

# City of Prescott

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## Utility Impact Fees Land Use Assumptions and Infrastructure Improvements Plan Overview

May 14, 2024





# Agenda



**Legislative requirements and timeline**



**Utility Land Use Assumptions (LUA)**



**Infrastructure Improvements Plan (IIP)**

- **Water System**
- **Water Resources**
- **Wastewater System**



**Draft fees and next steps**



# Legislative process

## Adoption Process

- Land Use Assumptions (LUA) & Infrastructure Improvements Plan (IIP)
- Development Impact Fees (DIFs)

## LUA/IIP Requirements

- Water and Wastewater LUA and IIP dated November 2023
- Project service units
  - Accounts, Volume, and Equivalent Development Units (EDUs)
- Identify existing facilities and level of service
- Project demand and timing of utility expansions and IIP eligible improvements
- Project timing costs based on same level of service

## Adoption Process for Arizona Development Fees

<b>Land Use Assumptions and Infrastructure Improvements Plan</b>	
# of Days*	Task
START	Publish documents on website and provide notice of Public Hearing on land use assumptions and infrastructure improvements plan
60	
Public Hearing	
minimum 30 maximum 60	Decision by elected officials
<b>Development Fees</b>	
# of Days*	Task
	Publish adopted land use assumptions, infrastructure improvements plan, and proposed fees on website and provide notice of Public Hearing on development fees
30	
Public Hearing	
minimum 30 maximum 60	Decision by elected officials
minimum 75	
FINISH	Fees become effective

\* At least 225 days are required from start to the effective date.  
 \*\* If an advisory committee is established, it shall file written comments at least 5 business days prior to a public hearing.



Study Milestone	Timeline
Publish Draft LUA and IIP (utility and non-utilities)	March 26, 2024
<b>Council Workshop LUA and IIP</b>	<b>May 14, 2024</b>
<b>LUA and IIP Public Hearing</b>	<b>May 28, 2024</b>
Council Workshop on DIFs	July 9, 2024
Adopt Final LUA and IIPs	July 9, 2024
Adopt Notice of Intent and Set DIF Public Hearing	July 9, 2024
DIF Public Hearing	August 27, 2024
Council Vote to Adopt Proposed DIFs	October 8, 2024
Effective Date for DIFs	January 1, 2025



# Utility DIF valuation methodologies

## **Buy-In** *Historical*

- Available facility capacity to serve future development
- Unit cost of available capacity for new development

## **Incremental** *Future*

- Future facilities that add capacity for new development
- Unit cost of future capacity for new development

## **Hybrid** *Historical and* *Future*

- Current and future facility capacity
- Weighted average unit cost of existing and future capacity for new development

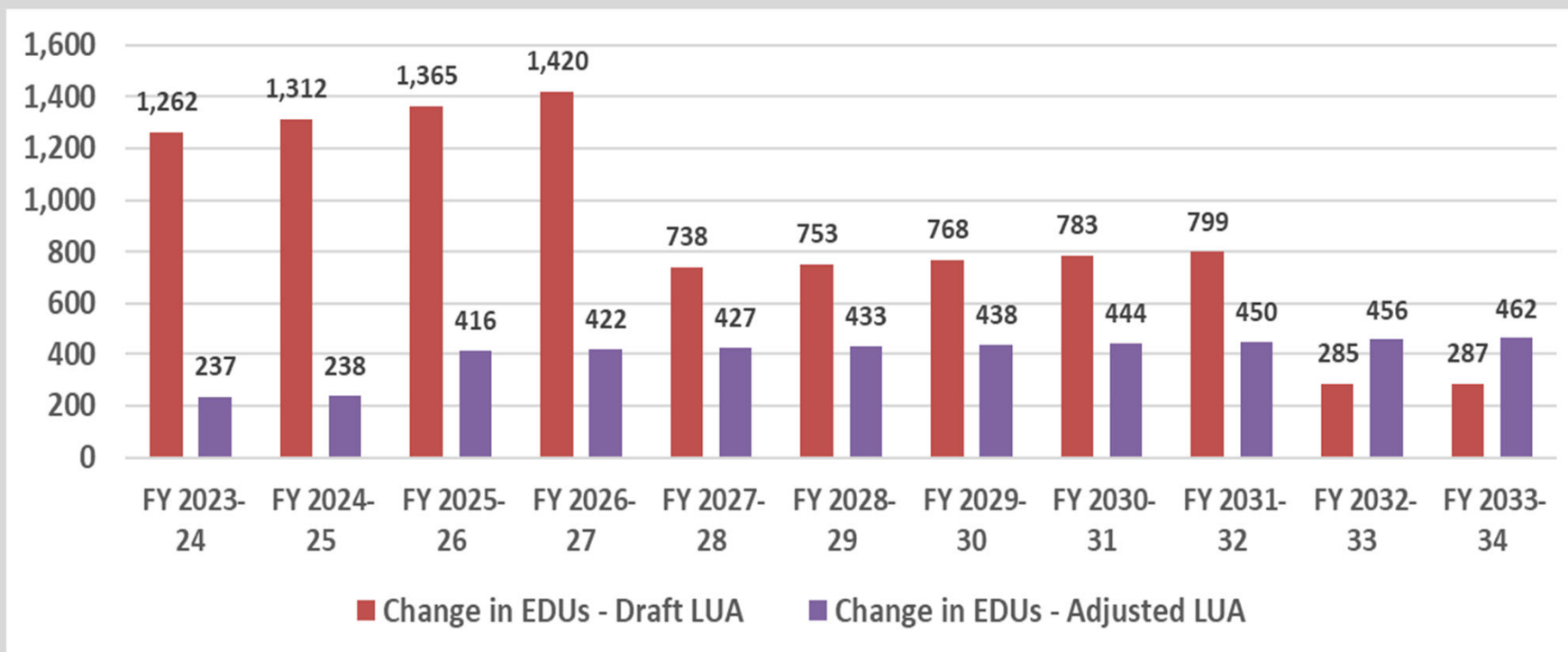
# Utility LUA



<b>Objective</b>	<ul style="list-style-type: none"><li>• Legislative requirement to project growth over the 10-to-15-year period</li><li>• Also projected build-out affecting capacity and timing of growth-related facilities</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• Growth in utility customer accounts and EDUs</li><li>• Anticipated locations where growth is likely to occur</li><li>• Water and sewer demands requiring additional facilities</li></ul>
<b>Adjustments</b>	<ul style="list-style-type: none"><li>• Growth has slowed since 2021 and 2022</li><li>• More conservative revenue projections for rate setting</li><li>• Small impact on timing of facility expansion projects</li></ul>



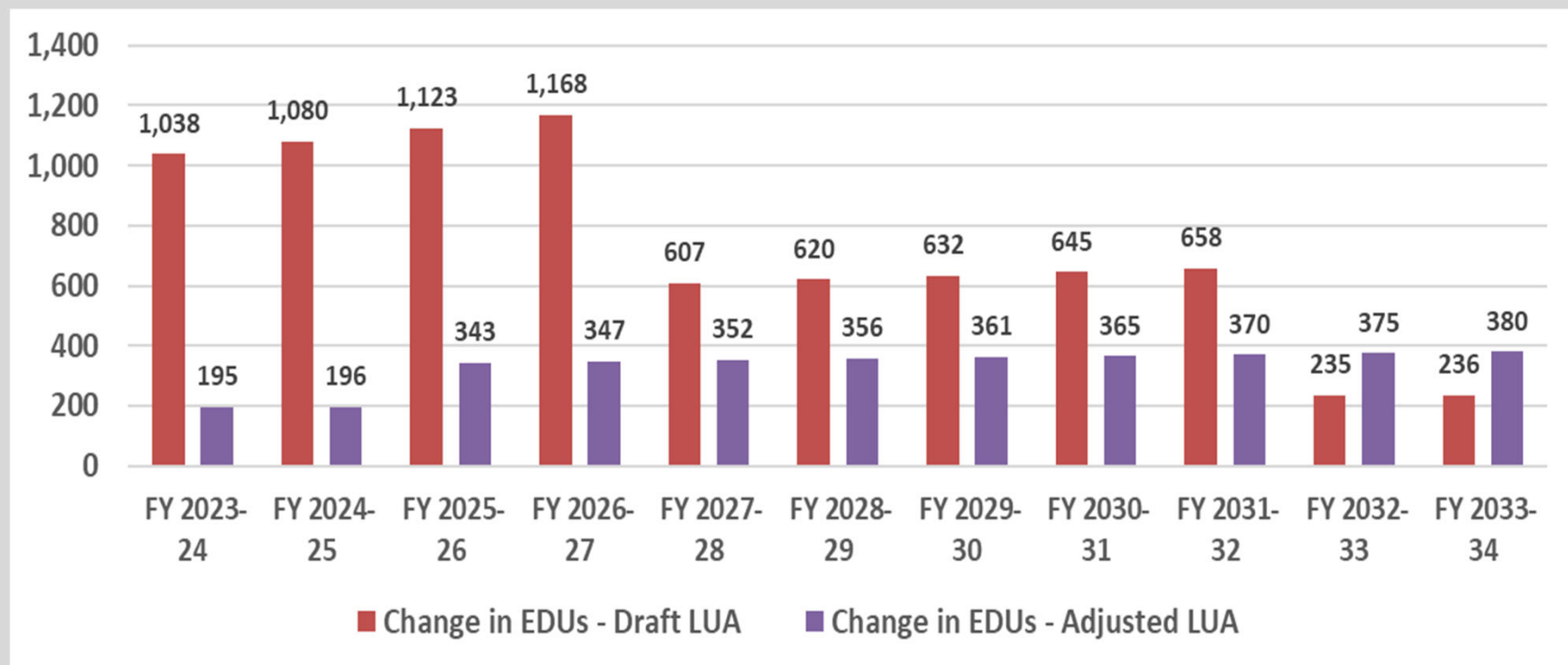
# Projected water system EDU growth







# Projected wastewater system EDU growth



# Water System



## 2023 Water accounts and EDUs

Meter Size	Water Accounts	Capacity Ratio (1)	Water EDUs
5/8-inch	21,458	1.00	21,458
3/4-inch	23	1.50	35
1-inch	2,710	1.67	4,517
1 1/2-inch	340	3.33	1,133
2-inch	475	5.33	2,533
3-inch	76	10.00	760
4-inch	28	16.67	467
6-inch	13	33.33	433
8-inch	<u>4</u>	53.33	<u>213</u>
Total	25,127		31,549

(1) AWWA Meter Capacity Ratio's by meter size and meter type.



# Water system capacity

Ground Water Wells (1)	Total Capacity (MGD)
Chino Well #1	1.22
Chino Well #2	1.44
Chino Well #3	2.59
Chino Well #4	4.32
Chino Well #5	3.46
Chino Well #6 (2)	0.00
Airport Well #2	1.58
Airport Well #3	1.05
Airport Well #5	1.80
<b>Total Existing Facilities</b>	<b>17.46</b>
<b>Chino Well #4 (3)</b>	<b>-4.32</b>
<b>Existing Firm Capacity (3)</b>	<b>13.14</b>
<b>Airport Well #6 (4)</b>	<b>1.37</b>
<b>Total Existing and Future Capacity</b>	<b>14.51</b>

- (1) 2023 IIP Table 3.7 – 2022 Well Production Capacity and Table 3.8 Water Supply and Demand Analysis.
- (2) Well #6 is physically disconnected from the system and excluded.
- (3) Firm capacity excludes the largest well.
- (4) Growth-related IIP improvement.



## Water service level and demand per EDU

Description	2024 Study	2019 Study
Peak Day Demand	11,700,000	12,026,000
EDUs	<u>31,549</u>	<u>28,149</u>
Peak Day Demand per EDU	371	427

- Peak day demand per EDU is 13% less
  - › Increase in customers and EDUs
  - › Weather and more efficient outdoor water use
- Existing facilities can serve more customers!

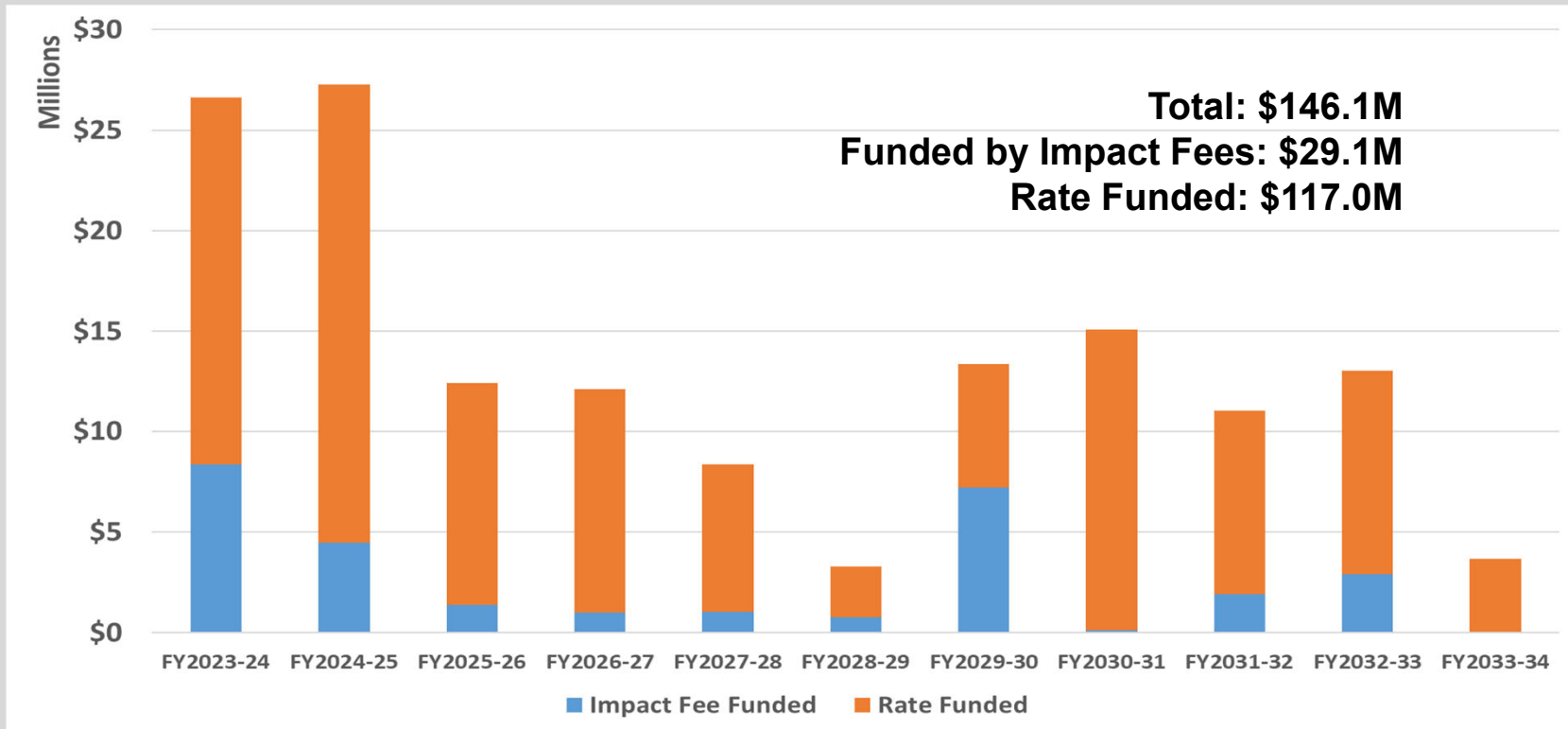


# Water IIP eligible projects

Project Description	Total Cost	Growth Related - %	DIF Funded	Rate Funded	Debt Funded?
Water Production and Intermediate Pump Station. Tanks and Pipeline (WIFA)	\$18.01 M	50%	\$9.01 M	\$9.01 M	Existing loan
Zone 56 Tank and Pipeline and Zone 7 Pump Station	4.26 M	25%	1.06 M	3.19 M	No
Zone 24/27 Water Pipeline Upsizing - Thumb Butte Road to Upper Thumb Butte Tank	4.07 M	30%	1.22 M	2.85 M	No
Zone 52 Water Main Connect to Northwest Regional Tank	1.97 M	35%	0.69 M	1.28 M	No
Deep Well Ranch Water Infrastructure DA	0.25 M	100%	0.25 M	0.00 M	No
Section 32 and 33 Water	1.32 M	100%	1.32 M	0.00 M	No
Deep Well Ranch DA	3.00 M	100%	3.00 M	0.00 M	Yes
Storm Ranch DA	0.60 M	100%	0.60 M	0.00 M	No
North Airport Distribution System Loop	2.10 M	75%	1.58 M	0.53 M	Yes
Zone 110 New Transmission Main	8.23 M	50%	4.12 M	4.12 M	No
Wilkinson/Larry Caldwell Drive Water Main Upsizing	0.31 M	75%	0.23 M	0.10 M	No
Production Well No. 6 AP - New	4.92 M	100%	4.92 M	0.00 M	Yes
SR69 Corridor Water Main	3.82 M	25%	0.96 M	2.87 M	Yes
Impact Fee Ordinance Project	0.25 M	50%	0.12 M	0.12 M	No
Water and Wastewater Models	0.18 M	50%	0.01 M	0.01 M	No
All Other Capital Projects – Funded Fully by Rates	<u>92.86 M</u>	0%	<u>0.00 M</u>	<u>92.86 M</u>	Some
<b>Total</b>	<b>\$151.69 M</b>	<b>19%</b>	<b>\$29.15 M</b>	<b>\$117.00 M</b>	



# Water System CIP through FY 2033-34





# Draft Water System DIFs

Service Area	Base Meter Size Fee	Assessed Base Meter Size Fee	Service Areas Included
<b>Draft</b>			
<b>A</b>	<b>\$945</b>	<b>\$945</b>	<b>A</b>
<b>B</b>	<b>5,619</b>	<b>6,564</b>	<b>A+B</b>
<b>Current</b>			
<b>A</b>	<b>\$862</b>	<b>\$862</b>	<b>A</b>
<b>B</b>	<b>4,441</b>	<b>5,303</b>	<b>A+B</b>
<b>Change</b>			
<b>A</b>	<b>\$83</b>	<b>\$83</b>	<b>A</b>
<b>B</b>	<b>1,178</b>	<b>1,261</b>	<b>A+B</b>





# Water Resource DIF

- Fee recovers the value of 2004 City acquisition of the Big Chino Ranch
  - › City issued debt to fund acquisition
- City portion is 4365 acre-feet per year or 3.90 MGD
  - › Represents 54% of the 2004 investment
- Fee used to repay outstanding debt service
- Fee elements include
  - › City portion of 2004 acquisition
  - › Less remaining non-growth portion of principal
  - › Plus net present value of future interest payments

Service Area	Current Base Meter Size Fee	Draft Base Meter Size Fee	Change
A	\$1,441	\$1,182	(\$259)

# Wastewater System



# 2024 Wastewater Accounts and EDUs

Meter Size	Wastewater Accounts	Capacity Ratio (1)	Wastewater EDUs
5/8-inch	17,683	1.00	17,683
3/4-inch	18	1.50	27
1-inch	2,233	1.67	3,722
1 1/2-inch	280	3.33	933
2-inch	392	5.33	2,091
3-inch	63	10.00	630
4-inch	23	16.67	383
6-inch	10	33.33	333
8-inch	<u>3</u>	53.33	<u>160</u>
Total	20,705		25,962

(1) AWWA Meter Capacity Ratio's by meter size and meter type.



# Wastewater system capacity

Wastewater Treatment	Existing Capacity (mgd)	Additional Capacity (mgd)	Total Capacity (mgd)
Sundog WWTP	3.00	(3.00)	0.00
Airport WRF	3.75	3.75	7.50
<b>Total</b>	<b>6.75</b>	<b>0.75</b>	<b>7.50</b>

- Centralization to single wastewater treatment facility
  - › Pipelines, lift stations, and additional infrastructure to convey wastewater to one plant
  - › Expand plant to provide sufficient capacity



## 2024 Water Service Level and Demand per EDU

Description	2024 Study	2019 Study
Annual Daily Influent at Airport and Sundog (1)	4,458,000	3,368,000
EDUs	<u>25,962</u>	<u>22,900</u>
Annual Daily Influent per EDU	172	147

- Annual volume at wastewater treatment plants increased by 32%
  - › Increase in customers
  - › Wet weather. indoor water use efficiency. and commercial use
- Daily volume per EDU increased by 17%



# Wastewater IIP through FY 2033-34

Project Description	Total Cost	Growth Related	Growth-Related Cost Funded by DIFs	Funded by Rates	Debt Funded?
Yavapai Hills #1 Lift Station Rehab	\$3.05 M	60%	\$1.83 M	\$1.22 M	No
Section 32 and 33 Wastewater	5.28 M	100%	5.28 M	0.00 M	Yes
Sundog Trunk Main Phase C - Current Loan	3.17 M	35%	1.11 M	2.06 M	Existing Loan
Sundog Trunk Main Phase C - Future Loan	34.25 M	35%	11.99 M	22.26 M	Yes
Centralization - Effluent Tank. Pipeline	18.45 M	20%	3.69 M	14.76 M	Yes
Willow Creek Gravity Sewer	18.29 M	25%	4.57 M	13.72 M	Yes
Centralization - Airport WRF Solids Handling Facility	13.30 M	20%	2.66 M	10.64 M	Yes
Storm Ranch Wastewater	0.42 M	100%	0.42 M	0.00 M	No
Granite Dells Ranch DA	3.55 M	100%	3.55 M	0.00 M	Yes
Willow Creek Trunk Main Upsize	8.00 M	25%	2.00 M	6.00 M	Yes
Ruger Airport Trunk Main Phase 2	3.93 M	90%	3.53 M	0.39 M	No
Prescott Lakes Parkway Lift Station	1.69 M	100%	1.69 M	0.00 M	No
Centralization - Sundog Equalization Basin and Plant Decommissioning	2.30 M	20%	0.46 M	1.84 M	Yes

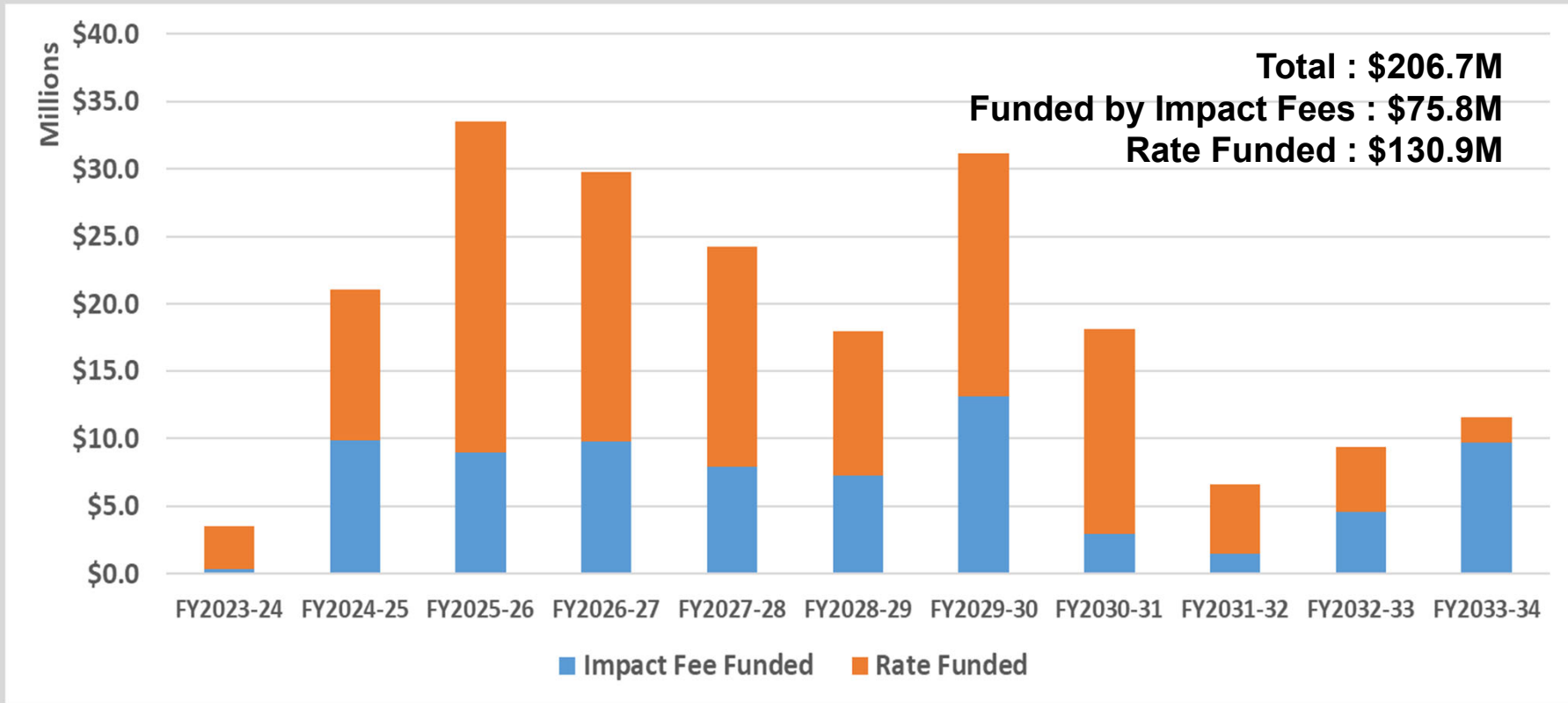


# Wastewater IIP through FY 2033-34 Continued

Project Description	Total Cost	Growth Related	Growth-Related Cost Funded by DIFs	Funded by Rates	Debt Funded?
Montezuma Trunk Main Upsizing	\$2.52 M	25%	\$0.63 M	\$1.89 M	No
Yavapai Hills Lift Station Force Main	6.62 M	60%	3.97 M	2.65 M	Yes
Deep Well Ranch Wastewater DA	8.31 M	100%	8.31 M	0.00 M	Yes
Hassayampa Sewer Trunk Main Upsizing	4.73 M	25%	1.18 M	3.54 M	Yes
Ruger Airport Trunk Main Phase 3	3.04 M	90%	2.74 M	0.30 M	Yes
Centralization - WRF Expansion Phase 2	25.00 M	20%	5.00 M	20.00 M	Yes
Prescott Lakes Parkway Sewer Upsizing	0.80 M	25%	0.20 M	0.60 M	No
5th Street, 6th Street, and Hillside Sewer Upsize	2.08 M	10%	0.21 M	1.87 M	Yes
Deep Well Ranch Trunkline and Lift Station	10.50 M	100%	10.50 M	0.00 M	Yes
Impact Fee Ordinance	0.25 M	50%	0.12 M	0.12 M	No
Water and Wastewater Model	0.36 M	50%	0.18 M	0.18 M	No
All Other Capital Projects – Funded Fully by Rates	<u>26.90 M</u>	0%	<u>0.00 M</u>	<u>26.90 M</u>	Some
<b>Total</b>	<b>\$206.75 M</b>		<b>\$75.81 M</b>	<b>\$130.94 M</b>	



# Wastewater System CIP







# Draft Wastewater System DIFs

Description	Base Meter Size Fee
Draft	\$5,866
Current	<u>3,020</u>
Change	2,846



## Draft utility DIFs compared – base meter size fee

Description	Water System	Water Resources	Wastewater	Total
Draft	\$6,564	\$1,182	\$5,866	\$13,612
Current	<u>5,303</u>	<u>1,441</u>	<u>3,020</u>	<u>9,764</u>
Change	1,261	(\$259)	2,846	3,848



Study Milestone	Timeline
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# Thank you!

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