

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: February 27, 2014**

SUBJECT: Development Impact Fees – Land Use Assumptions (LUA) & Infrastructure Improvements Plan (IIP) Adoption

SUBMITTING DEPARTMENT: Town Manager’s Office

PREPARED BY: Ryan Judy, Deputy Town Manager
Kimberly Moon, Capital Projects Coordinator

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

ATTACHMENTS: a) Land Use Assumptions (LUA), and b) Infrastructure Improvements Plan (IIP)

SUMMARY/BACKGROUND: Development Impact Fees (DIFs) are one-time charges applied to new development in order to alleviate its “impact” on current public infrastructure. The intent is to ensure that “growth pays for growth” and that existing residents are not unduly burdened to pay for new capital improvements 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.

On May 23, 2013, the Town entered into a contract with Red Oak Consulting (Arcadis) to update the Town’s Development Impact Fee Study and complete the necessary reports. After personnel changes at Arcadis, the agreement was reassigned to Raftelis Consulting and they have completed draft reports for the Land Use Assumptions and Infrastructure Improvements Plan. Per the Town’s adoption timeline, these documents were posted to the Town’s website on November 22, 2013 and available for review. A public hearing was held on January 23, 2014 to receive public input on these documents and they are now ready for adoption. These reports enable the Town to enact impact fees, but do not calculate or list the fees. The calculated fees will be reported in a separate document and considered separately after another formal public hearing.

OPTIONS ANALYSIS: Council may adopt the documents as presented, not adopt the documents, or direct staff to make further changes before adoption.

ACTION OPTION: Motion to adopt the attached Infrastructure Improvements Plan (IIP) and Land Use Assumptions (LUA), set a Public Hearing on April 3, 2014 for the Impact Fee Study, and issue a Notice of Intent to adopt fees, **OR** Motion not to adopt these documents and set the required hearing. **VOTE**

RECOMMENDATION: Staff recommends approval of the IIP & LUA, setting the Public Hearing date, and issuing the Notice of Intent to adopt fees.

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 necessary public improvements for the next round of growth, without stifling that growth.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____