



# TOWN OF PARADISE VALLEY, ARIZONA

## IMPACT FEE STUDY JUNE 9, 2016

*Presented by Kevin Burnett*



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- Introduction
- 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

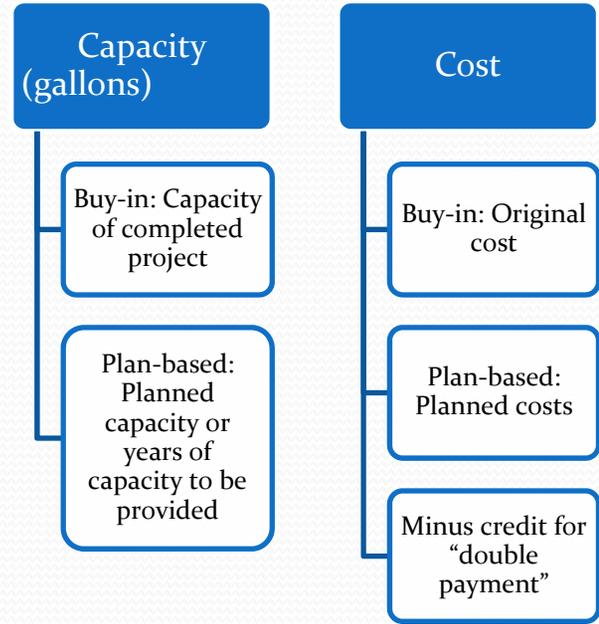
# Impact Fee Methodologies

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.*



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 2<sup>nd</sup> public hearing
- Issue public notice and publishes fee schedule with written report on land use assumptions/IIP 30 days before 2<sup>nd</sup> public hearing

# NEXT STEPS CONTINUED

- Must approve/disapprove fees 30 days after 2<sup>nd</sup> 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