

City of Prescott Council Meeting

Utility and Non-Utility Development Impact Fee Studies

February 26, 2019

Presented by Andrew Rheem and Dwayne Guthrie



Agenda

- Study Overview and Development Impact Fee (DIF) considerations
- Arizona Revised Statutes (ARS) Requirements
- Infrastructure Improvements Plan (IIP) by DIF Category
- Updated DIFs and DIF Comparisons
- DIF Process Next Steps



DIFs Evaluated

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

(1) Library DIF category eliminated from the evaluation in October 2018 and Parks/Recreation eliminated from evaluation in January 2019.



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



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



DIF Recommendations

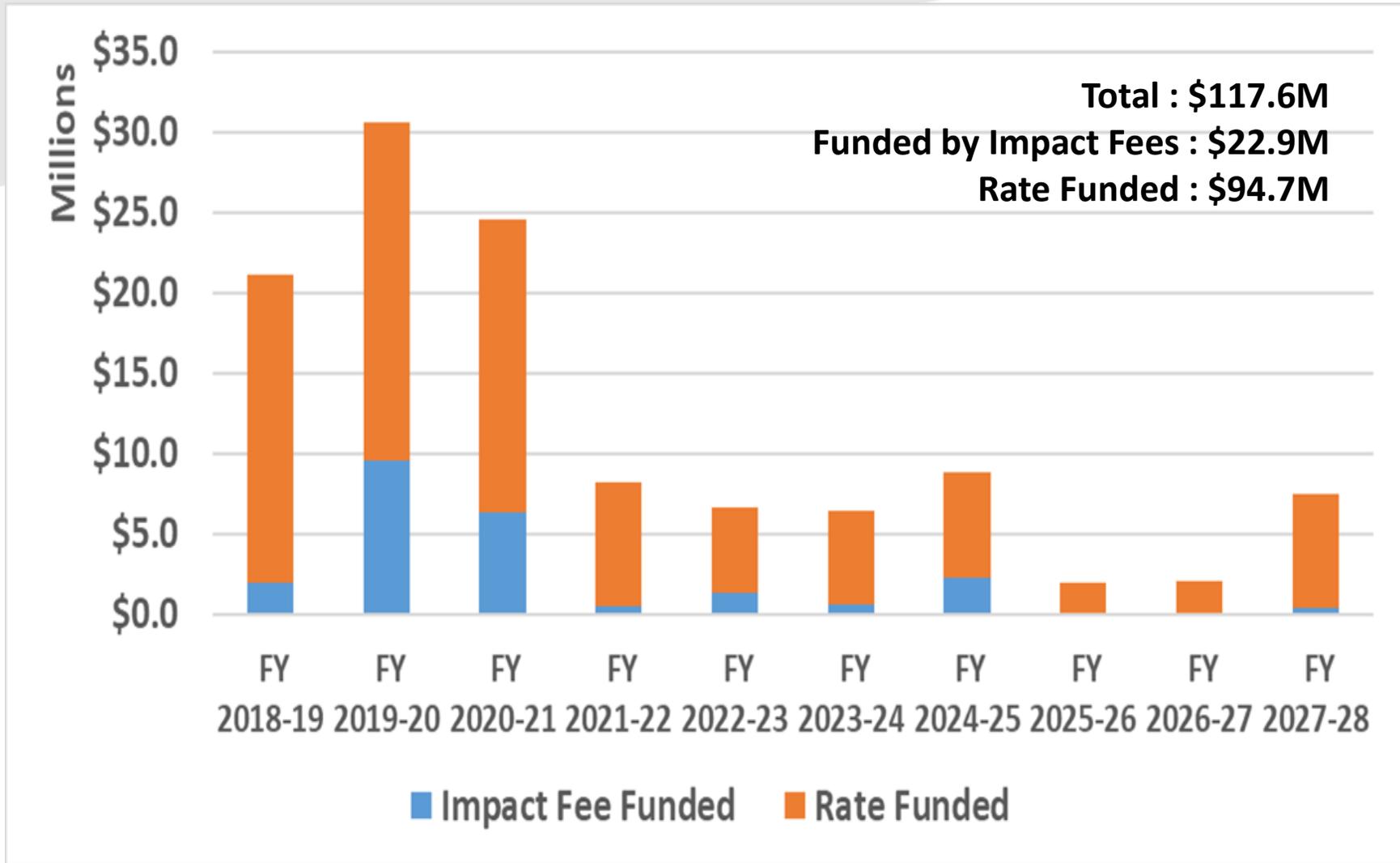
- Utility DIF service areas
 - › Consolidate Water System DIF to 2
 - › Consolidate Wastewater System DIFs to 1
 - › Maintain 1 Water Resource DIF
- Continue to pursue non-utility DIFs for:
 - › Streets
 - › Police
 - › Fire
- Evaluate preliminary DIFs to be finalized as process continues
 - › Maintain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



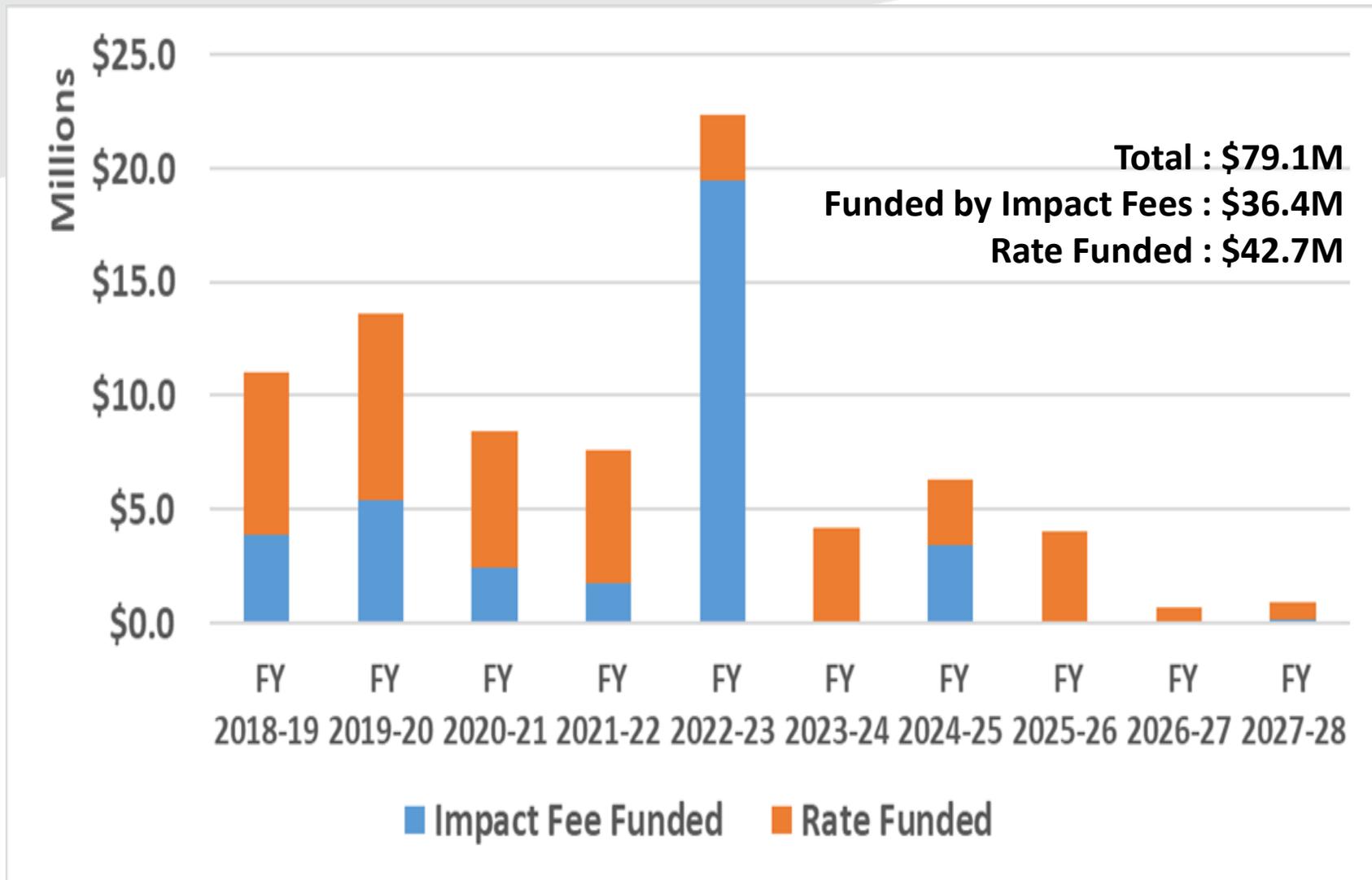
IIP Facilities



Water System Capital Projects



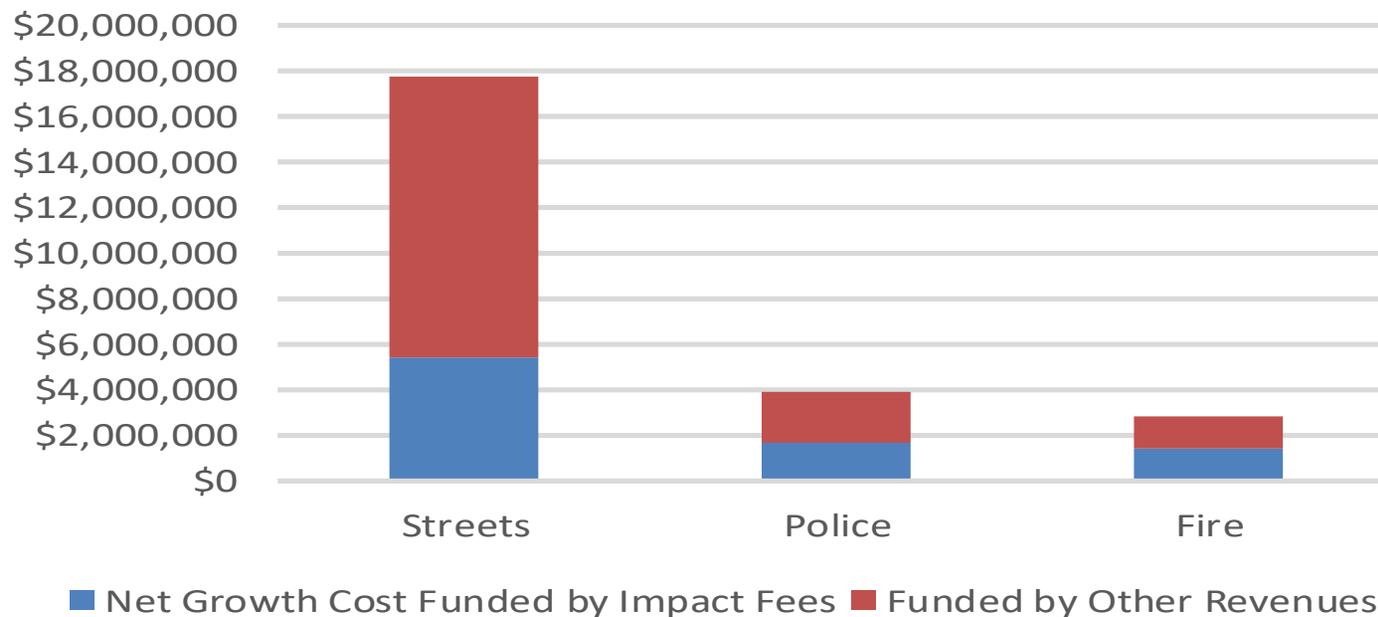
Wastewater System Capital Projects



Non-Utility Capital Projects

| | <i>Streets</i> | <i>Police</i> | <i>Fire</i> |
|---------------------------------------------|----------------|---------------|-------------|
| Net Growth Cost Funded by Impact Fees | \$5,437,000 | \$1,648,000 | \$1,455,000 |
| Funded by Other Revenues | \$12,335,000 | \$2,240,000 | \$1,408,000 |

Ten-Year IIP Costs for Non-Utility
Facilities in Prescott, AZ



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 | Construct Granite Creek Crossing (4 lanes) | Phippen Trail | 0.15 | \$1,900,000 | 100% | \$1,900,000 | \$0 |
| 2 | SR 89 Widening (2 to 4 lanes) | Willow Lake Rd to Phippen Trail | 4.20 | \$8,620,000 | 20% | \$1,724,000 | \$6,896,000 |
| 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 | Intersection Improvements | Willow Creek Rd & Willow Lake Rd | 0.00 | \$1,580,000 | 25% | \$395,000 | \$1,185,000 |
| 5 | Roundabout or Signalization with turn lanes | Four Points | 0.00 | \$1,320,000 | 25% | \$330,000 | \$990,000 |
| 6 | Intersection Improvements | Prescott Lakes Pkwy & Willow Lake Rd | 0.00 | \$600,000 | 25% | \$150,000 | \$450,000 |
| 7 | Intersection Improvements | Prescott Lakes Pkwy & Sundog Ranch Rd) | 0.00 | \$400,000 | 25% | \$100,000 | \$300,000 |
| 8 | Traffic Signal Coordination | Willow Creek Rd (Pioneer Pkwy to Four Points) | 0.00 | \$262,000 | 25% | \$65,500 | \$196,500 |
| | | Total | 4.35 | \$17,772,000 | 31% | \$5,437,000 | \$12,335,000 |



Police 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</i> | <i>Total Cost (rounded)</i> | <i>Growth Cost (rounded)</i> |
|-----------------------------|-----------------------------|---------------------------------------|---------------------------|---------------------|--------------------|-----------------------------|------------------------------|
| Police Buildings [1] | square feet | 5,758 | 12,157 | 47% | \$350 | \$4,250,000 | \$2,010,000 |
| Police Vehicles | count | 6 | 6 | 100% | \$83,000 | \$500,000 | \$500,000 |
| Total => | | | | | | \$4,750,000 | \$2,510,000 |
| Funded by Other Revenues => | | | | | | \$2,240,000 | |
| | | | | | | Impact Fee Fund Balance => | \$862,000 |
| | | | | | | Net Growth Cost => | \$1,648,000 |

[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

| <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 | \$1,792,000 |
| Vehicles | count | 1 | 1 | 100% | \$471,000 | \$471,000 | \$471,000 |
| | | | | | | Total => \$3,671,000 | \$2,263,000 |
| | | | | | | Impact Fee Fund Balance => | \$808,000 |
| Funded by Other Revenues => \$1,408,000 | | | | | | Net Growth Cost => | \$1,455,000 |

- 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 2/26/19 | Prescott Valley | Chino Valley (3) |
|------------------|-----------------|---------------------------|-----------------------|------------------|-----------------|------------------|
| Water | \$5,389 | \$4,090 | \$5,134 | \$5,139 | \$1,491 | \$4,120 |
| Water Resources | 4,945 | 1,480 | 1,441 | 1,441 | 1,526 | 0 |
| Wastewater | 1,800 | 3,562 | 3,134 | 3,020 | 3,014 | 6,180 |
| Street | 469 | 0 | 3,498 | 1,297 | 1,784 | 0 |
| Park & Rec. | 715 | 0 | 2,273 | 0 | 1,374 | 0 |
| Police (4) | 589 | 0 | 460 | 426 | 449 | 0 |
| Fire (4) | 525 | 0 | 392 | 377 | 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 | \$11,700 | \$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 2/26/19 | Prescott Valley | Chino Valley (3) |
|------------------|-----------------|---------------------------|-----------------------|------------------|-----------------|------------------|
| Water | \$17,945 | \$13,620 | \$17,096 | \$17,130 | \$7,455 | \$37,390 |
| Water Resources | 16,466 | 4,932 | 4,798 | 4,803 | 7,630 | 0 |
| Wastewater | 17,920 | 11,861 | 10,436 | 10,067 | 15,071 | 98,880 |
| Street | 7,150 | 0 | 12,430 | 7,880 | 9,410 | 0 |
| Park & Rec | 5,250 | 0 | 21,260 | 0 | 11,900 | 0 |
| Police (4) | 5,890 | 0 | 2,510 | 2,330 | 3,890 | 0 |
| Fire (4) | 4,690 | 0 | 2,140 | 2,060 | 0 | 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 | \$44,270 | \$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.



Office DIF Comparison (1)

| Fee Category | Prescott 2012 | Prescott Current Max. (2) | Prescott Initial 2019 | Prescott 2/26/19 | Prescott Valley | Chino Valley (3) |
|------------------|-----------------|---------------------------|-----------------------|------------------|-----------------|------------------|
| Water | \$5,389 | \$4,090 | \$5,134 | \$5,139 | \$1,491 | \$4,120 |
| Water Resources | 4,945 | 1,480 | 1,441 | 1,441 | 1,526 | 0 |
| Wastewater | 1,400 | 3,562 | 3,134 | 3,020 | 3,014 | 7,725 |
| Street | 0 | 0 | 13,600 | 5,050 | 3,150 | 0 |
| Park & Rec | 0 | 0 | 1,750 | 0 | 300 | 0 |
| Police (4) | 0 | 0 | 1,500 | 1,400 | 2,200 | 0 |
| Fire (4) | 0 | 0 | 1,850 | 1,750 | 0 | 0 |
| Library/Cultural | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$11,734 | \$9,132 | \$28,409 | \$17,800 | \$11,681 | \$11,845 |

- (1) Assumes 5,000 sq. ft. developed building with 5/8-inch water meter and 25 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.



Restaurant DIF Comparison (1)

| Fee Category | Prescott 2012 | Prescott Current Max. (2) | Prescott Initial 2019 | Prescott 2/26/19 | Prescott Valley | Chino Valley (3) |
|------------------|-----------------|---------------------------|-----------------------|------------------|-----------------|------------------|
| Water | \$5,389 | \$3,595 | \$5,134 | \$5,139 | \$1,491 | \$4,120 |
| Water Resources | 4,945 | 1,481 | 1,441 | 1,441 | 1,526 | 0 |
| Wastewater | 1,680 | 3,325 | 3,134 | 3,020 | 3,014 | 7,725 |
| Street | 0 | 0 | 31,500 | 11,650 | 7,550 | 0 |
| Park & Rec | 0 | 0 | 1,350 | 0 | 300 | 0 |
| Police (4) | 0 | 0 | 3,900 | 3,600 | 2,200 | 0 |
| Fire (4) | 0 | 0 | 1,450 | 1,400 | 0 | 0 |
| Library/Cultural | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$12,014 | \$8,401 | \$47,909 | \$26,250 | \$16,081 | \$11,845 |

- (1) Assumes 5,000 sq. ft. retail developed building with 5/8-inch water meter and 30 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.



Retail DIF Comparison (1)

| Fee Category | Prescott 2012 | Prescott Current Max. (2) | Prescott Initial 2019 | Prescott 2/26/19 | Prescott Valley | Chino Valley (3) |
|------------------|-----------------|---------------------------|-----------------------|------------------|-----------------|------------------|
| Water | \$9,000 | \$13,610 | \$8,574 | \$8,565 | \$3,757 | \$6,870 |
| Water Resources | 8,258 | 2,473 | 2,406 | 2,401 | 3,846 | 0 |
| Wastewater | 5,600 | 11,861 | 5,235 | 5,033 | 7,596 | 30,900 |
| Street | 0 | 0 | 63,000 | 23,300 | 14,100 | 0 |
| Park & Rec | 0 | 0 | 2,700 | 0 | 600 | 0 |
| Police (4) | 0 | 0 | 7,800 | 7,200 | 4,400 | 0 |
| Fire (4) | 0 | 0 | 2,900 | 2,800 | 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 | \$49,299 | \$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 Status and Next Steps

| 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 | Before March 10, 2019 |
| DIF Public Hearing | April 9, 2019 |
| Vote on proposed DIFs | May 14, 2019 |
| Modified DIFs Effective | August 1, 2019 |

