



TOWN OF PARADISE VALLEY, ARIZONA

IMPACT FEE STUDY

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- Review purpose of study
- Overview of impact fees
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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.

Capacity (gallons)

Buy-in: Capacity of completed project

Plan-based: Planned capacity or years of capacity to be provided

Cost

Buy-in: Original cost

Plan-based: Planned costs

Minus credit for "double payment"

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

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



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QUESTIONS & DISCUSSION