

Development Impact Fee Study

Mandated by ARS 9-463.05

**Public Hearing on
Land Use Assumptions and Infrastructure
Improvements Plan**

January 14, 2014

Discussion Topics

- Overview of progress to date
- 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)

Example of IIP Allocation

	IIP Project Cost	Allocation to Future Development		Allocation to Existing Development	
New Fire Stations					
Station 76	\$ 1,320,000	13.9%	\$ 183,480	86.1%	\$ 1,136,520
Station 77	2,450,000	13.9%	340,550	86.1%	2,109,450
Station 78	2,550,000	13.9%	354,450	86.1%	2,195,550
Total	<u>\$ 6,320,000</u>		<u>\$ 878,480</u>		<u>\$ 5,441,520</u>
Police Station Expansion					
Expansion	\$ 3,402,342	50.4%	\$ 1,714,780	49.6%	\$ 1,687,562
Remodel Existing	45,000	0.0%	-	100.0%	45,000
Shooting Range	238,540	0.0%	-	100.0%	238,540
	<u>\$ 3,685,882</u>		<u>\$ 1,714,780</u>		<u>\$ 1,971,102</u>

Overview Of Progress To Date

- Impact fee study contract awarded – October 23, 2012
- Ad-hoc meetings on draft IIP and LUA
 - May 15, November 13, December 4, and January 8
- Draft IIP and LUA published - November 14, 2013

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
Total	22,519	27,075	4,556
Persons per Housing Unit (rounded)			1.6



Non-Residential Land Use Assumptions

Description	Fiscal Year		Cumulative Increase
	2012	2022	
Employment (employees)	25,782	33,013	7,231
Square Feet			
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
Total	5,690,612	6,547,383	856,771



Combined Land Use Assumptions Summary

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

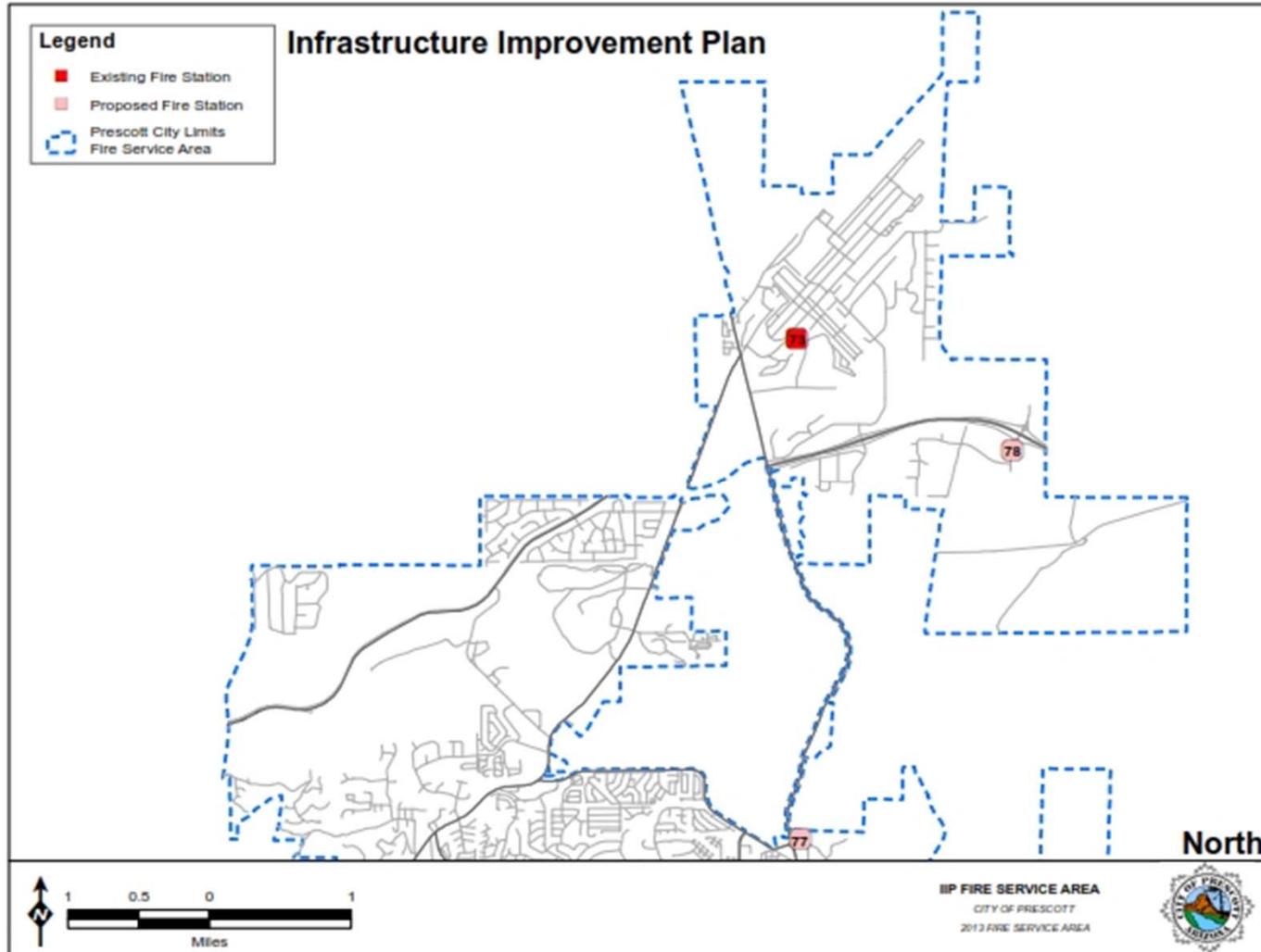
Infrastructure Improvement Plan (IIP)

- 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

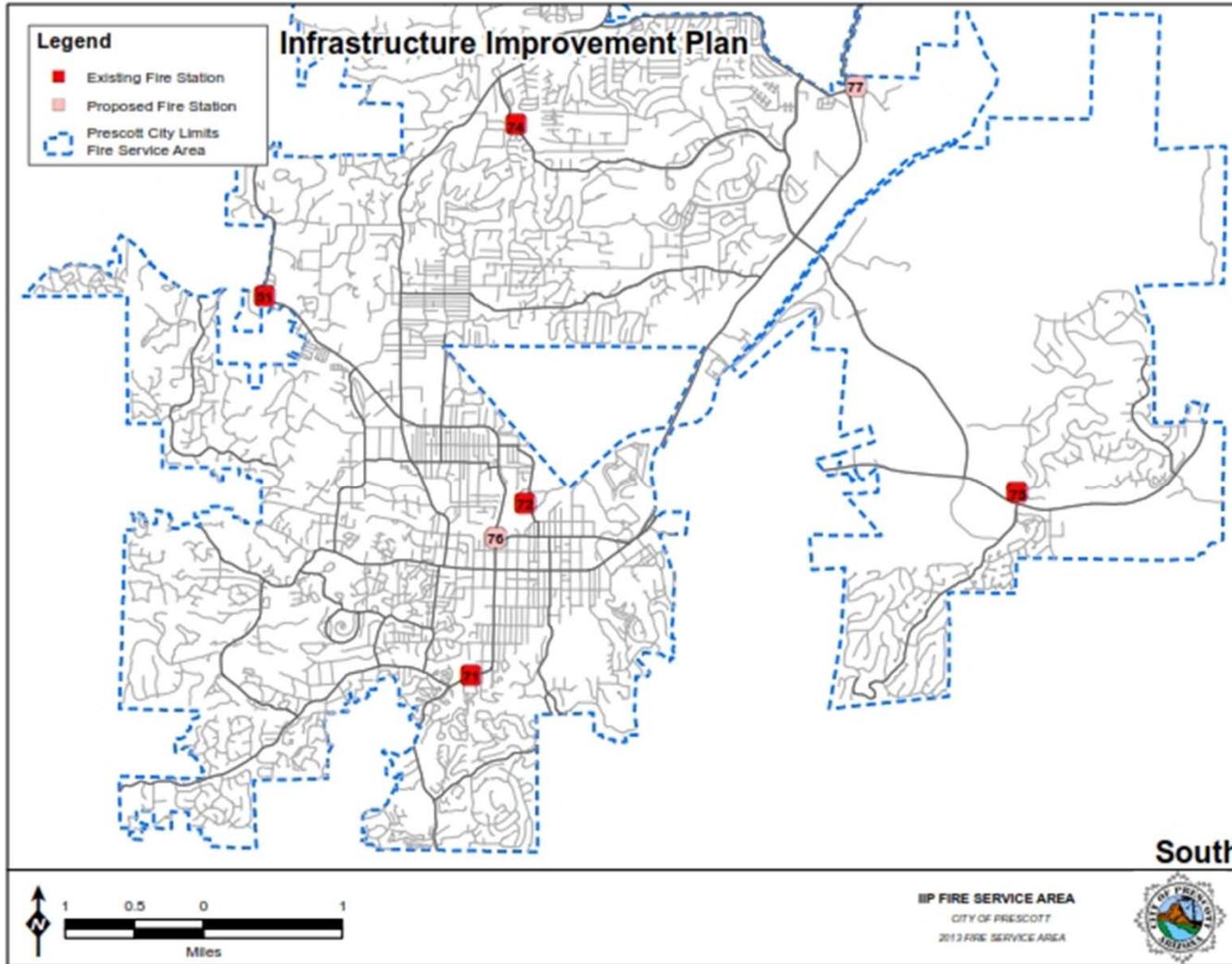
Service Areas

- 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



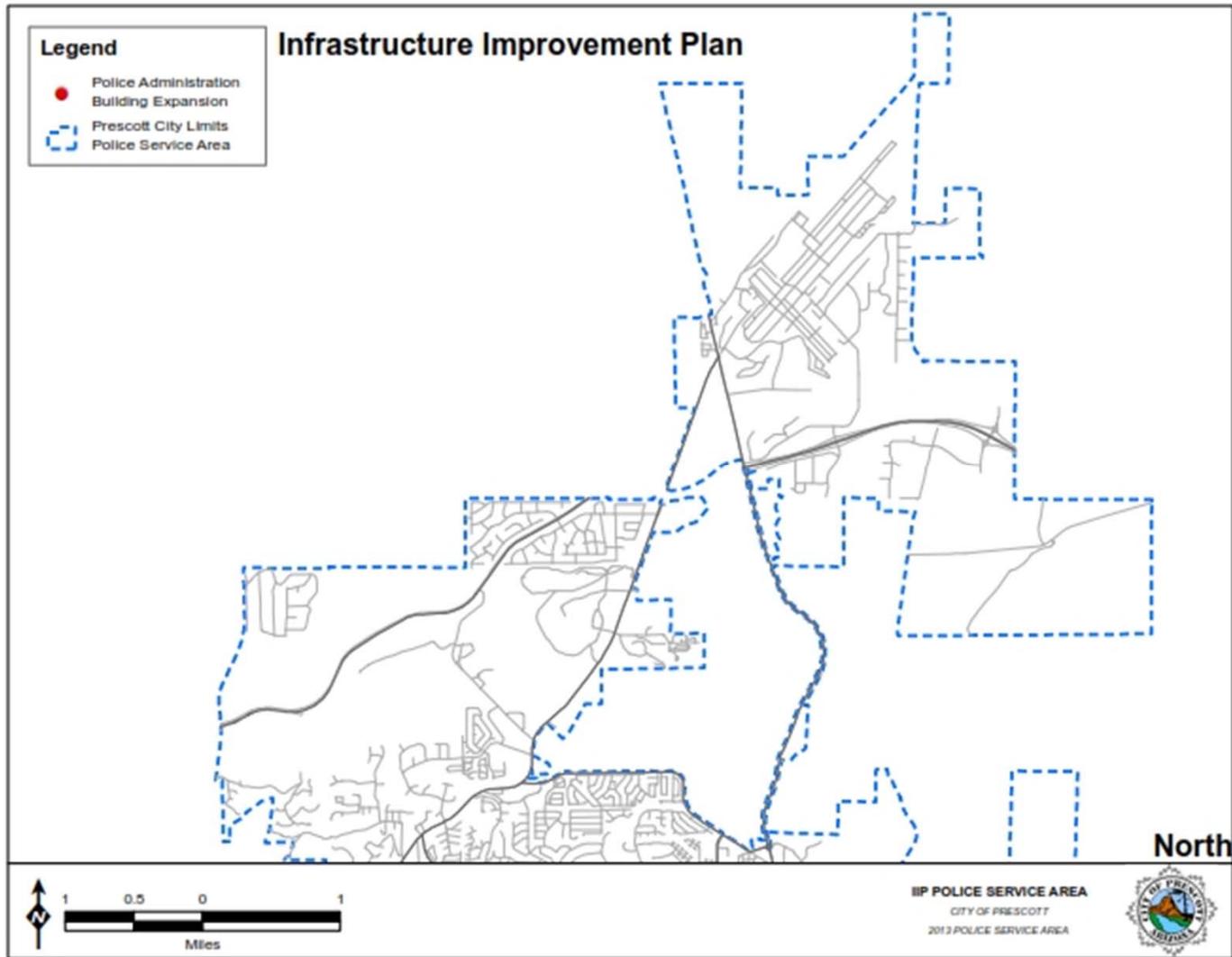
IIP – Fire Facilities and Service Area South



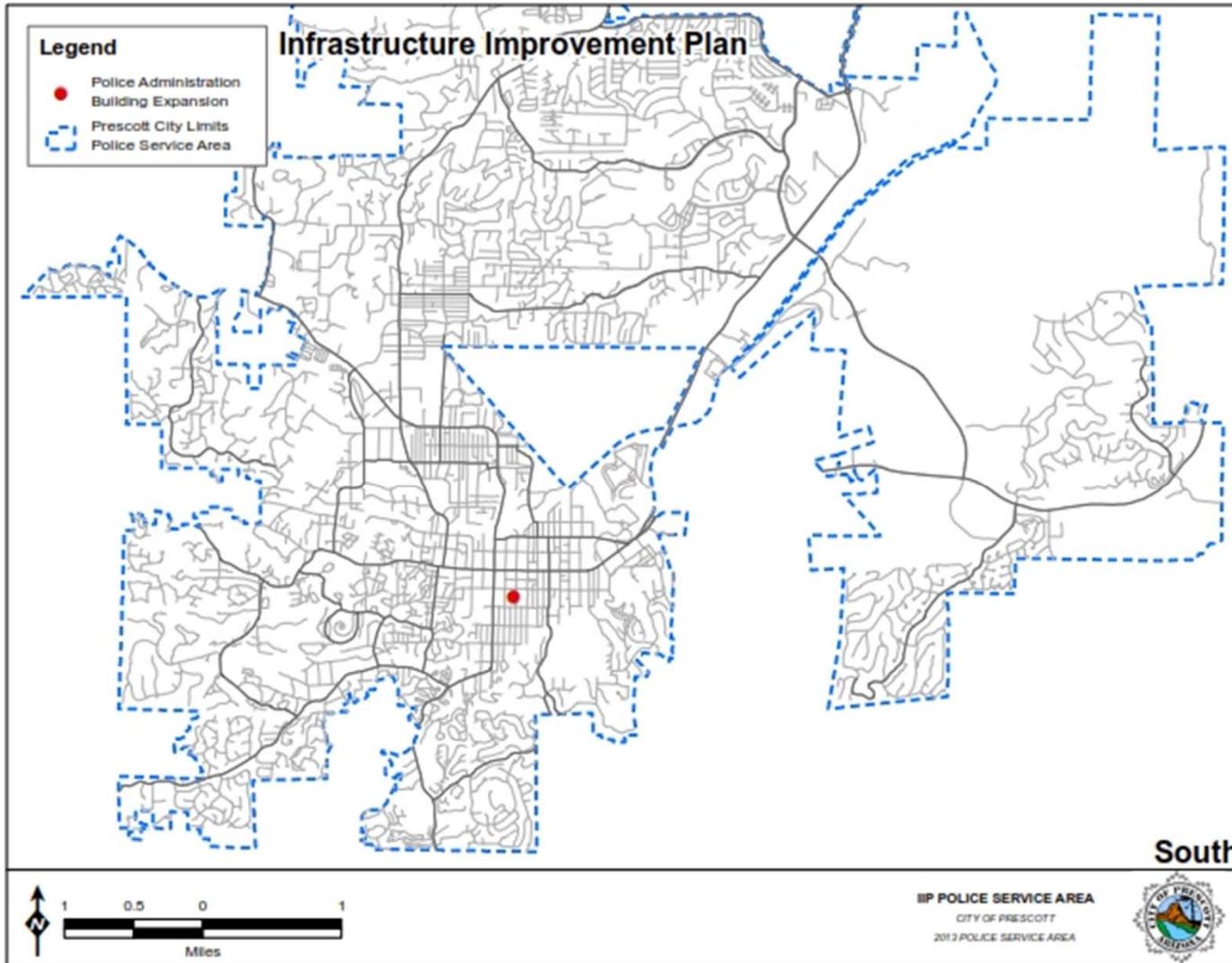
IIP – Fire Facilities

- City-wide Service Area
- Service level capacity based on response time and call data
 - 5 minute response, 90% of time
 - 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



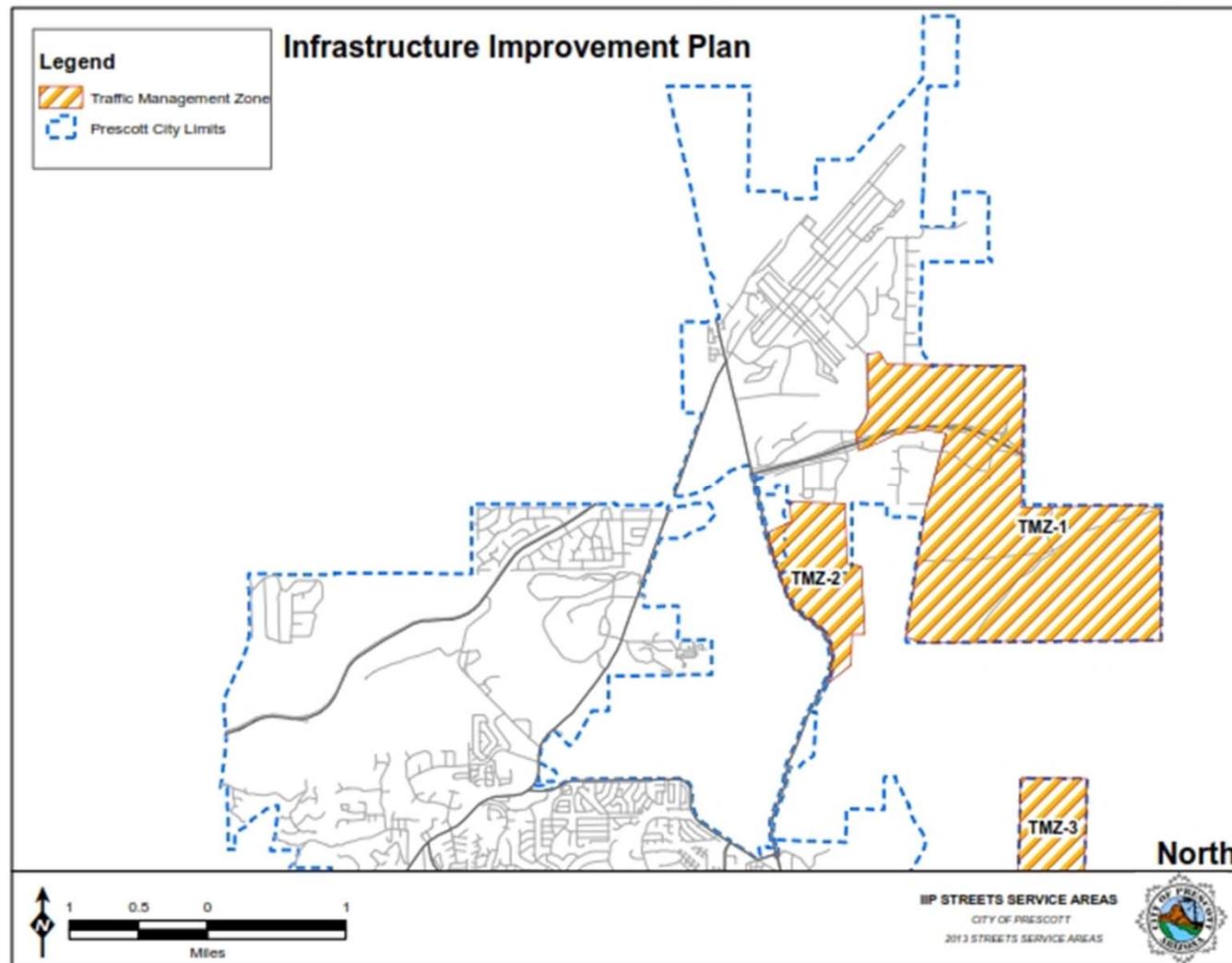
IIP – Police Facilities South



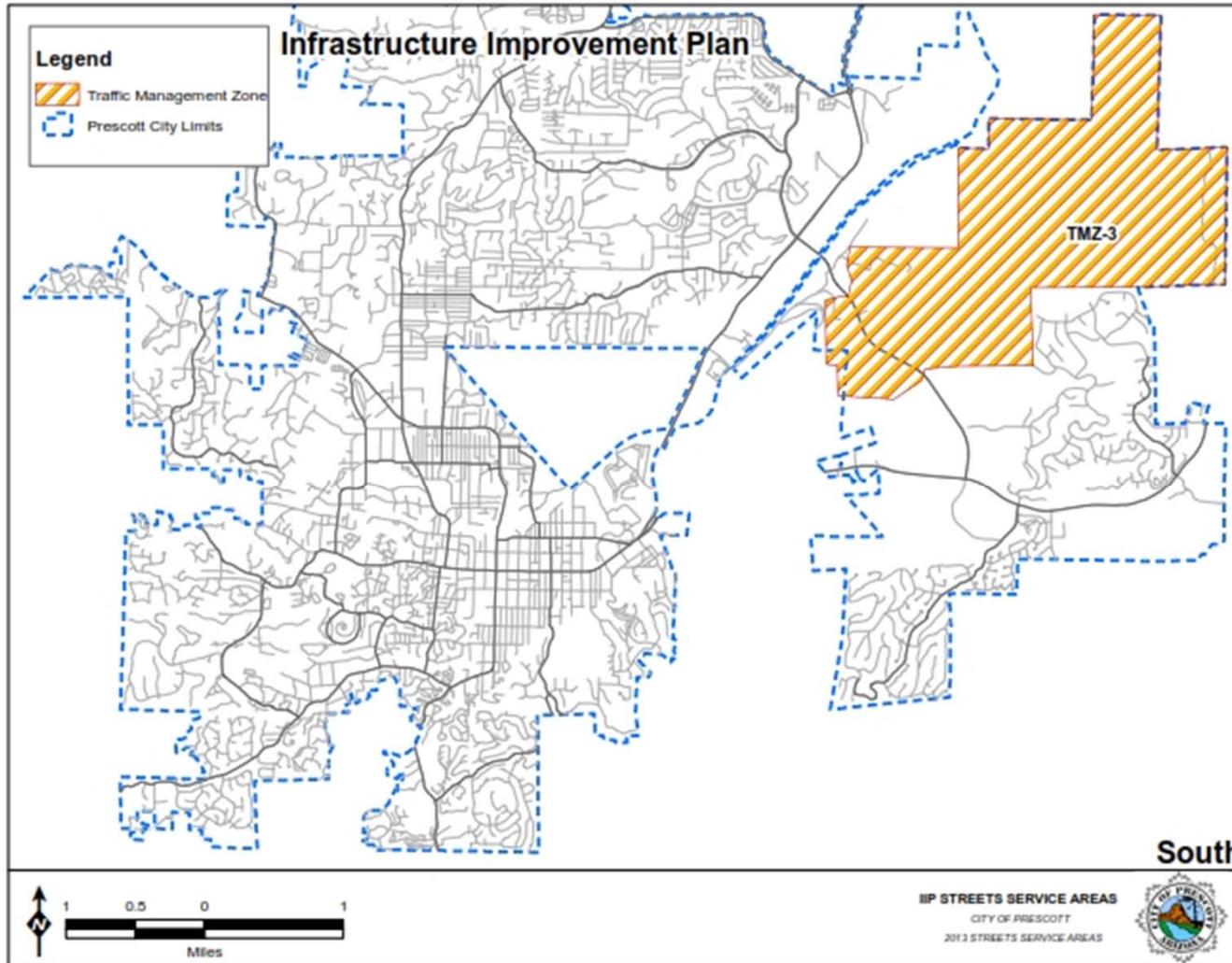
IIP – Police Facilities

- 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)



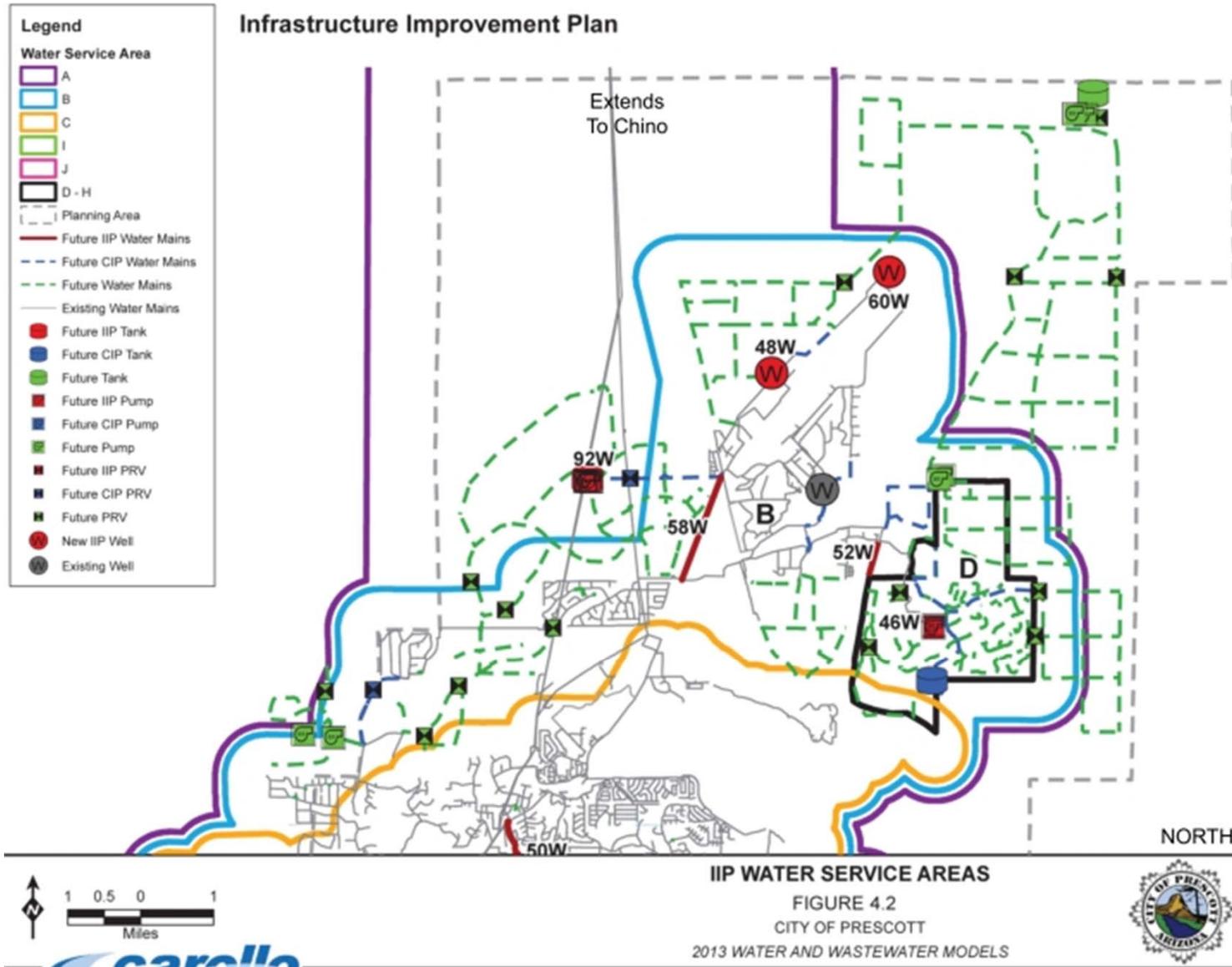
IIP – Street Facilities

- 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 Streets Fund for previous investments

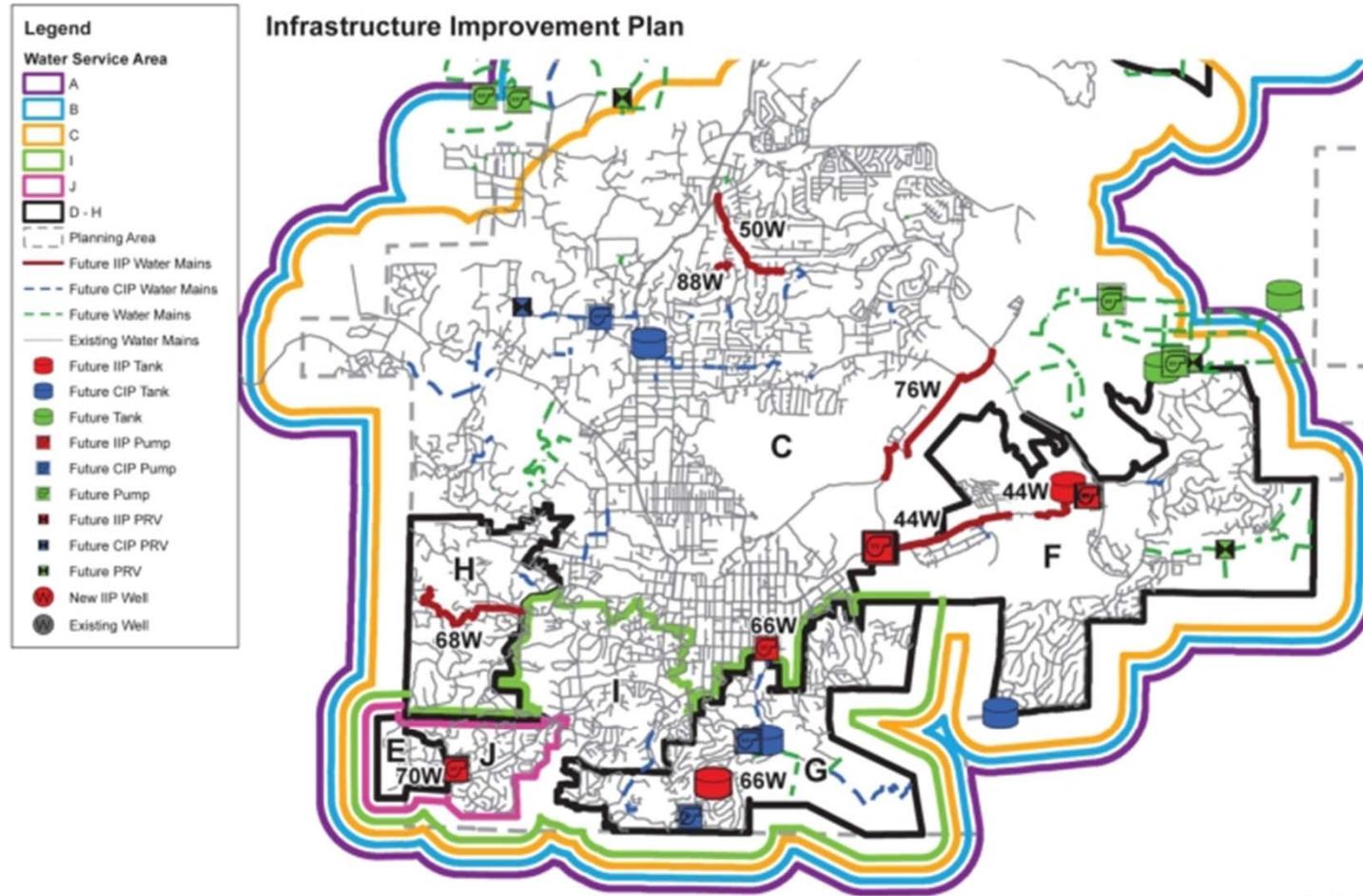
IIP – Street Facilities

- 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

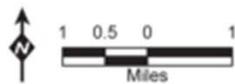
IIP – Water System North



IIP – Water System South



SOUTH



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

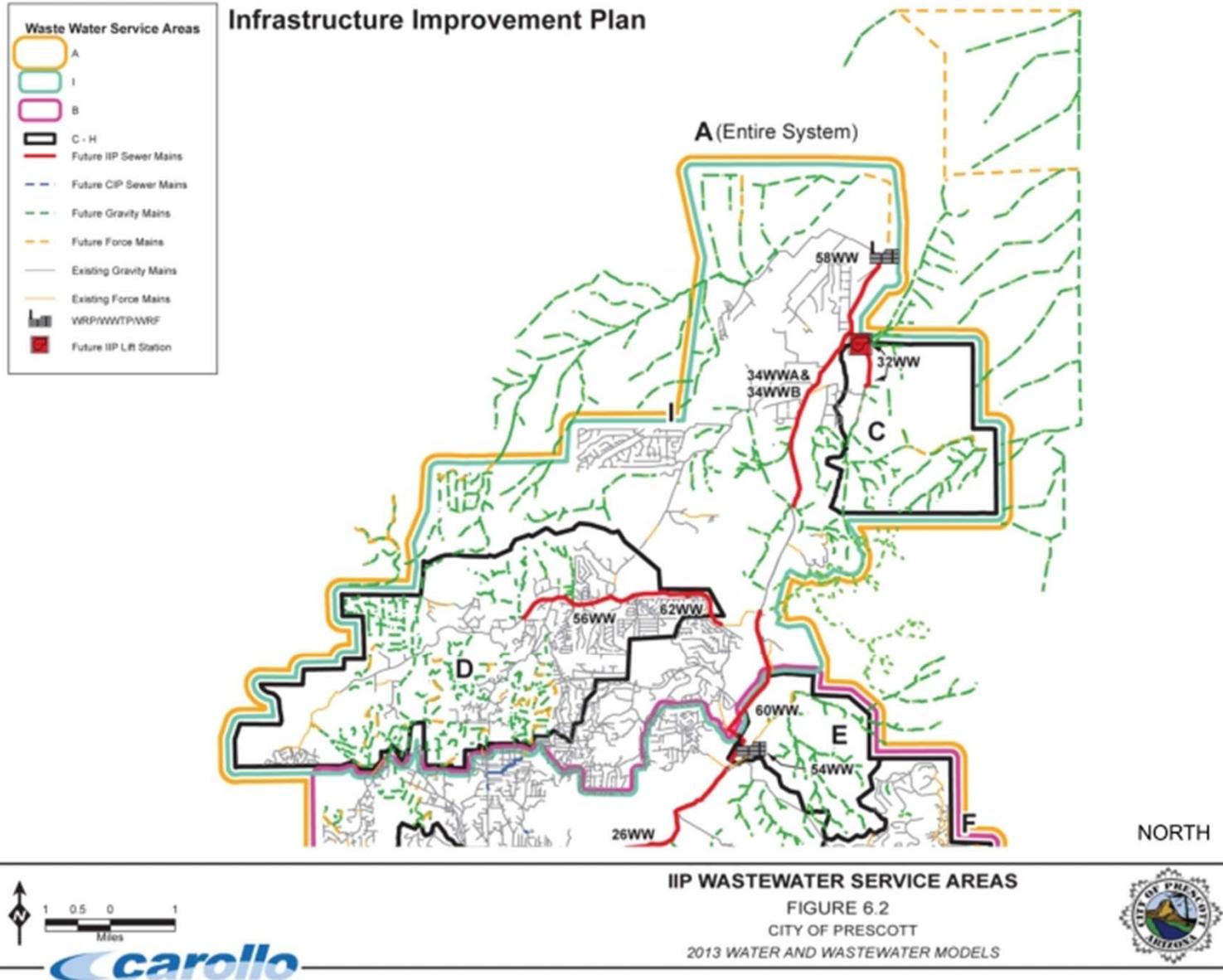
Water System Service Units

- 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

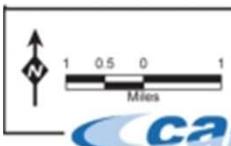
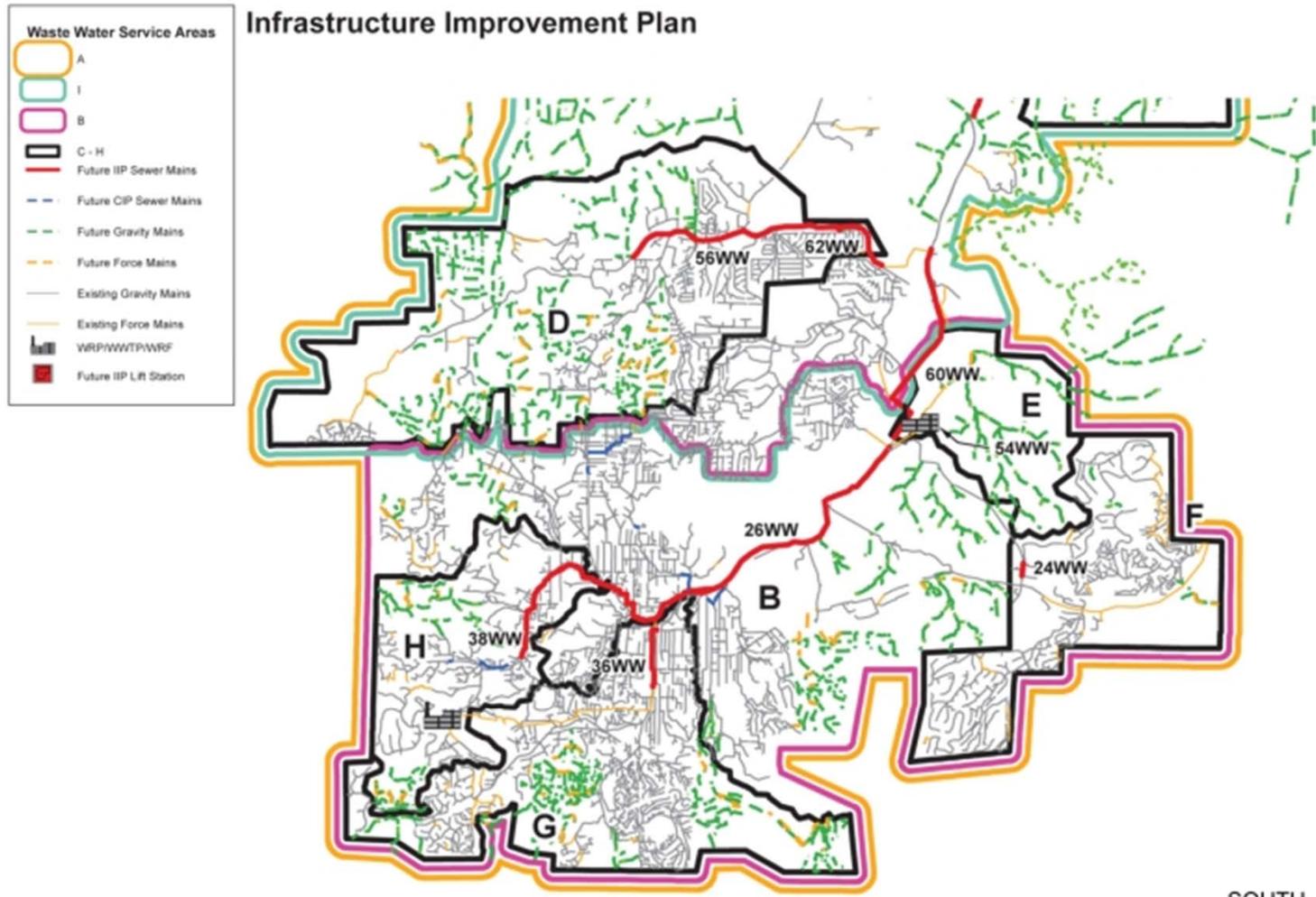
IIP –Water System

- Eligible facilities – replacement cost new of major facilities
 - Water Supply - \$12.2M
 - Treatment - \$4.9M
 - Transmission and Distribution (T&D) - \$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 – January 14, 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 scheduled for consideration of approval by City Council – February 25, 2014

Next Steps (cont.)

- Draft Impact Fees report – February 2014
 - Present to City Council
 - Set 2nd Public Hearing with 30 days for review
- Final Impact Fees report – April 2014
- Consideration of Impact Fees by City Council – May 2014
- Utilities rate review and analysis – May 2014 – November 2014



Questions and Answers