



Development Fees

January 7, 2020





Development Fees

Background

- A Development Fee (aka Impact Fee) is a fee that is imposed by a local government on a new or proposed development project to pay for all or a portion of the costs of providing public services to the new development.
- Flagstaff adopted Police and Fire (Public Safety) development fees in 2008.
- The City of Flagstaff collects Public Safety impact fees to assist in purchasing capital items that are a result of growth.



Development Fees



Types of Public Services

- Water facilities
- Wastewater facilities
- Stormwater, drainage and flood control facilities
- Library facilities
- Street facilities
- Fire and Police facilities
- Neighborhood parks and recreational facilities



Development Fees

History

- In **2005** the City hired TischlerBise to complete a study for a development fee program. The study examined the City's future needs related to Library, Parks & Recreation, Open Space and Trails, Police, Fire, Public Works, General Government, and Transportation (allowable costs at the time the report was completed).
- The study concluded that for a single-family home, the cost of providing all needed facilities would be approximately **\$15,199**.



Development Fees

Breakdown of Proposed Fees in 2005

- Library \$896
- Parks & Recreation \$5,590
- Open Space and Trails \$587
- Police \$261
- Fire \$444
- Public Works \$1,195
- General Government \$353
- Transportation \$5872



Development Fees



Advantages

- Development fees are an organized, predictable method of paying for facilities and services need to support new developments.
- Developers know their costs upfront.
- City receives funds to support the expansion of facilities and services to support new growth.



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Disadvantages

- City is required to construct all necessary improvements required to mitigate development.
- May require financing to front the construction cost as fees are collected over time.
- Required improvements might not be in place at the time a new development project opens.



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Current Method – Exactions (Excluding Public Safety)

- The City and Developer negotiate the developer's contribution to facilities critical to support proposed development based on an impact analysis.
- These obligations are often required as a condition of the development approval process or in a Development Agreement.
- Items such as vehicles and equipment are often not included in this method.
- May be a fee or may be the construction of an improvement.

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- Staff is looking to receive Council direction on the use of Development Fees for programs other than Public Safety.
 - In order to pursue additional Development Fees a new Infrastructure Improvement Plan would need to be developed (\$30,000 budgeted).
 - Staff can maintain the status quo and continue to use the exaction process on each individual development to address the impacts of growth.

