

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: May 23, 2013**

SUBJECT: Development Impact Fee Study Update

SUBMITTING DEPARTMENT: Town Manager's Office

PREPARED BY: Ryan Judy, Deputy Town Manager

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Red Oak Consulting DIF Study Proposal, b) Adoption Timeline Chart, c)
Ordinance No. 764

SUMMARY/BACKGROUND: Development Impact Fees (DIFs) are one-time charges applied to new development in order to alleviate its "impact" on current public improvements and services. The intent is to ensure that "growth pays for growth" and that existing residents are not unduly burdened to pay for new improvements and services needed to accommodate growth. DIFs have been assessed by the Town of Prescott Valley since adoption of a recreation fee by Resolution No. 624 on April 27, 1995. DIFs were most recently revised by Resolution No. 1775 on December 8, 2011.

Over several prior legislative sessions, home builders effectively lobbied for new limits on the ability of cities and towns to collect DIFs. Particularly sweeping changes were adopted by the Legislature through Senate Bill 1525. Among other things, SB 1525 prohibited cities and towns from waiving any fees for non-residential development. It also enacted refund provisions if projects are not completed within a ten (10) year period, established service levels and areas, and limited the types of projects for which DIFs may be assessed at all. DIF studies and rate structures must be updated in accordance with the new requirements by Aug 1, 2014.

To comply with the new statute, on Dec 8, 2011 the Town adopted Ordinance No. 764, patterned after a model ordinance developed by the Arizona League of Cities and Towns. The League encouraged all cities & towns that charge impact fees to utilize the model ordinance to create uniformity throughout the state. That same date, the Town passed Resolution No. 1775, which eliminated the Civic DIF and extended the moratorium on commercial DIFs until the effective date of the new law.

If the Town is to continue to assess and collect DIFs, it is now time to begin an update to the study. The attached timeline developed by the League shows the many steps and timeframes that must be followed in order to make sure that fees can be collected on Aug 1, 2014. Any municipality not in conformance will be prohibited from collecting those fees.

This item was previously discussed at the Council work study meeting on May 16th.

OPTIONS ANALYSIS: Council may approve the scope and agreement with Red Oak Consulting as presented or direct staff to make further changes.

ACTION OPTION: Motion for the Mayor (or in his absence the Vice-Mayor) to approve the Agreement for Professional Services with Red Oak Consulting in an amount not to exceed \$86,800 for a Development Impact Fee Study Update. **VOTE.**

RECOMMENDATION: Staff recommends approval of the agreement in order to meet the statutory deadline to implement a new fee schedule.

FISCAL ANALYSIS: DIFs have played an important role in the Town’s fiscal picture since 1995. It is expected that as Arizona continues to emerge from the “Great Recession”, Prescott Valley (like other Arizona cities and towns) will need to be prepared to have effective DIFs that recover costs for needed public improvements and services for the next round of growth, without stifling that growth.

Red Oak Consulting, who conducted the last study for the Town, has proposed a fee of \$86,800 to update the study. Fortunately, the new DIF statute allows municipalities to use impact fees to cover the cost of these studies. It is proposed that the new study be paid out equally from the Town’s four remaining impact fees funds: 1) Streets, 2) Parks, 3) Cultural (Library), and 4) Public Safety.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____