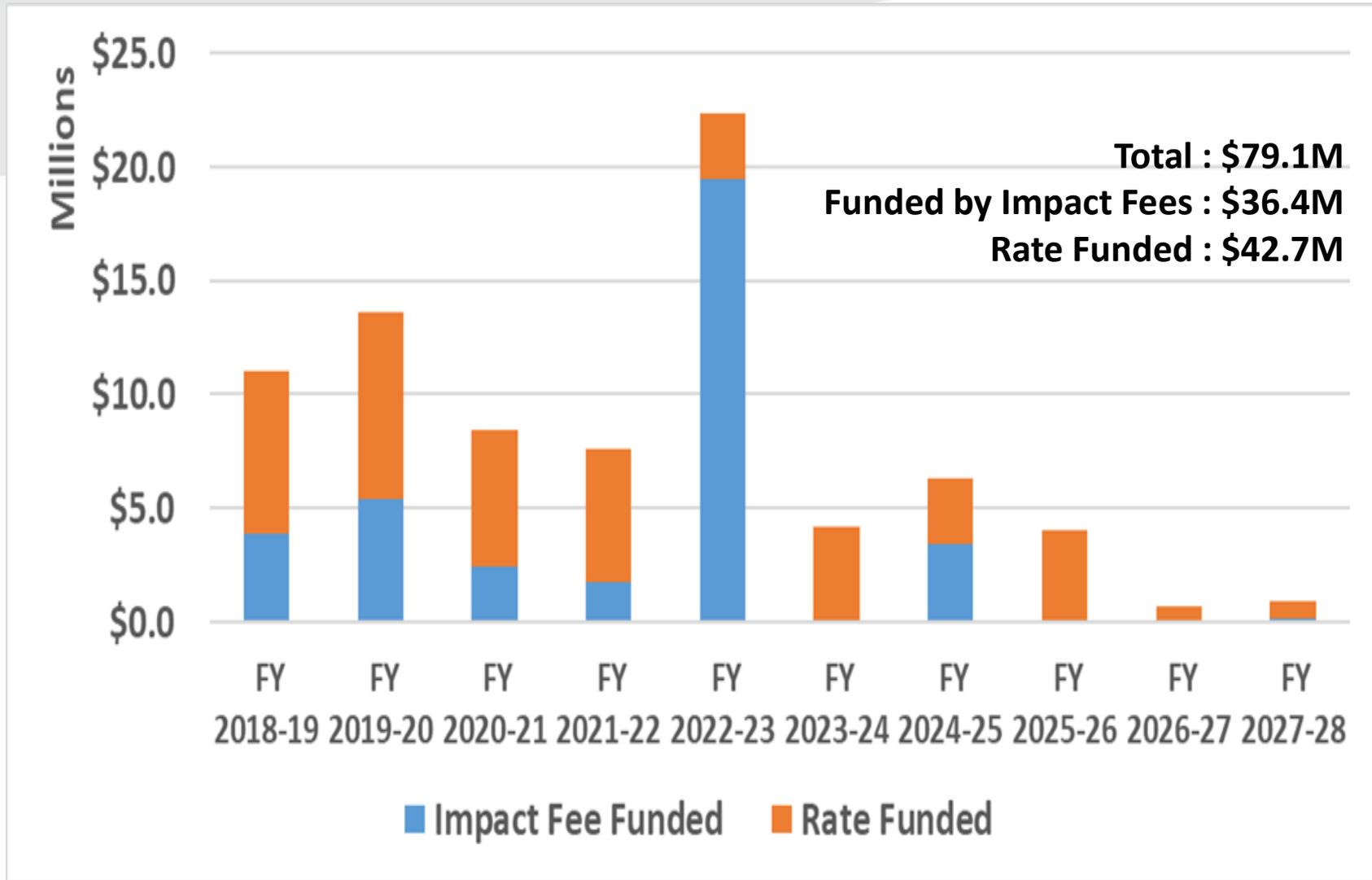
IIP Facilities



Water System Capital Projects



Wastewater System Capital Projects



Preliminary Streets IIP

	<i>Project Description</i>	<i>Location</i>	<i>Additional Lane Miles</i>	<i>Total Cost</i>	<i>Growth Share</i>	<i>Growth Cost Funded by Impact Fees</i>	<i>Funded by Other Revenues</i>
1	SR 89 Widening (2 to 4 lanes)	Willow Lake Rd to Phippen Trail	4.20	\$8,620,000	50%	\$4,310,000	\$4,310,000
2	Construct Phippen Trail (4-lanes)	Larry Caldwell Dr to Granite Dells Pkwy	0.70	\$6,700,000	100%	\$6,700,000	\$0
3	Turn Lanes on Willow Lake Rd	SR 89 to Willow Lake Rd	0.00	\$3,090,000	25%	\$772,500	\$2,317,500
4	Construct Granite Creek Crossing (4 lanes)	Phippen Trail	0.15	\$1,900,000	100%	\$1,900,000	\$0
5	Intersection Improvements	Willow Creek Rd & Willow Lake Rd	0.00	\$1,580,000	25%	\$395,000	\$1,185,000
6	Roundabout or Signalization with turn lanes	Four Points	0.00	\$1,320,000	25%	\$330,000	\$990,000
7	Intersection Improvements	Prescott Lakes Pkwy & Willow Lake Rd	0.00	\$600,000	25%	\$150,000	\$450,000
8	Intersection Improvements	Prescott Lakes Pkwy & Sundog Ranch Rd)	0.00	\$400,000	25%	\$100,000	\$300,000
9	Traffic Signal Coordination	Willow Creek Rd (Pioneer Pkwy to Four Points)	0.00	\$262,000	25%	\$65,500	\$196,500
		Total	5.05	\$24,472,000	60%	\$14,723,000	\$9,749,000

Removed



Modified Streets IIP

	<i>Project Description</i>	<i>Location</i>	<i>Additional Lane Miles</i>	<i>Total Cost</i>	<i>Growth Share</i>	<i>Growth Cost Funded by Impact Fees</i>	<i>Funded by Other Revenues</i>
1	Turn Lanes on Willow Lake Rd	SR 89 to Willow Lake Rd	0.00	\$3,090,000	25%	\$772,500	\$2,317,500
2	Construct Granite Creek Crossing (4 lanes)	Phippen Trail	0.15	\$1,900,000	100%	\$1,900,000	\$0
3	Intersection Improvements	Willow Creek Rd & Willow Lake Rd	0.00	\$1,580,000	25%	\$395,000	\$1,185,000
4	Roundabout or Signalization with turn lanes	Four Points	0.00	\$1,320,000	25%	\$330,000	\$990,000
5	Intersection Improvements	Prescott Lakes Pkwy & Willow Lake Rd	0.00	\$600,000	25%	\$150,000	\$450,000
6	Intersection Improvements	Prescott Lakes Pkwy & Sundog Ranch Rd)	0.00	\$400,000	25%	\$100,000	\$300,000
7	Traffic Signal Coordination	Willow Creek Rd (Pioneer Pkwy to Four Points)	0.00	\$262,000	25%	\$65,500	\$196,500
Total			0.15	\$9,152,000	41%	\$3,713,000	\$5,439,000



Parks IIP – Two Projects Removed From IIP

<i>Description</i>	<i>Infrastructure Units</i>	<i>Growth Quantity Over Ten Years</i>	<i>Requested Quantity</i>	<i>Growth Share</i>	<i>Cost Factor per Unit</i>	<i>Total Cost (rounded)</i>	<i>Growth Cost (rounded)</i>
Heritage Park 4-plex field with synthetic turf	acres	20.1	25	80%	\$295,000	\$7,380,000	\$5,900,000
Trailhead parking lot with restrooms	count	1.3	1	100%	\$400,000	\$400,000	\$400,000

Total => \$7,780,000 \$6,300,000

Impact Fee Fund Balance => \$434,000

Funded by Other Revenues => \$1,480,000

Net Growth Cost => **\$5,866,000**

- Growth Share = Growth Quantity Over Ten Years divided by Requested Quantity
- Total Cost = Cost Factor Per Unit multiplied by Requested Quantity
- Growth Cost = Total Cost multiplied by Growth Share



Police IIP – No Revisions Proposed

Description	Infrastructure Units	Growth Quantity Over Ten Years	Requested Quantity	Growth Share	Cost Factor	Total Cost (rounded)	Growth Cost (rounded)
Police Buildings [1]	square feet	5,758	12,157	47%	\$350	\$4,250,000	\$2,010,000
Police Vehicles	count	8	8	100%	\$83,000	\$660,000	\$660,000

Total => \$4,910,000 \$2,670,000

Impact Fee Fund Balance => \$862,000

Funded by Other Revenues => \$2,240,000

Net Growth Cost => **\$1,808,000**

[1] Square feet of new police headquarters is based on

from Otwell Associates Architects (2014) and the police building cost factor is from 2009 LUA.

- Growth Share = Growth Quantity Over Ten Years divided by Requested Quantity
- Total Cost = Cost Factor Per Unit multiplied by Requested Quantity
- Growth Cost = Total Cost multiplied by Growth Share



Fire IIP – No Revisions Proposed

<i>Description</i>	<i>Infrastructure Units</i>	<i>Growth Quantity</i>	<i>Requested Quantity</i>	<i>Growth Share</i>	<i>Cost Factor</i>	<i>Total Cost</i>	<i>Growth Cost (rounded)</i>
Relocate FS-73	square feet	5,600	10,000	56%	\$320	\$3,200,000	\$1,790,000
Vehicles	count	4	4	100%	\$137,000	\$550,000	\$550,000

Total => \$3,750,000 \$2,340,000

Impact Fee Fund Balance => \$808,000

Funded by Other Revenues => \$1,410,000

Net Growth Cost => **\$1,532,000**

- Growth Share = Growth Quantity Over Ten Years divided by Requested Quantity
- Total Cost = Cost Factor Per Unit multiplied by Requested Quantity
- Growth Cost = Total Cost multiplied by Growth Share



DIF Comparisons



Residential DIF Comparison (1)

Fee Category	Prescott 2012	Prescott Current Max. (2)	Prescott Initial 2019	Prescott Updated 2019	Prescott Valley	Chino Valley (3)
Water	\$5,389	\$4,090	\$5,134	\$5,134	\$1,491	\$4,120
Water Resources	4,945	1,480	1,441	1,441	1,526	0
Wastewater	1,800	3,562	3,134	3,134	3,014	6,180
Street	469	0	3,498	882	1,784	0
Park & Rec.	715	0	2,273	0	1,374	0
Police (4)	589	0	460	460	449	0
Fire (4)	525	0	392	392	0	0
Library/Cultural	<u>253</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,589</u>	<u>0</u>
Total	\$14,685	\$9,132	\$16,332	\$11,443	\$11,227	\$10,300

- (1) Assumes "Large" sized residential development with 5/8 x 3/4-inch meter.
- (2) Current maximum reflects new development within Water Service Area E and Wastewater Service Area G. The current minimum occurs within Water Service Area B and Wastewater Service Area I.
- (3) Chino Valley eliminated non-utility DIFs in 2014.
- (4) Prescott Valley has a public safety fee with fires services provided by a fire improvement district.



Multi-Unit Residential DIF Comparison (1)

Fee Category	Prescott 2012	Prescott Current Max. (2)	Prescott Initial 2019	Prescott Updated 2019	Prescott Valley	Chino Valley (3)
Water	\$17,945	\$13,620	\$17,096	\$17,096	\$7,455	\$37,390
Water Resources	16,466	4,932	4,798	4,798	7,630	0
Wastewater	17,920	11,861	10,436	10,436	15,071	98,880
Street	7,150	0	12,430	5,360	11,900	0
Park & Rec	5,250	0	21,260	0	0	0
Police (4)	5,890	0	2,510	2,510	3,890	0
Fire (4)	4,690	0	2,140	2,140	9,410	0
Library/Cultural	<u>2,530</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,980</u>	<u>0</u>
Total	\$77,841	\$30,413	\$70,670	\$42,630	\$65,336	\$136,270

- (1) Assumes "Small" sized residential development with 1 1/2-inch and 10 dwelling units and 320 fixture units.
- (2) Current maximum reflects new development within Water Service Area E and Wastewater Service Area G. The Current minimum occurs within Water Service Area B and Wastewater Service Area I.
- (3) Chino Valley eliminated non-utility DIFs in 2014. Wastewater is reflects 20 fixture units per EDU and fee per EDU of \$6,180.
- (4) Prescott Valley has a public safety fee with fires services provided by a fire improvement district.



Non-Residential “A” DIF Comparison (1)

Fee Category	Prescott 2012	Prescott Current Max. (2)	Prescott Initial 2019	Prescott Updated 2019	Prescott Valley	Chino Valley (3)
Water	\$28,723	\$21,798	\$27,364	\$27,364	\$11,928	\$22,134
Water Resources	26,357	7,894	7,680	7,680	12,208	0
Wastewater	17,920	18,986	16,704	16,704	24,114	123,600
Street	0	0	108,800	27,200	25,200	0
Park & Rec	0	0	14,000	0	2,400	0
Police (4)	0	0	12,000	12,000	17,600	0
Fire (4)	0	0	14,800	14,800	0	0
Library/Cultural	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$73,000	\$48,678	\$201,348	\$105,748	\$93,450	\$145,734

- (1) Assumes 40,000 sq. ft. developed building with 2-inch water meter and 400 fixture units.
- (2) Current maximum reflects new development within Water Service Area E and Wastewater Service Area G. The current minimum occurs within Water Service Area B and Wastewater Service Area I.
- (3) Chino Valley eliminated non-utility DIFs in 2014. Chino Valley eliminated non-utility DIFs in 2014. Wastewater is reflects 20 fixture units per EDU and fee per EDU of \$6,180.
- (4) Prescott Valley has a public safety fee with fires services provided by a fire improvement district.



Non-Residential “B” DIF Comparison (1)

Fee Category	Prescott 2012	Prescott Current Max. (2)	Prescott Initial 2019	Prescott Updated 2019	Prescott Valley	Chino Valley (3)
Water	\$9,000	\$13,610	\$8,574	\$8,574	\$3,757	\$6,870
Water Resources	8,258	2,473	2,406	2,406	3,846	0
Wastewater	5,600	11,861	5,235	5,235	7,596	30,900
Street	0	0	63,000	6,800	14,100	0
Park & Rec	0	0	2,700	0	600	0
Police (4)	0	0	7,800	7,800	4,400	0
Fire (4)	0	0	2,900	2,900	0	0
Library/Cultural	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$22,858	\$27,944	\$92,615	\$33,715	\$34,299	\$37,770

- (1) Assumes 10,000 sq. ft. retail developed building with 1-inch water meter and 100 fixture units.
- (2) Current maximum reflects new development within Water Service Area E and Wastewater Service Area G. The current minimum occurs within Water Service Area B and Wastewater Service Area I.
- (3) Chino Valley eliminated non-utility DIFs in 2014. Wastewater is reflects 20 fixture units per EDU and fee per EDU of \$6,180.
- (4) Prescott Valley has a public safety fee with fires services provided by a fire improvement district.



Utility and Non-Utility DIF Study Schedule

Study Milestone	Timeline
Publish Draft LUA and IIP (utility and non-utilities)	November 13, 2018
LUA and IIP Public Hearing	January 22, 2019
Adopt Final LUA and IIPs	February 26, 2019
Provide Notice of Intent and set DIF Public Hearing	February 26, 2019
Publish Draft DIF Study Reports	February 26, 2019
DIF Public Hearing	April 9, 2019
Vote on proposed DIFs	May 14, 2019
Modified DIFs Effective	August 1, 2019

