



# **Development Impact Fee Study Update**

City Council Meeting  
October 15, 2018

# Development Impact Fees

## Agenda

What are impact fees?

How are they calculated?

What are the proposed changes?

How do we compare to other cities?

What are the next steps?



# What are they?

Arizona Revised Statutes §9-463.05

Describes the calculation, adoption, and administration of development impact fees

- One time fees charged to development
- Offset the costs of infrastructure
- Support new construction



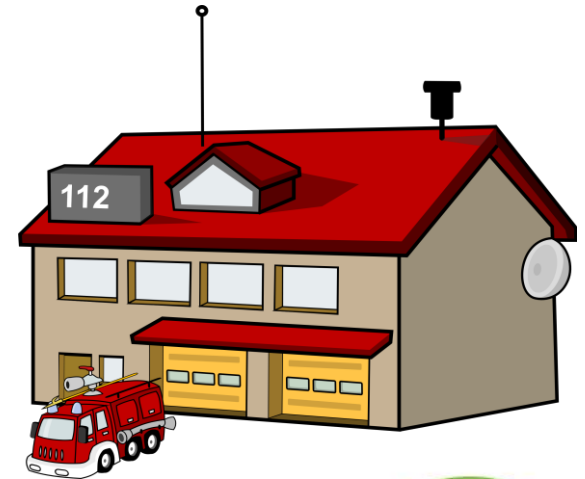
## What are the impacts of growth?

More people, cars, houses, buildings, etc.



## What are the impacts of growth?

We need more parks, roads, water lines, fire stations, etc.



## How are they used?

Necessary public services:

- Fire
- Police
- Library
- Parks and recreation
- Streets
- Water
- Wastewater



# What is eligible?

New facilities or assets

- Construction
  - Acquisition
  - Expansion
- \* Must match current level of service and standards



## What is not eligible?

### Existing facilities or assets

- Repair
- Operations
- Maintenance
- Administration
- Upgrade
- Update
- Correct
- Replace
- Expand





# What are the components of the study?

- Land Use Assumptions (LUA)
- Infrastructure Improvements Plan (IIP)
- Development Fee Report



## Land Use Assumptions (LUA)

- Projections of growth
  - How much?
  - Of what type?
  - Where?



# Infrastructure Improvements Plan (IIP) & Fee Report

- Infrastructure details
  - Descriptions and costs
  - Existing: capacity, usage, and expansion
  - Projected: service units, and demands
  - Allocate to residential, commercial, industrial
- Developed by qualified professionals
- Calculate the fees



# How are the fees calculated?

<b>Planned Fire Station Example</b>	
Cost	\$4,000,000
Capacity (sq. ft.)	10,600
Cost per sq. ft.	\$377
<b>10 year growth projection</b>	
Demand (sq. ft.)	8,316
Share of cost	\$3,138,100
Cost per person	\$160.87
Persons per household	3.18
<b>Fee per household</b>	<b>\$511.57</b>

# Maximum Supportable Fees

## Single Family Residential Example

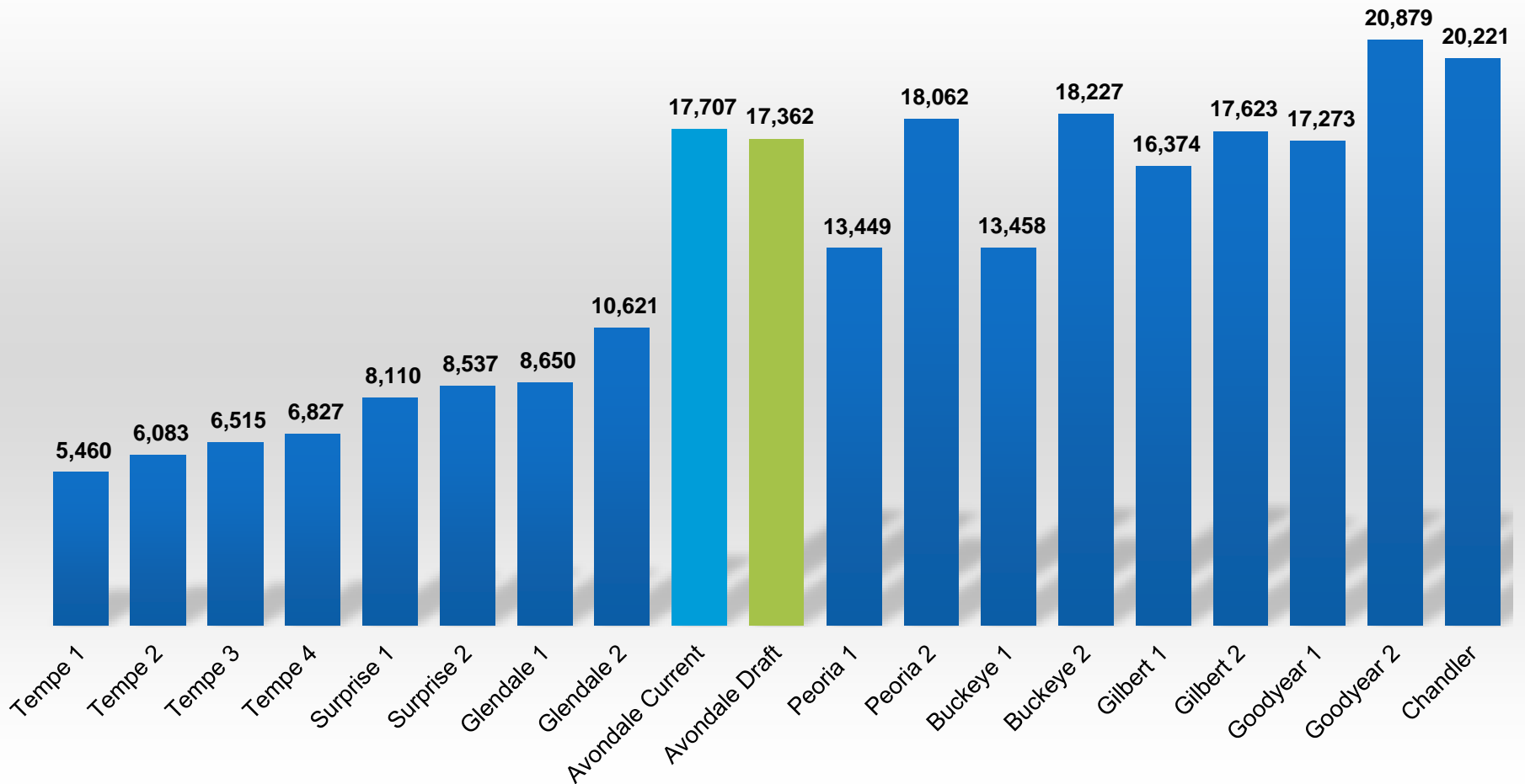
Category	Current	Draft	Increase/ (Decrease)
Fire	\$607	\$775	\$168
General Government	357	0	(357)
Library	179	119	(60)
Parks	796	1,497	701
Police	499	832	333
Streets	2,945	3,171	226
Wastewater	7,673	6,473	(1,200)
Water	4,651	4,495	(156)
<b>Total</b>	<b>\$17,707</b>	<b>\$17,362</b>	<b>\$(345)</b>

# Maximum Supportable Fees

## Big Box Retail (50K sq. ft.) Example

Category	Current	Draft	Increase/ (Decrease)
Fire	\$31,000	\$39,000	\$8,000
General Government	18,500	0	(18,500)
Library	9,000	4,500	(4,500)
Parks	41,000	27,000	(14,000)
Police	25,500	41,500	16,000
Streets	183,000	166,500	(16,500)
Wastewater	49,898	32,179	(8,719)
Water	24,790	27,356	(2,566)
<b>Total</b>	<b>\$373,688</b>	<b>\$338,035</b>	<b>\$(35,653)</b>

## How does Avondale compare?



## Stakeholder Meetings

Four meetings between 8/6 and 9/19

- Representatives from homebuilders
- Presentation and discussion
  - Infrastructure
  - Methodology
  - Draft fees
- Refined the IIP and the Fee Report





## Development Impact Fees

### What are the next steps?

Action	Date
IIP/LUA public notice and release	Nov 2018
IIP public hearing	Jan 2019
IIP adoption	Feb 2019
Fee public hearing	Apr 2019
Fee adoption	May 2019
Fees effective	Aug 2019

IIP: Infrastructure Improvements Plan

LUA: Land Use Assumptions





# **Development Impact Fee Study Update**

Questions/Comments?