

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: May 15, 2014**

**SUBJECT:** Development Impact Fees 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

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**ATTACHMENTS:** a) Resolution No. 1878, b) Development Impact Fee Study

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**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.

As required per the new statute to adopt impact fees, the Town Council approved the Infrastructure Improvements Plan (IIP) and Land Use Assumptions (LUA) on February 27. These two documents serve as the foundation for the development of the impact fee study.

The following table summarizes the current fees and maximum allowable fees per the Town's new study:

	Single Family Home		Multi-Family Home			
Residential	Current Fee	Calculated Fee	Current Fee	Calculated Fee		
Parks & Recreation	\$ 1,716	\$ 1,374	\$ 1,078	\$ 1,190		
Circulation (Streets)	\$ 2,986	\$ 1,784	\$ 1,596	\$ 941		
Library**	\$ 1,589	\$ 1,589	\$ 998	\$ 998		
Police	\$ 443	\$ 449	\$ 279	\$ 389		
	\$ 6,734	\$ 5,196	\$ 3,951	\$ 3,518		
	Retail		Commercial/Office		Industrial	
Non-Residential	Current Fee*	Calculated Fee	Current Fee*	Calculated Fee	Current Fee*	Calculated Fee
Circulation	\$ 1.41	\$ 1.41	\$ 0.66	\$ 0.63	\$ 0.44	\$ 0.44
Parks	\$ -	\$ 0.06	\$ -	\$ 0.06	\$ -	\$ 0.06
Police	\$ 0.03	\$ 0.44	\$ 0.03	\$ 0.44	\$ 0.03	\$ 0.44
	\$ 1.44	\$ 1.91	\$ 0.69	\$ 1.13	\$ 0.47	\$ 0.94
*Non-residential fees were calculated but waived to encourage economic development.						
**Library fee is 'grandfathered' and is not 'calculated'.						

No changes are proposed to the Library fee as this is a “grandfathered” facility per the new statute. The Town will continue to collect these fees at the current rate until the bonds are paid off and any loans made by the General Fund to the Library Impact Fee Fund are repaid.

A public hearing regarding the Draft Impact Fee Study was held on Apr 3, 2014. The calculated fees are the maximum fee to sustain the capital growth specified in the study and would go into effect on Aug 1, 2014.

**OPTIONS ANALYSIS:** The Council may approve the impact fee rates as proposed in Resolution No. 1878, reduce the rates, or not approve the rates. Any reduction must be done uniformly across both residential and non-residential rates. Not approving the rates at this time would create a window in which the Town could not assess impact fee rates until new rates were adopted by the Council, with a 75 day waiting period for the new rates to take effect.

**ACTION OPTION:** Motion to authorize the Mayor (or, in his absence, the Vice-Mayor) to adopt the Development Impact Fee Report dated Feb 13, 2014 and to sign Resolution No. 1878 rescinding existing development impact fees and imposing new fees as required by state statute **OR** Motion not to approve Resolution No. 1878. **VOTE.**

**RECOMMENDATION:** Staff recommends approval of the rates as submitted by the consultant, which is a reduction in fees for residential development. Staff’s preference would be to continue with the waiver of non-residential fees to encourage economic development, but statute does not allow that approach. Not approving these impact fees would force the Town to eliminate many planned capital projects planned due to growth, or defer them to future years with an alternative funding source.

**FISCAL ANALYSIS:** DIFs have played an important role in the Town’s fiscal picture since 1995. It is expected that as Prescott Valley continues to grow, the Town will need to have effective DIFs to fund

necessary public infrastructure, facilities, and equipment for the next round of growth, without stifling that growth.

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved    Denied    Tabled/Deferred    Assigned to \_\_\_\_\_