

TOWN OF PARADISE VALLEY, ARIZONA

SEPTEMBER 8, 2016

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Walker Consulting

PRESENTATION CONTENTS

- Introduction
- Review purpose of study
- Overview of impact fees
- Study assumptions
- Proposed impact fees
- Next steps



Purpose of the Impact Fee Study

- Update Town's sewer impact fee to:
 - Recognize the impact new development places on the system
 - Ensure growth is paying it's proportionate share of costs
 - Provide funding for ongoing growth-related costs



Impact Fees

- One-time payments
- Reflect the demands and costs created by new development for additional utility capacity
- Will be used to fund outstanding debt service and applicable infrastructure capacity that will benefit new development as well as make system overall more robust
- Must be a rational nexus between the amount of the fee and the cost to serve new development
- Policy; Growth pays for Growth

Impact Fee Methodologies

Each component of each utility system is evaluated

What is the best measure of the demand created by new development for additional infrastructure capacity? 3 methodologies considered:

Buy-in

 Existing infrastructure which has capacity available for new development

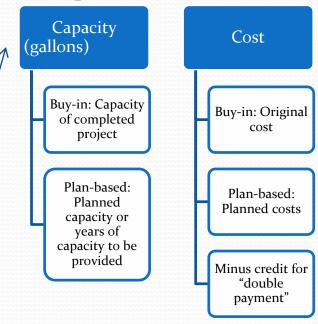
Plan based

 Planned projects which add capacity to serve new development

Hybrid

Combination of buy-in and plan based methodologies

Planned projects which are for routine maintenance and replacement or are to serve only existing development are not eligible for capacity fee funding and are included in the rates.



Cost/capacity (gallons) = cost per gallon

- Gallons consumed per residential connection multiplied by
- Total cost per gallon for capacity multiplied by
- Capacity ratio for different size and type of water meter equals
- Capacity fee by size and type of water meter

5

PRIMARY ASSUMPTIONS

- Yearly growth factors:
 - Average annual customer growth of 4.45%
 - Annual addition of 18 vacant lots within 300 ft of an existing pipe
 - Annual addition of 10 septic lots within 300 ft of an existing pipe
 - Annual addition of 20 septic lots further than 300 ft from an existing pipe
 - Ritz Carlton development assumes: 85,500 average day gallons (gpd) and includes 161 residential units (32 per year beginning in 2019)



SEWER IMPACT FEES

| Meter Size | Current | Proposed |
|-------------------------|---------|----------|
| 1-inch or less | \$6,541 | \$7,847 |
| 1.5-inch | 13,083 | 15,963 |
| 2 –inch | 20,932 | 25,109 |
| 3-inch | 41,865 | 50,218 |
| 4-inch (compound meter) | 65,415 | 78,466 |
| 4-inch (turbine meter) | 78,498 | 94,159 |
| 6-inch (compound meter) | 130,831 | 156,932 |
| 6-inch (turbine meter) | 163,539 | 196,165 |
| 8-inch meter | 209,329 | 251,091 |



NEXT STEPS

- Publication of IIP and Land Use Assumptions must be 60 days before Public Hearing on them
- Must have approval/disapproval within 60 days of hearing, and at least 30 days before 2nd public hearing
- Issue public notice and publishes fee schedule with written report on land use assumptions/IIP 30 days before 2nd public hearing



NEXT STEPS CONTINUED

- Must approve/disapprove fees 30 days after 2nd public hearing
- Fees become effective 75 days after formal approval
- All publications must be published on municipal website
- Annual report due 90 days after the end of the fiscal year



Impact Fee Calendar

| | Task | Date |
|---|---|---------------------|
| 1 | IIP/LUA Reviewed with Town Council | June 9, 2016* |
| 2 | IIP/LUA Published with Public Notice of Public Hearing | June 10,2016 |
| 3 | IIP/LUA Public Hearing (At Least 60 days after published or after August 8,2016) | September, 8, 2016* |
| 4 | IIP/LUA Approved /Disapproved (At least 30 days after Public Hearing but before 60 days) & Notice of PH to Assess Dev. Fees | October 13, 2016* |
| 5 | Fee Study Public Hearing (At least 30 days after Notice of Hearing) For Fee Study | November 17, 2016* |
| 6 | Approve Impact Fee Ordinance (At least 30 days after but before 60 day of Public hearing) | January 12, 2017* |
| 7 | Impact Fee Effective Date (75 days after Resolution to Approve Fee is (March 27, 2017) | April 1, 2017* |

^{*} Town Council Meeting



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QUESTIONS & DISCUSSION