



Ryan Judy
Deputy Town Manager
7501 E. Civic Circle
Prescott Valley, Arizona 86314

Subject:
Non-Utility Development Impact Fee Study

Dear Mr. Judy:

On behalf of Red Oak Consulting an ARCADIS group (Red Oak or RO), I am pleased to submit our proposal to complete a *Non-Utility Development Impact Fee Study* for the Town of Prescott Valley (Town).

Red Oak will complete a review and update four (4) non-utility development impact fees (DIFs) currently assessed by the Town for compliance with Arizona Revised Statutes §9-463.05 effective January 1, 2012. In order for the Town's DIFs to remain in effect after August 1, 2014, ARS §9-463.05 requires communities to update and adopt development impact fees and follow a specific adoption and implementation schedule including public hearings. The Town's following four (4) fee categories will be reviewed and updated as part of this study:

Police
Circulation (Streets)
Cultural (Library)
Parks

To complete this project the following Task Plan will be executed by the team of Red Oak Consulting (RO will be the prime contractor with the City), Rick Giardina, and Pat Walker Consulting, LLC (PWC), hereinafter collectively referred to as Red Oak, RO or the RO Team. PWC and Rick Giardina will have critical and significant roles in the successful completion of this project with Pat Walker, the principal of PWC, participating in meetings, analysis and presentations. It should be noted that the process for updating development impact fees will require a great deal of collaboration between the RO Team and the Town.

ARCADIS U.S., Inc.
100 Fillmore Street
Suite 200
Denver
Colorado 80206
Tel 303 316 6500
Fax 303 316 6599
www.arcadis-us.com

Red Oak Consulting
www.redoakconsulting.com

Date:
April 29, 2013

Contact:
Kevin Burnett

Phone:
303-316-6524

Email:
Kevin.Burnett@arcadis-us.com

Our ref:
66005401.0003

Project Task Plan:

To achieve the Project Objective and to update the four (4) previously listed non-utility development impact fees, the Red Oak Team will complete the following tasks:

Task 1 – Project initiation and on-going management and quality control.

The Red Oak Team will lead a Project Initiation (PI) meeting with key Town Staff (City Project team) managing this project, to confirm scope of work, roles, responsibilities coordination and project timeline for study tasks and public hearings.

Task 2 – Data Collection, Compilation and Analysis

The RO Team will submit, prior to the Task 1 PI meeting, a preliminary data request for information necessary to update the Town's development impact fees to meet the requirements of ARS §9-463.05.

Task 3 – Incorporate Land Use Assumptions (LUA)

Land use assumptions and annual growth projections will be provided by the Town for up to the next 10 years for residential, multi-family, industrial and commercial land use types included in the Town's general plan. The land use assumptions that will serve as the basis for updating capital facilities and infrastructure needed to serve growth over the next ten years. Red Oak will review the projected growth with Town staff.

Task 4 – Development of Infrastructure Improvement Plan (IIP)

Incorporate land use assumptions and growth projections developed in Task 3 for refinement by Town of timing of capital projects for 10 years developed in Task 2. Projected growth-related projects will be incorporated into the IIP and development impact fee analysis by fee category.

The RO Team will hold separate meetings with Town Staff and Department Directors who have projects that are proposed to be funded by development impact fees; these meetings will be held at the Town offices over a one-day period. During meetings, we will discuss the following:

1. Guidance within ARS §9-463.05 affecting facilities eligible for development impact fee recovery.
2. Existing service level information provided in Task 2.

3. Existing and planned capacity for necessary public service projects by service area developed by Town. Identify the existing EDUs by service area.
4. Future facilities and capital improvement cost estimates provided by the Town and developed by Town or outsourced engineer licensed in the State of Arizona.
5. Projected or anticipated capital funding sources for growth-related facility improvements.
6. Current population and growth projections by land use category developed in Task 3.

Task 5 – Calculation of Development Impact Fees, Funding and Cash Flow Analysis

RO Team will calculate development impact fees based on the recommended approach per fee category and service area in compliance with ARS §9-463.05.

Once preliminary fee calculations are complete, we will review the results with Town Staff to apply modifications to the underlying analysis and prepare recommended fee schedules by fee category and service area, as appropriate.

Task 6 – Stakeholder Meetings

The RO Team will facilitate up to two (2) stakeholder meetings with the development community, associations, citizens and/or Advisory Committee in addition to Public Hearings and Town Council presentations in Task 7.

The purpose of these meetings will be to:

1. Discuss ARS §9-463.05 requirements, and the process and timeline of the study.
2. Receive input at key points throughout the process regarding land use assumptions, facilities, and service area designations.
3. Receive and respond to subsequent input received from stakeholders to review preliminary IIP facilities, land use assumptions and development impact fees by type and service area prior to Public Hearings.

Task 7 – Reports and Presentations

The RO Team will develop separate draft and final IIP and LUAs, and development impact fee reports as part of this study. The development impact fee report will include a discussion of our approach and calculations, land use assumptions and demographic information used, project costs, financing amounts, cash flow analysis and IIP that will be developed according to ARS §9-463.05 requirements.

The RO Team will prepare meeting materials and presentations for up to four (4) Town Council meetings and/or hearings. The anticipated public Town Council meetings are:

1. Public Hearing to adopt the land use assumptions and IIP.
2. Town Council meeting for discussion and adoption of land use assumptions and IIP.
3. Public Hearing to present study report and recommended development impact fee schedules.
4. Town Council meeting for discussion and subsequent adoption of the development impact fees.

The formal deliverables for this study include:

1. Preliminary and subsequent data request.
2. One (1) meeting with the Town Project Team referenced in Task 1.
3. Meetings with Town Staff and Department Directors over a one-day period referenced in Task 4.
4. Two (2) meetings with external stakeholders and/or an Advisory Committee referenced in Task 6.
5. Four (4) public hearings or presentations to Town Council referenced in Task 7.
6. Technical memorandums:
 - a. Current service level standards and existing and projected capacity requirements by fee category and service area developed in Task 4.
 - b. Summary of facility cost estimates and growth-related projects incorporated in development impact fee analysis developed in Task 4.
 - c. Proposed fee schedule by fee category and/or service area developed in Task 5.
7. Survey of up to five (5) comparable communities for development impact fees developed in Task 4
8. Electronic copy of the preliminary and final IIP and land use assumptions developed in Task 7.

9. Electronic copy of the preliminary and final development impact fee report developed in Task 7.

Additional Out of Scope Tasks:

Out of scope tasks include but are not limited to:

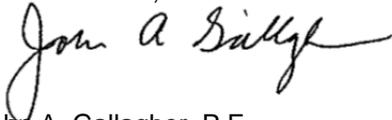
- Detailed land use analysis (LUA), service area evaluation or preparation of a memorandum of land use assumptions (LUA)
- Additional stakeholder or Town Council meetings above the six (6) anticipated in the scope of work; these would include meetings with individual developers, builders, etc.
- Additional iterations of the preliminary IIP and land use assumptions or development impact fee reports; iterations beyond the single "draft-final" process for each report included in Task 7.
- The calculation of development impact fees for necessary public service fee categories other than the four (4) categories listed on page 1 of this document.
- Expert legal advice on ARS§9-463.05 that may be needed from outside the Town legal counsel.
- Development impact fee implementation assistance.

Project Cost and Schedule:

The budget for this project is \$86,800 and we anticipate the project will be completed within 12-months of project initiation for updated fees effective no later than August 1, 2014. Project initiation is anticipated no later than June 2013 in order to meet the August 1, 2014 deadline for full adoption of fees.

Sincerely,

ARCADIS U.S., Inc.



John A. Gallagher, P.E.
Associate Vice President

The terms of this proposal are accepted:

Signature: _____

Title: _____

Date: _____