

# Development Impact Fee Study

**Mandated by ARS 9-463.05**

## **Land Use Assumptions and Infrastructure Improvements Plan**

**November 5, 2013**



- Requirements of Arizona Revised Statutes (ARS) 9-463.05 regarding development impact fees
- Status of compliance
- Land use assumptions (LUAs)
- Infrastructure Improvements Plan (IIP)
- Next steps
- Questions and answers

# Development Impact Fees

- Development impact fees are one-time charges paid when building permits are issued to fund infrastructure needed to serve new development
  
- Other funding sources for capital improvements
  - General Fund, debt (if funding is available)
  - Utility rates, debt (if funding is available)

# Overview of ARS 9-463.05

- Certain fees prohibited
- Severe limitations on allowable improvements in the IIP
- Use of development impact fees required in specific timeframes: 15 years water and wastewater, 10 years all other categories
- Potential refund of fees if projects not completed by date identified in IIP
- Minimum review of fees every 5 years by qualified professional
- Biennial audit to review LUAs, service areas, IIP, collection and spending of development impact fee revenue

# Overview of ARS 9-463.05

- Development impact fees must be assessed against residential, commercial, and industrial development
- Development impact fees cannot exceed a “proportionate share” of costs of infrastructure required to serve new growth
- The need to service new growth by “service unit” (Equivalent Dwelling Unit – EDU) and “service area” must be demonstrated
- Projects must show “direct benefit”

# Current Prescott Impact Fees

	<u>Residential</u>	<u>Commercial</u>	<u>Status</u>
Parks	\$715	\$0	To be discontinued
Recreation	0	0	Elim. Nov. 2011
Fire	525	0	Evaluate
Library	253	0	To be discontinued
Police	589	0	Evaluate
Streets	469	0	Evaluate
Public Buildings	0	0	Elim. Nov. 2011
Water System (3/4" meter)	5,389	5,389	Evaluate
Water Resource (3/4" meter)	4,945	4,945	Evaluate
Wastewater System (avg.)	1,800	1,200	Evaluate

- Draft IIP and LUA
  - Meet with Ad Hoc Committee on November 13, 2013
  - Publish report on November 15, 2013
- Public hearing on LUA and IIP – January 2014
  - At least 60 days after document is published
  - Allow time for review prior to public hearing and comment
- IIP and LUA may be revised prior to final adoption
  - Final IIP and LUA approved by City Council

# Ad Hoc Committee

- Completed committee meetings
  - Overview and purpose – 3/28/13
  - Growth projections and land use assumptions – 4/10/13 and 5/15/13
- Future committee meetings
  - Present draft IIP and LUA – 11/13/13
  - Review and provide recommendations on IIP and LUA – January 2014

# Land Use Assumptions

- Identify LUAs and growth for at least ten years
  - Current and future service units
  - Projected growth needing non-utility and utility services
- Demand for necessary public services



# Residential Land Use Assumptions

Description	Fiscal Year		Cumulative Increase
	2012	2022	
Population (residents)	39,865	47,136	7,271
Housing Units			
Single-Family Residential	18,353	22,065	3,712
Multi-Family Residential	4,166	5,010	844
<b>Total</b>	<b>22,519</b>	<b>27,075</b>	<b>4,556</b>
Persons per Housing Unit (rounded)			<u><u>1.6</u></u>



# Non-Residential Land Use Assumptions

Description	Fiscal Year		Cumulative Increase
	2012	2022	
Employment (employees)	25,782	33,013	7,231
<b>Square Feet</b>			
Retail	2,804,949	2,921,285	116,336
Industrial	1,729,587	2,214,787	485,200
Office	1,016,618	1,241,399	224,781
Hotel / Motel	139,458	169,912	30,454
<b>Total</b>	<b>5,690,612</b>	<b>6,547,383</b>	<b>856,771</b>

# Land Use Assumptions

Development Type	Sq ft per Employee	Employees per 1,000 Sq. ft	EDU Value	Residential EDU Ratio
Retail	549	1.82	1.60	1.14
Industrial	781	1.28	1.60	0.80
Office	278	3.60	1.60	2.25
Hotel / Motel	917	1.09	1.60	0.68

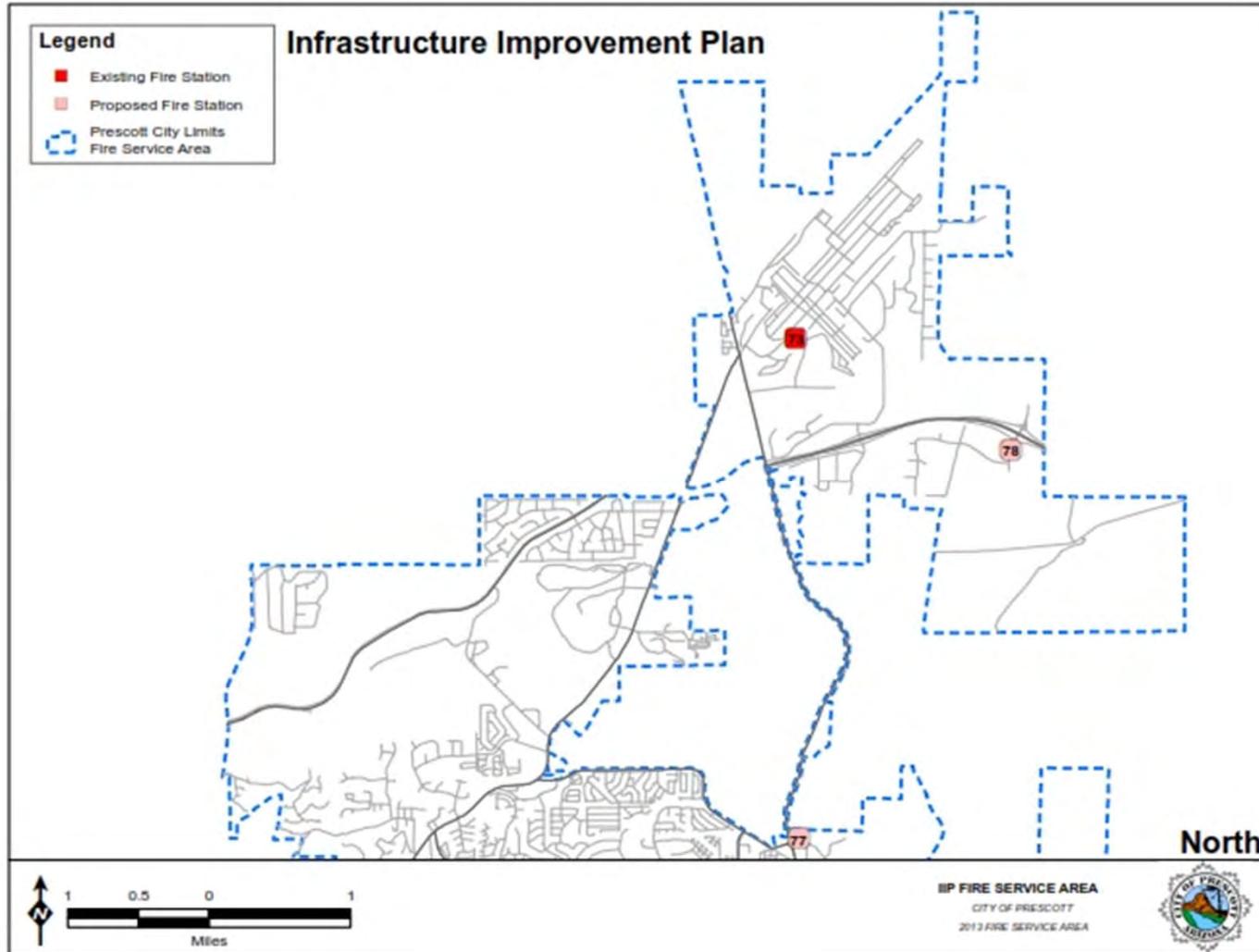
# Infrastructure Improvement Plan (IIP)

- Facilities eligible for development impact fee recovery
  - Demand for services by new system users
  - Current facilities serving current and future development
  - Future facilities (cost) and facility capacity expansions serving new development
- Equivalency ratio for different types of development
- Forecasted revenues other than development fees

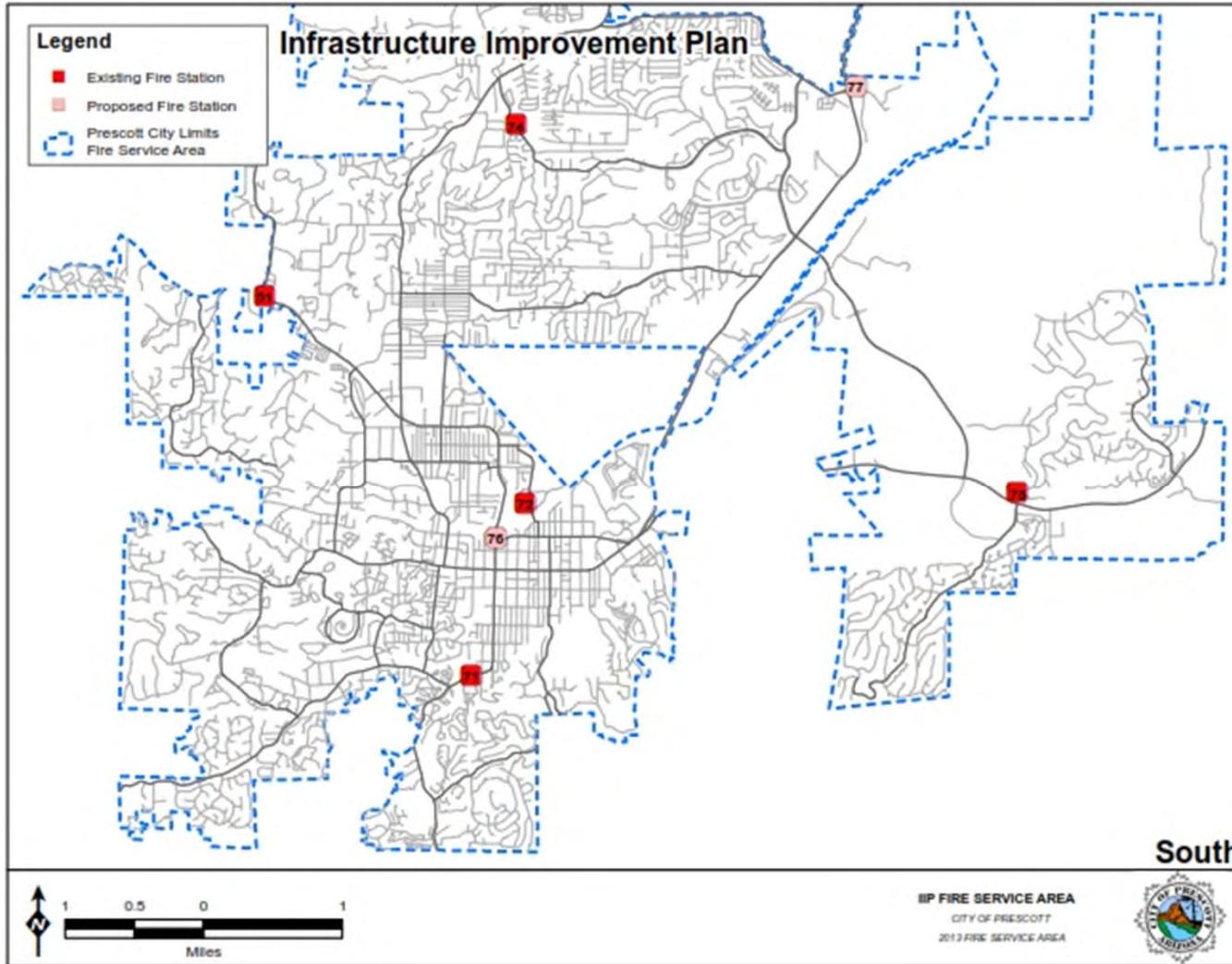
# Service Area

- Evaluated for eligible facilities by fee category
- Facilities benefiting
  - System-wide or development throughout entire system
  - Smaller service area within system
- Development impact fees may fund facilities within service area
  - System-wide fee may be spent on eligible facilities throughout the system
  - Specific area fees may be spent on eligible facilities within service area

# IIP – Fire Facilities and Service Area North



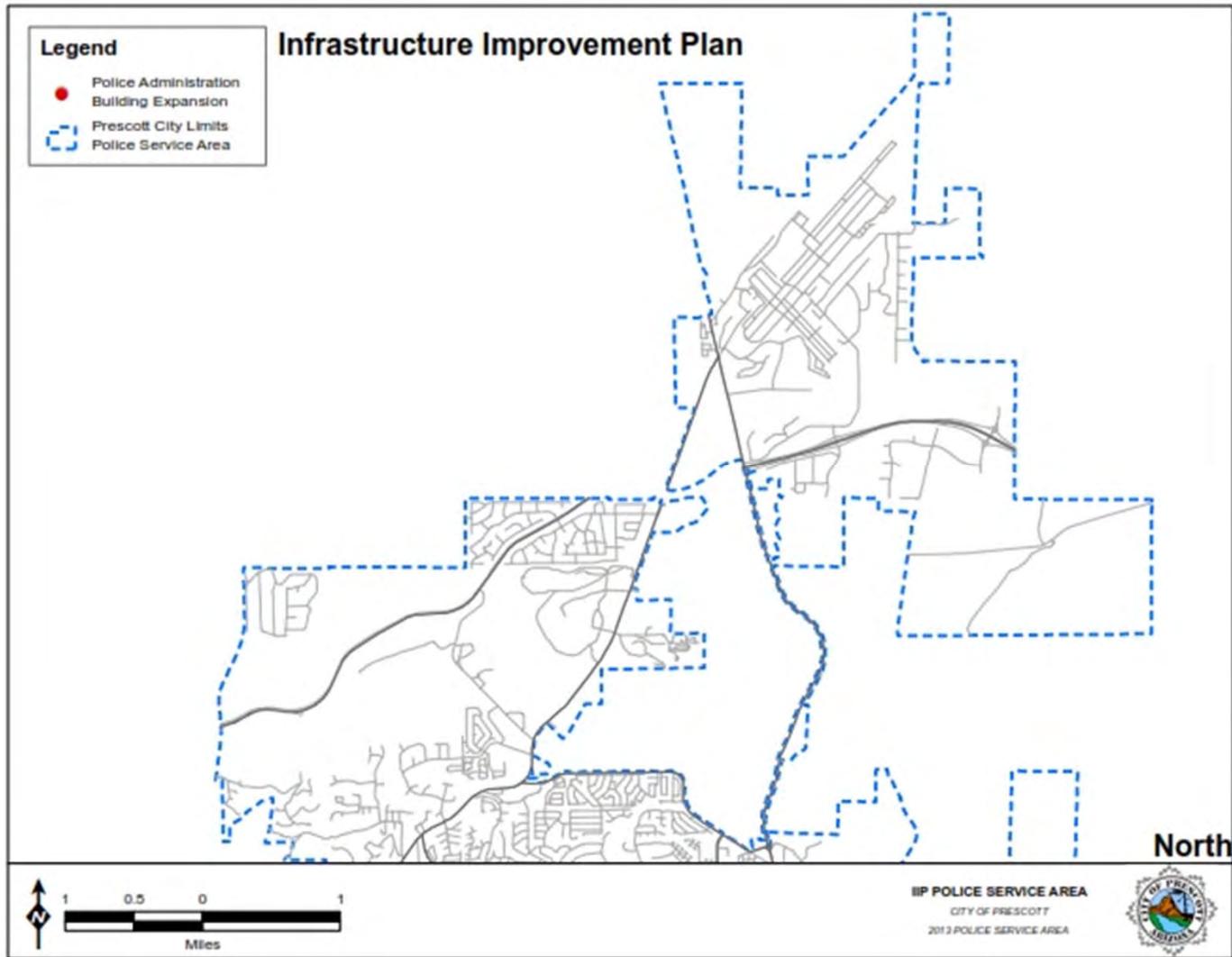
# IIP – Fire Facilities and Service Area South



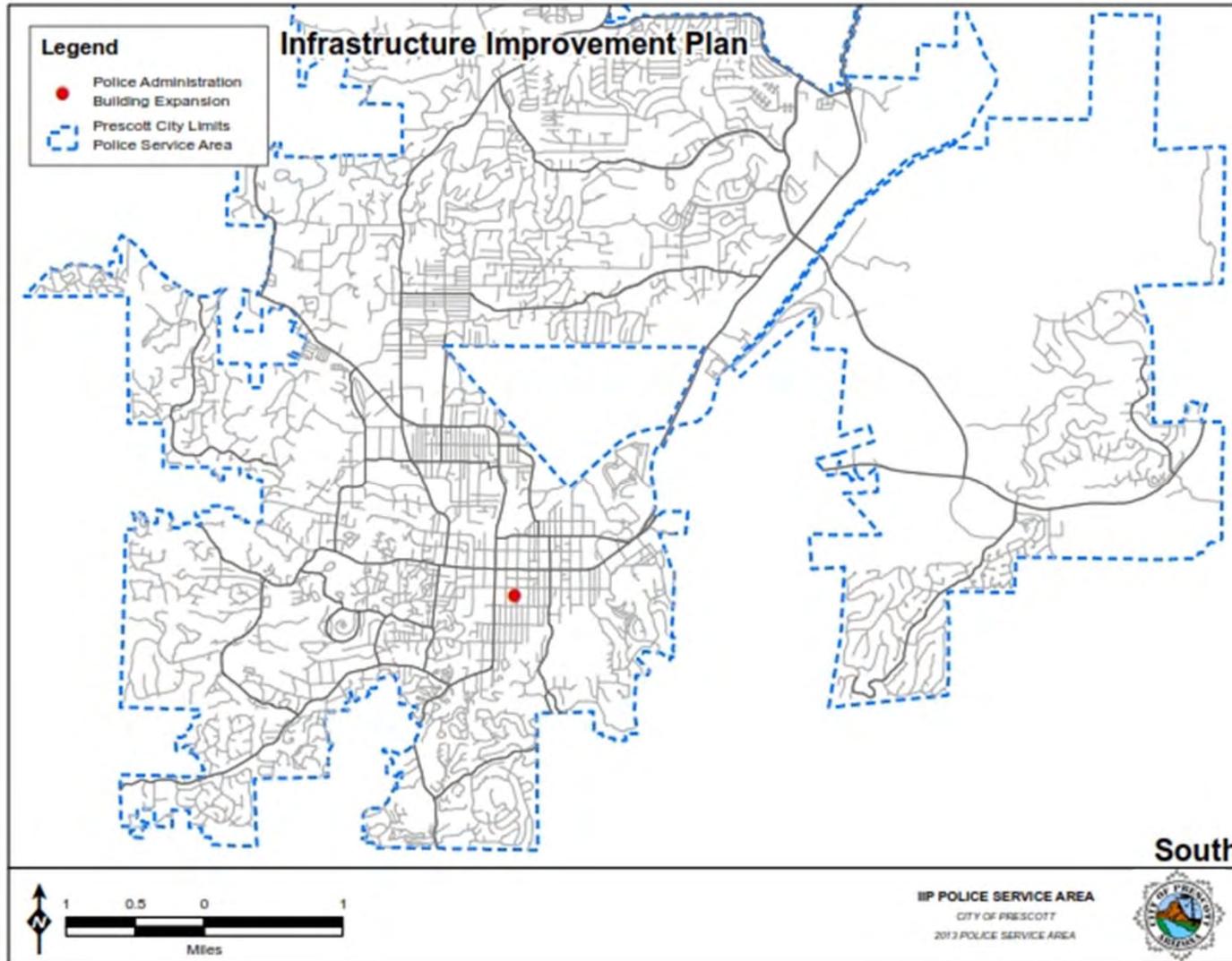
## IIP – Fire Facilities

- City-wide service area
- Service level capacity based on response time and call data
  - 5 minute response, 90% of time or
  - Average 972 calls per station per year
- Current facilities - \$11.3M replacement cost
  - Excludes admin vehicles
- New fire stations and engines
  - Fire station 76 - \$1.3M in FY 2016
  - Fire station 77 - \$2.5M in FY 2017
  - Fire station 78 - \$2.6M in FY 2018
- Total capacity sufficient to meet 2020 population and employees

# IIP – Police Facilities North



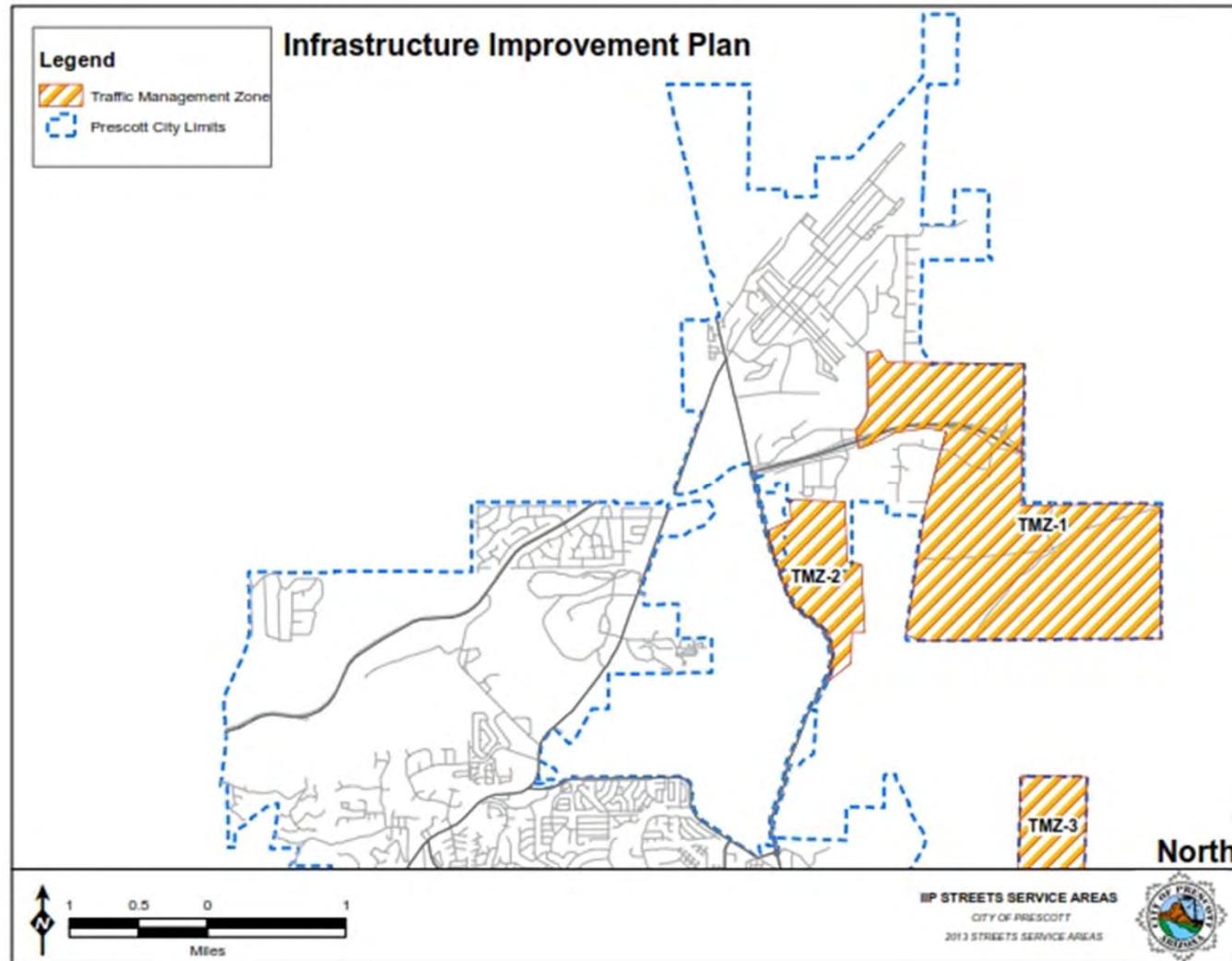
# IIP – Police Facilities South



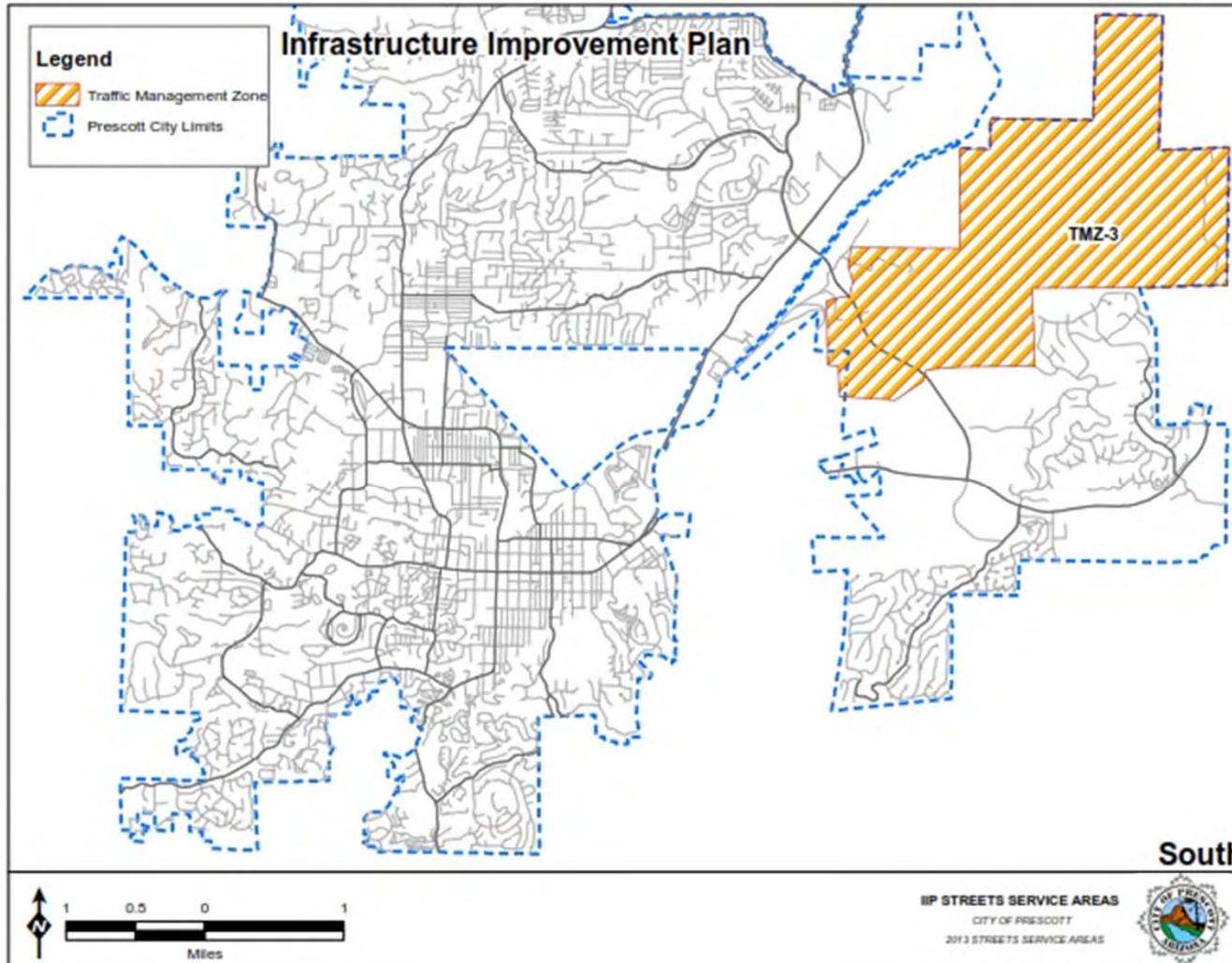
## IIP – Police Facilities

- City-wide Service Area
- Service level based on police officers per 1,000 residents
- Eligible facilities
  - Current police station and land - \$6.1M replacement cost
  - Police station expansion - \$3.7M in FY 2015
  - Provide capacity for officers and support personnel
- Total capacity sufficient to meet 2030 population and employees

# IIP Service Areas North – By Traffic Management Zone (TMZ)



# IIP Service Areas South – By Traffic Management Zone (TMZ)



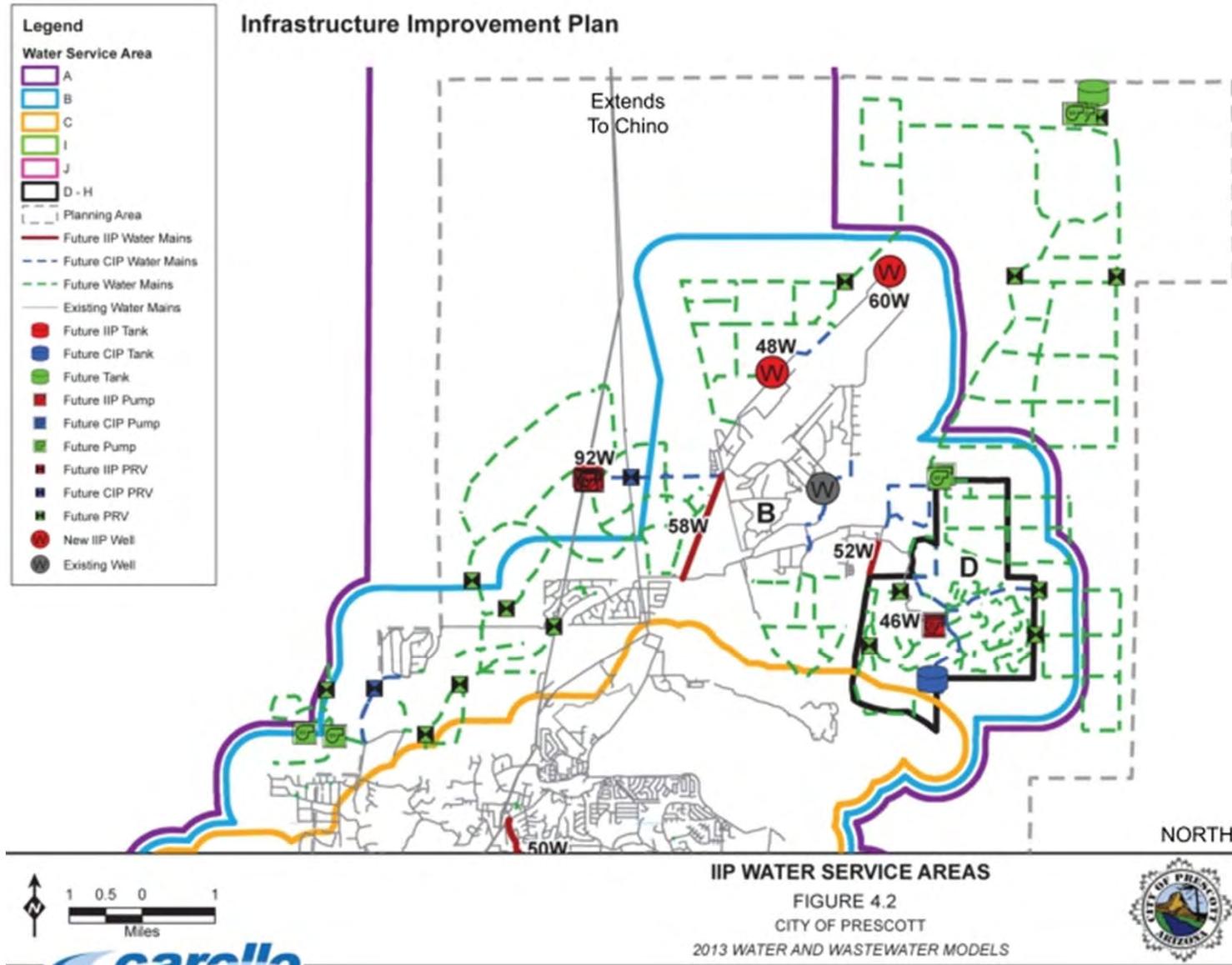
## IIP – Street Facilities

- Sundog Connector Roundabout (City portion) - \$1.3M replacement cost completed in 2009
- SR89 (Granite Dells Parkway Interchange) - \$21.1M replacement cost completed in 2011
  - Less \$1.5M contribution
  - Less \$16.0M in outstanding debt
- SR89 Side Road Connector Roundabout - \$3.0M to be completed in FY 2015
- Reimburse street fund for previous investments

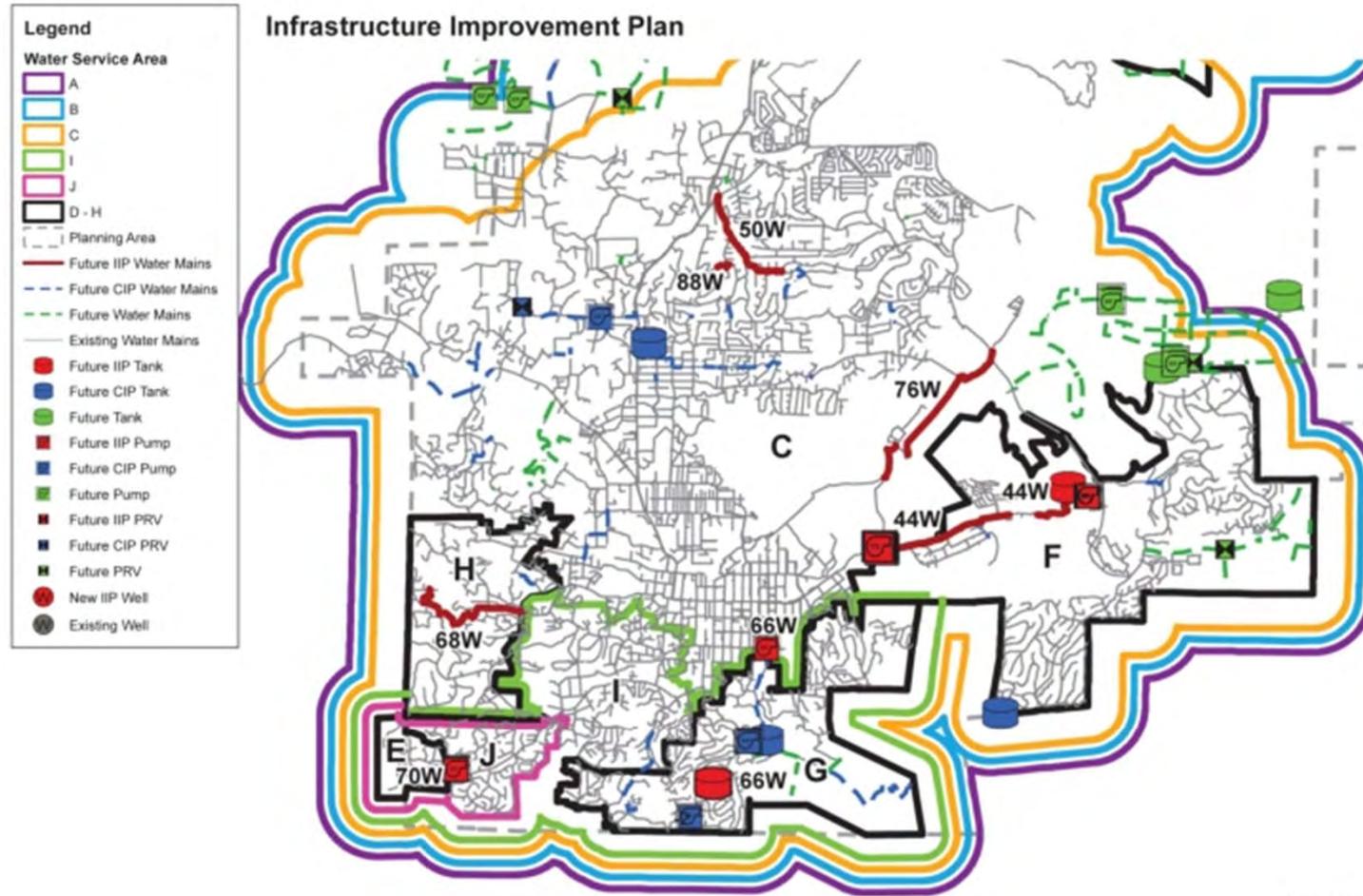
# IIP – Street Facilities

- Service Area and Service Units by TMZ
  - Each facility a separate service area
  - Developed square feet based on acres to be developed and floor area ratio
  - Projected trips by development type
  - Total Service Units by TMZ

# IIP – Water System North



# IIP – Water System South



SOUTH



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**IIP WATER SERVICE AREAS**

FIGURE 4.2

CITY OF PRESCOTT

2013 WATER AND WASTEWATER MODELS



# IIP –Water System

- 10 Service Areas
  - System-wide facilities include wells and backbone facilities serving entire system
  - Facilities serving specific service areas include transmission and distribution (T&D) lines and storage tanks
- Service level based on 370 gallon peak day demand per EDU
- Current capacity
  - Chino Well Transmission Capacity – 12.90 million gallons per day (MGD)
  - Airport Well – 1.58 MGD
- New capacity
  - Two Airport Wells – 2.74 MGD

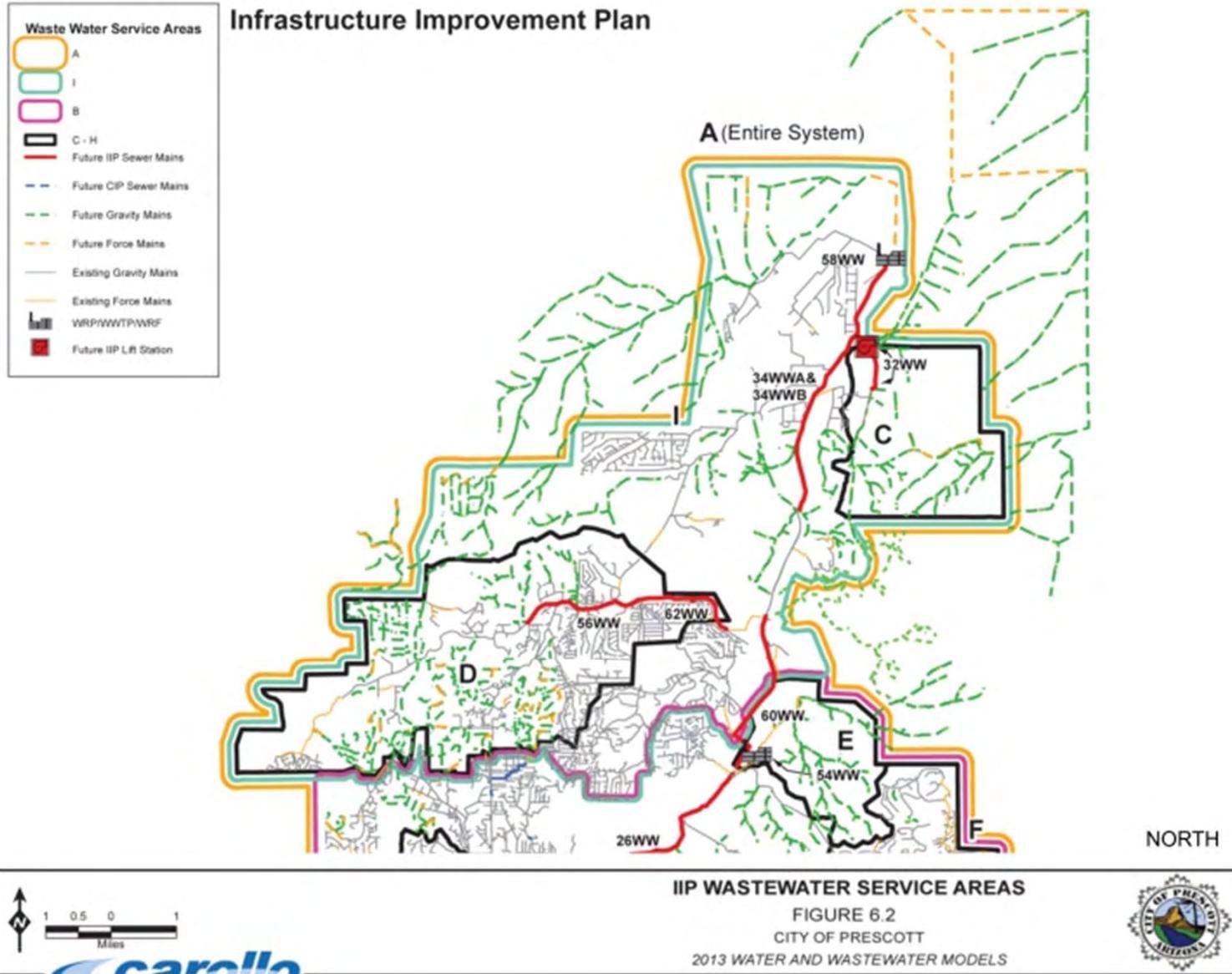
# Water System Service Units

- Current and future capacity by service area
  - Water model update
  - Current and future facilities to provide capacity for build-out demand based on projected growth
- Allocate capital projects between current and future development
  - EDUs by service area
- Project future EDUs applying growth assumptions to current EDUs by service area

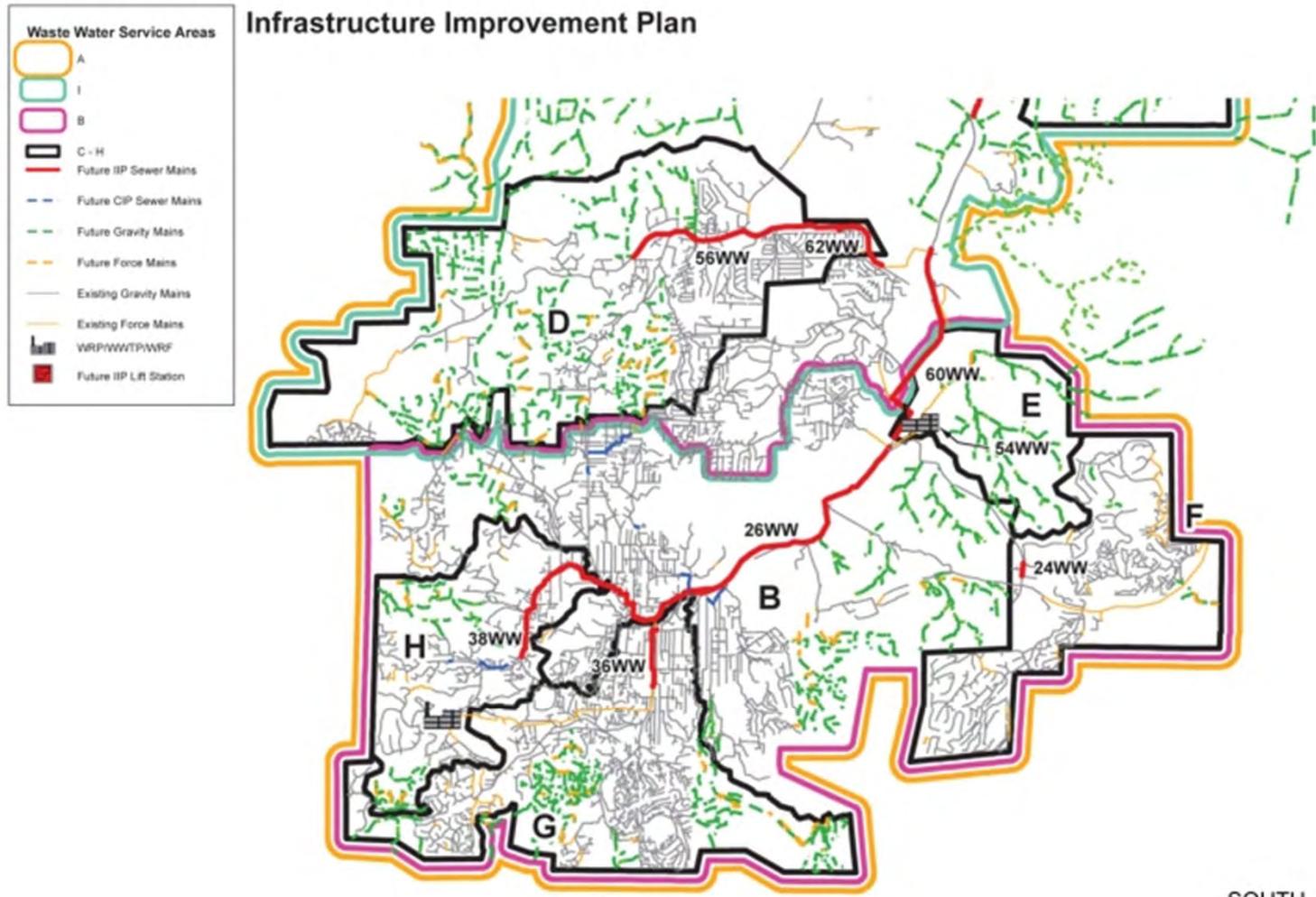
# IIP –Water System

- Eligible facilities – replacement cost new of major facilities
  - Water Supply - \$12.2M
  - Treatment - \$4.9M
  - Transmission and Distribution - \$45.2M
  - Storage - \$31.4M
- Growth-related improvements through FY 2019
  - Supply, treatment and T&D - \$15.7M
  - Storage - \$6.4M
- Each capital improvement by service area

# IIP – Sewer System North



# IIP – Sewer System South



**IIP WASTEWATER SERVICE AREAS**

FIGURE 6.2  
CITY OF PRESCOTT  
2013 WATER AND WASTEWATER MODELS



SOUTH

# IIP – Sewer System

- 9 Service Areas
  - System-wide
  - Treatment plant driven
  - Additional facilities serving specific service areas
- Service level based on 143 gallons per day per EDU
- Current treatment capacity limitation
  - Sundog – 3.0 MGD
  - Airport – 1.2 MGD
- On-going treatment capacity expansion
  - Airport – 2.55 MGD treatment capacity
- Combined total capacity of 6.75 MGD
  - Current and committed capacity of 5.4 MGD

# Sewer System Service Units

- Current and future capacity by service area
  - Sewer model update
  - Current and future facilities to provide capacity for build-out demand based on projected growth
- Allocate capital improvement projects between current and future development
  - EDUs by service area
- Project future EDUs applying growth assumptions to current EDUs by service area

# IIP – Sewer System

- Eligible facilities – replacement cost new of major facilities
  - Treatment - \$65.7M
  - Collection System - \$29.9M
  - Lift station - \$1.1M
  - Additional infrastructure - \$15.7M
- Planned growth-related improvements 2013 - 2019
  - Treatment and Collection facilities - \$12.7M
- Each improvement by service area

## IIP – Water Resource

- Big Chino Water Importation Project
  - 1 Service area
- Service level based on 370 gallon peak day demand per EDU
  - 4,365 acre-feet or 3.9 MGD capacity
  - Additional capital improvements after FY 2019
- Land acquired in 2004 and City portion is 54.1% of acquisition
  - Original acquisition replacement cost - \$13.2M
  - Bond interest costs - \$3.6M
- Fee recovers proportional capacity of 2004 acquisition and outstanding debt

## Next Steps

- Public hearing on LUA and IIP date set by City
  - At least 60 days after document is published
- IIP and LUA may be revised prior to adoption – January 2014
- Final IIP and LUA approved by City Council – February 2014
- Draft Impact Fees report – February 2014
  - Present to City Council
  - Set 2<sup>nd</sup> Public Hearing with 30 days for review
- Final Impact Fees report – April 2014
- Consideration of Impact Fees by City Council – May 2014



# Questions and Answers

