

*Work session related to Development Impact Fees*

1. Why the item is necessary:  
Development Impact Fees are one-time charges that the City could impose on new development projects to help pay for the costs of certain public infrastructure. If there is a desire to implement these fees staff will need to modify many of the current and proposed rates/fees to ensure that the City does not create a scenario where the developers are being taxed twice. For instance, modifications to the proposed utility rate study underway will need to be made. The rate study will be presented to the Council for review and ultimate action in February.
2. How the item benefits the City:  
Development Impact fees can help pay for the costs of certain public infrastructure and discourage unwanted development. The presentation will help to understand if the benefits outweigh the costs of implementing these fees.
3. How it impacts residents:  
These fees are intended to ensure the City maintains its current levels of service. Approving these fees would require development to contribute towards maintaining a level of service before the development occurs. These fees allow the City to aggregate funds for larger-scale projects. The downside is that the City is responsible for the improvements regardless of how much is collected in fees unless the funds are returned to the developer. Currently, the City requires the developer to make all necessary infrastructure improvements.
4. Statutory requirements or Code provisions involved:  
Arizona Revised Statutes (ARS) 9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitation on actions; definitions - provides a lengthy and comprehensive outline regarding how, when, why, and for what these fees can address.
5. Why the item is critical or time-sensitive:  
The utility rate study contains capital items that would likely be part of the impact fees. To ensure the rate study is accurate, it is necessary to determine how to fund these costs. In addition, the process to implement these fees is lengthy and expensive. Identifying whether to start the process now or next budget year is imperative to ensure that we properly budget for the study.