

**NOTICE OF MEETING OF THE INFRASTRUCTURE IMPROVEMENTS ADVISORY COMMITTEE OF THE CITY OF SAN LUIS ARIZONA**

In accordance with section 38-431.01 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the Members of The Infrastructure Improvements Advisory Committee of the City of San Luis and to the general public that the Board Members of The Infrastructure Improvements Advisory Committee of the City of San Luis will hold a **Regular Meeting on Thursday, January 11, 2017 at 5:30 p.m.** The meeting will take place at City Hall in **Council Chambers**, located at 1090 E. Union Street, San Luis, Arizona, 85349. Everyone from the public is invited to attend the open meeting.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to, or treatment of employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities or services contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Notice is hereby given that pursuant to A.R.S. §1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 have been waived.

**THIS NOTICE IS APPROVED BY:**

/s/ Kay M. Macuil, Attorney for The Infrastructure Improvements Advisory Committee of the City of San Luis

**AVISO DE JUNTA DE LA CORPORACIÓN**

De acuerdo con los Estatutos del Estado de Arizona "A.R.S § 38-431.01", se le informa a los miembros de la Corporación The Infrastructure Improvements Advisory Committee of the City of San Luis y al público en general que los miembros de la Corporación. The Infrastructure Improvements Advisory Committee of the City of San Luis tendrán una **Junta Regular el día Jueves 11 de Enero del 2018 a las 5:30 p.m.** La junta se llevará a cabo en el **Salón Del Cabildo** ubicada en el 1090 E. Union Street, San Luis, Arizona 85349. El público está cordialmente invitado a la junta.

De acuerdo con el Acta de Americanos con Discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis, Arizona no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para más información referente a derechos y provisiones del Acta de Americanos con Discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la Ciudad, contactar al: Coordinador del Acta de Americanos con Discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, Arizona, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Por medio de este aviso y de acuerdo con los Estatutos del Estado de Arizona "A.R.S § 1-602.A.9", sujeto a ciertas excepciones reglamentarias, los padres de familia tienen el derecho de dar el consentimiento ante el Estado o cualquiera de sus subdivisiones políticas para hacer una grabación de audio o video de su hijo menor de edad. Las juntas del Cabildo se graban en audio y/o video y como resultado, el hecho de que haya menores presentes puede ser sujeto a que sean grabados. Para que los padres de familia puedan ejercer sus derechos pueden dar el consentimiento por escrito con la Secretaria de la Ciudad a tal grabación, o tomar acción personal para asegurarse que su hijo menor no esté presente cuando la grabación se lleve a cabo. Si un menor de edad está presente en el momento de la grabación, la Ciudad asumirá que los padres de familia están cediendo los derechos sobre una posible grabación de acuerdo con los Estatutos del Estado de Arizona "A.R.S. §1-602.A.9."

**ESTE AVISO ES APROBADO POR:**

/f/ Kay M. Macuil, Abogada de Infrastructure Improvements Advisory Committee of the City of San Luis

**AGENDA**  
**INFRASTRUCTURE IMPROVEMENTS ADVISORY COMMITTEE**  
**OF THE CITY OF SAN LUIS, ARIZONA**  
**San Luis Council Chambers**  
**1090 E. Union Street**  
**San Luis, Arizona 85349**  
**JANUARY 11, 2018**  
**5:30 p.m.**

PLEASE TAKE NOTICE THAT BOARD MEMBERS MAY ATTEND THE MEETING BY TELEPHONIC COMMUNICATION

PLEASE TAKE NOTICE: *The Chair or Acting Chair may change the order of the items.*

PLEASE TAKE NOTICE: *If authorized by law and by a majority vote of a present quorum of the Board of Directors, an executive session will be held immediately following the vote in accordance with A.R.S. §38-431.03(A) and the meeting will be temporarily recessed while the Board retires to executive session which will not be open to the public.*

1. **CALL TO ORDER/ROLL CALL**
2. **DISCUSSION AND POSSIBLE ACTION ITEMS:**
  2. A. Election of officers for the Infrastructure Improvement Committee (**Kay Marion Macuil, Corporation Attorney**)
  2. B. Oath and Swearing-in of office for officers and members to serve on the Infrastructure Improvement Advisory Committee to be officiated by **Janet Taylor, Notary Public and Clerk for the Committee.**
  2. C. Introductory presentation by City Attorney's Office regarding the role and duties of the Committee and the statutory scheme regarding development fees as contained at A.R.S. §9-463.05. (**City Attorney Kay Marion Macuil and Assistant City Attorney Glenn J. Gimbut**)
3. **EXECUTIVE SESSION**  
**MOTION TO HOLD AN EXECUTIVE SESSION PURSUANT TO A.R.S. §§38-431.03(A)(3)**

Discussion and possible action to hold an Executive Session pursuant to the authority of A.R.S. §38-431.03(A) subsection (3) for discussion or consultation for legal advice with the attorney or attorneys of the San Luis City Attorney's Office regarding the advisory role and duties of the Committee, and the provisions of A.R.S. §9-463.05; and the statutory scheme for imposition, collection, and expenditure fees. (**Kay Marion Macuil, City Attorney and Assistant City Attorney Glenn J. Gimbut**)
4. **MOTION TO GO BACK INTO REGULAR SESSION**
5. Discussion and possible action on any and all matters regarding adoption of Committee Reports. (**Kay Marion Macuil, City Attorney and Glenn J. Gimbut, Assistant City Attorney**)

6. Discussion and possible action on any and all matters regarding scheduling of future meetings. **(Kay Marion Macuil, City Attorney)**

7. **ADJOURNMENT**

*Suggested adjournment by President: "Since we have come to the end of the items on the agenda and there is no further business, the meeting is adjourned."*

**Infrastructure Improvements Advisory Committee**

**2.A.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Janet Taylor, Legal Secretary, Attorney's Office

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**ITEM:**

Election of officers for the Infrastructure Improvement Committee (**Kay Marion Macuil, Corporation Attorney**)

**SUMMARY:**

This agenda item is for the Improvement Advisory Committee to elect its officers, specifically the Chair, Vice Chair and Secretary. The Committee serves to review land use assumptions and infrastructure improvements plan, and development fees and make recommendations to City Council. There is no set term for the members of this Committee. Members serve at the pleasure of City Council.

The Chair conducts the meetings of the Committee in an orderly manner, the Vice Chair serves the same duties in the Chair's absence, The Secretary serves the same duties if both the Chair and Vice Chair are absent. All three officers are authorized to sign official recommendations and reports of the Committee. The Secretary may be called upon to witness the signing of such documents by the Chair or Vice Chair. (The City will provide a clerk to coordinate the Agenda for the Committee's meetings and take the minutes. The City Attorney's Legal Secretary Janet Taylor is serving as clerk to the Committee).

At the Regular Council Meeting of October 11, 2017, Council appointed the Infrastructure Improvement Advisory Committee for the City of San Luis under A.R.S. §9-463.05(G). Council appointed the following people to serve on the committee:

Gary Black, Guillermina Fuentes and Agustin Tumbaga, Jr. (Home Builders & Developers);  
Shelley Ostrowski (Realtor) and  
James Davey (Engineer).

**RECOMMENDATION / SUGGESTED MOTION:**

- 1. I MOVE TO NOMINATE AND ELECT \_\_\_\_\_ CHAIR.**
  - 2. I MOVE TO NOMINATE AND ELECT \_\_\_\_\_ VICE CHAIR.**
  - 3. I MOVE TO NOMINATE AND ELECT \_\_\_\_\_ SECRETARY.**
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**Infrastructure Improvements Advisory Committee**

**2.B.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Janet Taylor, Legal Secretary, Attorney's Office

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**ITEM:**

Oath and Swearing-in of office for officers and members to serve on the Infrastructure Improvement Advisory Committee to be officiated by **Janet Taylor, Notary Public and Clerk for the Committee.**

**SUMMARY:**

Oath and Swearing-in of office.

**RECOMMENDATION / SUGGESTED MOTION:**

Oath and Swearing-in of office only, no motion.

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**Infrastructure Improvements Advisory Committee**

**2.C.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Kay Macuil, City Attorney, Attorney's Office

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**ITEM:**

Introductory presentation by City Attorney's Office regarding the role and duties of the Committee and the statutory scheme regarding development fees as contained at A.R.S. §9-463.05. **(City Attorney Kay Marion Macuil and Assistant City Attorney Glenn J. Gimbut)**

**SUMMARY:**

The introductory presentation by the City Attorney's Office will explain the role and duty of the Infrastructure Improvement Advisory Committee. The role and duties are defined by the attached Arizona statute A.R.S. 9-463.05 and San Luis City Code Sections 150.040 through 150.055. In May of 2014, San Luis City Council adopted the latest Development Fees by the attached San Luis Resolution No. 1057 which was based on the May 2014 Land Use Assumptions, Infrastructure Improvement Plan, and Development also attached.

**RECOMMENDATION / SUGGESTED MOTION:**

Introductory presentation, discussion only, no motion.

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**Attachments**

ARS 9-463-05

City Code on Dev. Impact Fees

City Resolution 1057

Land Use Assumptions

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Arizona Revised Statutes Annotated

Title 9. Cities and Towns

Chapter 4. General Powers

Article 6.2. Municipal Subdivision Regulations (Refs & Annos)

A.R.S. § 9-463.05

§ 9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitation on actions; definitions

Effective: January 1, 2012

[Currentness](#)

**A.** A municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan.

**B.** Development fees assessed by a municipality under this section are subject to the following requirements:

1. Development fees shall result in a beneficial use to the development.
2. The municipality shall calculate the development fee based on the infrastructure improvements plan adopted pursuant to this section.
3. The development fee shall not exceed a proportionate share of the cost of necessary public services, based on service units, needed to provide necessary public services to the development.
4. Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area.
5. Development fees may not be used for any of the following:
  - (a) Construction, acquisition or expansion of public facilities or assets other than necessary public services or facility expansions identified in the infrastructure improvements plan.

- (b) Repair, operation or maintenance of existing or new necessary public services or facility expansions.
- (c) Upgrading, updating, expanding, correcting or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.
- (d) Upgrading, updating, expanding, correcting or replacing existing necessary public services to provide a higher level of service to existing development.
- (e) Administrative, maintenance or operating costs of the municipality.

6. Any development for which a development fee has been paid is entitled to the use and benefit of the services for which the fee was imposed and is entitled to receive immediate service from any existing facility with available capacity to serve the new service units if the available capacity has not been reserved or pledged in connection with the construction or financing of the facility.

7. Development fees may be collected if any of the following occurs:

- (a) The collection is made to pay for a necessary public service or facility expansion that is identified in the infrastructure improvements plan and the municipality plans to complete construction and to have the service available within the time period established in the infrastructure improvement plan, but in no event longer than the time period provided in subsection H, paragraph 3 of this section.
- (b) The municipality reserves in the infrastructure improvements plan adopted pursuant to this section or otherwise agrees to reserve capacity to serve future development.
- (c) The municipality requires or agrees to allow the owner of a development to construct or finance the necessary public service or facility expansion and any of the following apply:
  - (i) The costs incurred or money advanced are credited against or reimbursed from the development fees otherwise due from a development.
  - (ii) The municipality reimburses the owner for those costs from the development fees paid from all developments that will use those necessary public services or facility expansions.

(iii) For those costs incurred the municipality allows the owner to assign the credits or reimbursement rights from the development fees otherwise due from a development to other developments for the same category of necessary public services in the same service area.

8. Projected interest charges and other finance costs may be included in determining the amount of development fees only if the monies are used for the payment of principal and interest on the portion of the bonds, notes or other obligations issued to finance construction of necessary public services or facility expansions identified in the infrastructure improvements plan.

9. Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.

10. The schedule for payment of fees shall be provided by the municipality. Based on the cost identified in the infrastructure improvements plan, the municipality shall provide a credit toward the payment of a development fee for the required or agreed to dedication of public sites, improvements and other necessary public services or facility expansions included in the infrastructure improvements plan and for which a development fee is assessed, to the extent the public sites, improvements and necessary public services or facility expansions are provided by the developer. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued, or at a later time if specified in a development agreement pursuant to § 9-500.05. If a development agreement provides for fees to be paid at a time later than the issuance of construction permits, the deferred fees shall be paid no later than fifteen days after the issuance of a certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.

11. If a municipality requires as a condition of development approval the construction or improvement of, contributions to or dedication of any facilities that were not included in a previously adopted infrastructure improvements plan, the municipality shall cause the infrastructure improvements plan to be amended to include the facilities and shall provide a credit toward the payment of a development fee for the construction, improvement, contribution or dedication of the facilities to the extent that the facilities will substitute for or otherwise reduce the need for other similar facilities in the infrastructure improvements plan for which development fees were assessed.

12. The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.

13. If development fees are assessed by a municipality, the fees shall be assessed against commercial, residential and industrial development, except that the municipality may distinguish between different categories of residential, commercial and industrial development in assessing the costs to the municipality of providing necessary public services to new development and in determining the amount of the development fee applicable to the category of development. If a municipality agrees to waive any of the development fees assessed on a development, the municipality shall reimburse the appropriate development fee accounts for the amount that was waived. The municipality shall provide notice of any such waiver to the advisory committee established pursuant to subsection G of this section within thirty days.

14. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6,<sup>1</sup> the municipality shall take into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

**C.** A municipality shall give at least thirty days' advance notice of intention to assess a development fee and shall release to the public and post on its website or the website of an association of cities and towns if a municipality does not have a website a written report of the land use assumptions and infrastructure improvements plan adopted pursuant to subsection D of this section. The municipality shall conduct a public hearing on the proposed development fee at any time after the expiration of the thirty day notice of intention to assess a development fee and at least thirty days before the scheduled date of adoption of the fee by the governing body. Within sixty days after the date of the public hearing on the proposed development fee, a municipality shall approve or disapprove the imposition of the development fee. A municipality shall not adopt an ordinance, order or resolution approving a development fee as an emergency measure. A development fee assessed pursuant to this section shall not be effective until seventy-five days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted before July 24, 1982.

**D.** Before the adoption or amendment of a development fee, the governing body of the municipality shall adopt or update the land use assumptions and infrastructure improvements plan for the designated service area. The municipality shall conduct a public hearing on the land use assumptions and infrastructure improvements plan at least thirty days before the adoption or update of the plan. The municipality shall release the plan to the public, post the plan on its website or the website of an association of cities and towns if the municipality does not have a website, including in the posting its land use assumptions, the time period of the projections, a description of the necessary public services included in the infrastructure improvements plan and a map of the service area to which the land use assumptions apply, make available to the public the documents used to prepare the assumptions and plan and provide public notice at least sixty days before the public hearing, subject to the following:

1. The land use assumptions and infrastructure improvements plan shall be approved or disapproved within sixty days after the public hearing on the land use assumptions and infrastructure improvements plan and at least thirty days before the public hearing on the report required by subsection C of this section. A municipality shall not adopt an ordinance, order or resolution approving the land use assumptions or infrastructure improvements plan as an emergency measure.

2. An infrastructure improvements plan shall be developed by qualified professionals using generally accepted engineering and planning practices pursuant to subsection E of this section.

3. A municipality shall update the land use assumptions and infrastructure improvements plan at least every five years. The initial five year period begins on the day the infrastructure improvements plan is adopted. The municipality shall review and evaluate its current land use assumptions and shall cause an update of the infrastructure improvements plan to be prepared pursuant to this section.

4. Within sixty days after completion of the updated land use assumptions and infrastructure improvements plan, the municipality shall schedule and provide notice of a public hearing to discuss and review the update and shall determine whether to amend the assumptions and plan.

5. A municipality shall hold a public hearing to discuss the proposed amendments to the land use assumptions, the infrastructure improvements plan or the development fee. The land use assumptions and the infrastructure improvements plan, including the amount of any proposed changes to the development fee per service unit, shall be made available to the public on or before the date of the first publication of the notice of the hearing on the amendments.

6. The notice and hearing procedures prescribed in paragraph 1 of this subsection apply to a hearing on the amendment of land use assumptions, an infrastructure improvements plan or a development fee. Within sixty days after the date of the public hearing on the amendments, a municipality shall approve or disapprove the amendments to the land use assumptions, infrastructure improvements plan or development fee. A municipality shall not adopt an ordinance, order or resolution approving the amended land use assumptions, infrastructure improvements plan or development fee as an emergency measure.

7. The advisory committee established under subsection G of this section shall file its written comments on any proposed or updated land use assumptions, infrastructure improvements plan and development fees before the fifth business day before the date of the public hearing on the proposed or updated assumptions, plan and fees.

8. If, at the time an update as prescribed in paragraph 3 of this subsection is required, the municipality determines that no changes to the land use assumptions, infrastructure improvements plan or development fees are needed, the municipality may as an alternative to the updating requirements of this subsection publish notice of its determination on its website and include the following:

(a) A statement that the municipality has determined that no change to the land use assumptions, infrastructure improvements plan or development fee is necessary.

(b) A description and map of the service area in which an update has been determined to be unnecessary.

(c) A statement that by a specified date, which shall be at least sixty days after the date of publication of the first notice, a person may make a written request to the municipality requesting that the land use assumptions, infrastructure improvements plan or development fee be updated.

(d) A statement identifying the person or entity to whom the written request for an update should be sent.

9. If, by the date specified pursuant to paragraph 8 of this subsection, a person requests in writing that the land use assumptions, infrastructure improvements plan or development fee be updated, the municipality shall cause, accept or reject an update of the assumptions and plan to be prepared pursuant to this subsection.

10. Notwithstanding the notice and hearing requirements for adoption of an infrastructure improvements plan, a municipality may amend an infrastructure improvements plan adopted pursuant to this section without a public hearing if the amendment addresses only elements of necessary public services in the existing infrastructure improvements plan and the changes to the plan will not, individually or cumulatively with other amendments adopted pursuant to this subsection, increase the level of service in the service area or cause a development fee increase of greater than five per cent when a new or modified development fee is assessed pursuant to this section. The municipality shall provide notice of any such amendment at least thirty days before adoption, shall post the amendment on its website or on the website of an association of cities and towns if the municipality does not have a website and shall provide notice to the advisory committee established pursuant to subsection G of this section that the amendment complies with this subsection.

**E.** For each necessary public service that is the subject of a development fee, the infrastructure improvements plan shall include:

1. A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.

2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.

3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.

4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.

5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.

6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.

7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.

**F.** A municipality's development fee ordinance shall provide that a new development fee or an increased portion of a modified development fee shall not be assessed against a development for twenty-four months after the date that the municipality issues the final approval for a commercial, industrial or multifamily development or the date that the first building permit is issued for a residential development pursuant to an approved site plan or subdivision plat, provided that no subsequent changes are made to the approved site plan or subdivision plat that would increase the number of service units. If the number of service units increases, the new or increased portion of a modified development fee shall be limited to the amount attributable to the additional service units. The twenty-four month period shall not be extended by a renewal or amendment of the site plan or the final subdivision plat that was the subject of the final approval. The municipality shall issue, on request, a written statement of the development fee schedule applicable to the development. If, after the date of the municipality's final approval of a development, the municipality reduces the development fee assessed on development, the reduced fee shall apply to the development.

**G.** A municipality shall do one of the following:

1. Before the adoption of proposed or updated land use assumptions, infrastructure improvements plan and development fees as prescribed in subsection D of this section, the municipality shall appoint an infrastructure improvements advisory committee, subject to the following requirements:

(a) The advisory committee shall be composed of at least five members who are appointed by the governing body of the municipality. At least fifty per cent of the members of the advisory committee must be representatives of the real estate, development or building industries, of which at least one member of the committee must be from the home building industry. Members shall not be employees or officials of the municipality.

(b) The advisory committee shall serve in an advisory capacity and shall:

(i) Advise the municipality in adopting land use assumptions and in determining whether the assumptions are in conformance with the general plan of the municipality.

(ii) Review the infrastructure improvements plan and file written comments.

(iii) Monitor and evaluate implementation of the infrastructure improvements plan.

(iv) Every year file reports with respect to the progress of the infrastructure improvements plan and the collection and expenditures of development fees and report to the municipality any perceived inequities in implementing the plan or imposing the development fee.

(v) Advise the municipality of the need to update or revise the land use assumptions, infrastructure improvements plan and development fee.

(c) The municipality shall make available to the advisory committee any professional reports with respect to developing and implementing the infrastructure improvements plan.

(d) The municipality shall adopt procedural rules for the advisory committee to follow in carrying out the committee's duties.

2. In lieu of creating an advisory committee pursuant to paragraph 1 of this subsection, provide for a biennial certified audit of the municipality's land use assumptions, infrastructure improvements plan and development fees. An audit pursuant to this paragraph shall be conducted by one or more qualified professionals who are not employees or officials of the municipality and who did not prepare the infrastructure improvements plan. The audit shall review the progress of the infrastructure improvements plan, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fee. The municipality shall post the findings of the audit on the municipality's website or the website of an association of cities and towns if the municipality does not have a website and shall conduct a public hearing on the audit within sixty days of the release of the audit to the public.

**H.** On written request, an owner of real property for which a development fee has been paid after July 31, 2014 is entitled to a refund of a development fee or any part of a development fee if:

1. Pursuant to subsection B, paragraph 6 of this section, existing facilities are available and service is not provided.

2. The municipality has, after collecting the fee to construct a facility when service is not available, failed to complete construction within the time period identified in the infrastructure improvements plan, but in no event later than the time period specified in paragraph 3 of this subsection.

3. For a development fee other than a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within ten years after the fee has been paid or, for a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within fifteen years after the fee has been paid.

**I.** If the development fee was collected for the construction of all or a portion of a specific item of infrastructure, and on completion of the infrastructure the municipality determines that the actual cost of construction was less than the forecasted cost of construction on which the development fee was based and the difference between the actual and estimated cost is greater than ten per cent, the current owner may receive a refund of the portion of the development fee equal to the difference between the development fee paid and the development fee that would have been due if the development fee had been calculated at the actual construction cost.

**J.** A refund shall include any interest earned by the municipality from the date of collection to the date of refund on the amount of the refunded fee. All refunds shall be made to the record owner of the property at the time the refund is paid. If the development fee is paid by a governmental entity, the refund shall be paid to the governmental entity.

**K.** A development fee that was adopted before January 1, 2012 may continue to be assessed only to the extent that it will be used to provide a necessary public service for which development fees can be assessed pursuant to this section and shall be replaced by a development fee imposed under this section on or before August 1, 2014. Any municipality having a development fee that has not been replaced under this section on or before August 1, 2014 shall not collect development fees until the development fee has been replaced with a fee that complies with this section. Any development fee monies collected before January 1, 2012 remaining in a development fee account:

1. Shall be used towards the same category of necessary public services as authorized by this section.

2. If development fees were collected for a purpose not authorized by this section, shall be used for the purpose for which they were collected on or before January 1, 2020, and after which, if not spent, shall be distributed equally among the categories of necessary public services authorized by this section.

**L.** A moratorium shall not be placed on development for the sole purpose of awaiting completion of all or any part of the process necessary to develop, adopt or update development fees.

**M.** In any judicial action interpreting this section, all powers conferred on municipal governments in this section shall be narrowly construed to ensure that development fees are not used to impose on new residents a burden all taxpayers of a municipality should bear equally.

**N.** Each municipality that assesses development fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development fee.

2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.

3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.

4. The amount of development fee monies used to repay:

(a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment, including the amount needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid.

(b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality.

5. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.

6. The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

**O.** Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

**P.** A municipality that fails to file the report and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website as required by this section shall not collect development fees until the report is filed and posted.

**Q.** Any action to collect a development fee shall be commenced within two years after the obligation to pay the fee accrues.

**R.** A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
  
2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

**S.** Through August 1, 2014, a development fee adopted before January 1, 2012 may be used to finance construction of a facility and may be pledged to repay debt service obligations if:

1. The facility that is being financed is a facility that is described under subsection T, paragraph 7, subdivisions (a) through (g) of this section.
  
2. The facility was included in an infrastructure improvements plan adopted before June 1, 2011.
  
3. The development fees are used for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued to finance construction of the necessary public services or facility expansions identified in the infrastructure improvement plan.

**T.** For the purposes of this section:

1. "Dedication" means the actual conveyance date or the date an improvement, facility or real or personal property is placed into service, whichever occurs first.
  
2. "Development" means:
  - (a) The subdivision of land.
  
  - (b) The construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure that adds or increases the number of service units.
  
  - (c) Any use or extension of the use of land that increases the number of service units.

3. "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise new necessary public service in order that the existing facility may serve new development. Facility expansion does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development.

4. "Final approval" means:

(a) For a nonresidential or multifamily development, the approval of a site plan or, if no site plan is submitted for the development, the approval of a final subdivision plat.

(b) For a single family residential development, the approval of a final subdivision plat.

5. "Infrastructure improvements plan" means a written plan that identifies each necessary public service or facility expansion that is proposed to be the subject of a development fee and otherwise complies with the requirements of this section, and may be the municipality's capital improvements plan.

6. "Land use assumptions" means projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the general plan of the municipality.

7. "Necessary public service" means any of the following facilities that have a life expectancy of three or more years and that are owned and operated by or on behalf of the municipality:

(a) Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.

(b) Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.

(c) Storm water, drainage and flood control facilities, including any appurtenances for those facilities.

(d) Library facilities of up to ten thousand square feet that provide a direct benefit to development, not including equipment, vehicles or appurtenances.

(e) Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an

officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.

(f) Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.

(g) Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.

(h) Any facility that was financed and that meets all of the requirements prescribed in subsection R of this section.

8. “Qualified professional” means a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education or experience.

9. “Service area” means any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan.

10. “Service unit” means a standardized measure of consumption, use, generation or discharge attributable to an individual unit of development calculated pursuant to generally accepted engineering or planning standards for a particular category of necessary public services or facility expansions.

### Credits

Added by Laws 1982, Ch. 187, § 2. Amended by Laws 1988, Ch. 320, § 1; Laws 1991, Ch. 273, § 1; Laws 2001, Ch. 378, § 1; Laws 2005, Ch. 215, § 1; Laws 2007, Ch. 136, § 1; Laws 2009, 3rd S.S., Ch. 7, § 5, eff. Jan. 1, 2010; Laws 2011, Ch. 243, § 1, eff. Jan. 1, 2012.

### Footnotes

<sup>1</sup>  
Section 48-701 et seq.

**§ 9-463.05. Development fees; imposition by cities and towns;..., AZ ST § 9-463.05**

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A. R. S. § 9-463.05, AZ ST § 9-463.05

**Current through the First Regular Session of the Fifty-Third Legislature (2017)**

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San Luis, AZ Code of Ordinance

## **DEVELOPMENT IMPACT FEE**

### **§ 150.040 TITLE.**

This subchapter, §§ 150.040 through 150.055 inclusive, shall be known and may be cited as the “San Luis development impact fee ordinance”.

(Ord. 327, passed 5-28-2014)

### **§ 150.041 LEGISLATIVE INTENT AND PURPOSE.**

(A) This subchapter, sections 150.040 through 150.055, are adopted for the purpose of promoting the health, safety and general welfare of the residents of the city by:

(1) Requiring new development to pay its proportionate share of the costs incurred by the city that are associated with providing necessary public services to new development;

(2) Setting forth standards and procedures for creating and assessing development impact fees consistent with the requirements of A.R.S. § 9-463.05, including requirements pursuant to A.R.S. § 9-463.05, subsection K that, on or before August 1, 2014, the city replace its development impact fees that were adopted prior to January 1, 2012 with development impact fees adopted pursuant to the requirements of A.R.S. § 9-463.05 as amended by the state legislature in SB 1525, fiftieth legislature, first regular session;

(3) Providing for the temporary continuation of certain development impact fees adopted prior to January 1, 2012 until otherwise replaced pursuant to this subchapter; and

(4) Setting forth procedures for administering the development impact fee program, including mandatory offsets, credits, and refunds of development impact fees. All development impact fee assessments, offsets, credits, or refunds shall be administered in accordance with the provisions of this subchapter.

(B) This subchapter, §§ 150.040 through 150.055, shall not affect the city’s zoning authority or its authority to adopt or amend its general plan, provided that planning and zoning activities by the city may require amendments to development impact fees as provided in § 150.046 below.

(Ord. 327, passed 5-28-2014)

### **§ 150.042 DEFINITIONS.**

For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning. Singular terms shall include their plural.

**APPLICANT.** A person who applies to the city for a building permit.

**APPURTENANCE.** Any fixed machinery or equipment, structure or other fixture, including integrated hardware, software or other components, associated with a capital facility that are necessary or convenient to the operation, use, or maintenance of a capital facility, but excluding replacement of the same after initial installation.

**AQUATIC CENTER.** A facility primarily designed to host non-recreational competitive functions generally occurring within water, including, but not limited to, water polo games, swimming meets, and diving events. The facility may be indoors, outdoors, or any combination thereof, and includes all necessary supporting amenities, including but not limited to, locker rooms, offices, snack bars, bleacher seating, and shade structures.

**BUILDING PERMIT.** Any permit issued by the city that authorizes vertical construction, increases square footage, authorizes changes to land use, or provides for the addition of a residential or non-residential point of demand to a water or wastewater system.

**CAPITAL FACILITY.** An asset having a useful life of three or more years that is a component of one or more categories of necessary public service provided by the city. A **CAPITAL FACILITY** may include any associated purchase of real property, architectural and engineering services leading to the design and construction of buildings and facilities, improvements to existing facilities, improvements to or expansions of existing facilities, and associated financing and professional services. **INFRASTRUCTURE** shall have the same meaning as **CAPITAL FACILITIES**.

**CATEGORY OF NECESSARY PUBLIC SERVICE.** A category of necessary public services for which the city is authorized to assess development impact fees, as further defined in § 150.047(A)(1).

**CATEGORY OF DEVELOPMENT.** A specific land use category against which a development impact fee is calculated and assessed. The city assesses development impact fees against residential, commercial, institutional, industrial, office, land use categories, and other services, each of which is defined in this list of definitions.

**CITY.** The City of San Luis, Arizona.

**COMMERCIAL LAND USE.** A land use category consisting of the uses permitted pursuant to §§ 152.105 through 152.108, save and except for office and other services land use as defined below.

**CREDIT.** A reduction in an assessed development impact fee resulting from developer contributions to, payments for, construction of, or dedications for capital facilities included in an infrastructure improvements plan pursuant to § 150.051 below (or as otherwise permitted by this subchapter).

**CREDIT AGREEMENT.** A written agreement between the city and a developer or landowner that allocates credits to the development pursuant to § 150.051 below. A credit agreement may be included as part of a development agreement pursuant to § 150.052 below.

**CREDIT ALLOCATION.** A term used to describe when credits are distributed to a particular development or parcel of land after execution of a credit agreement, but are not yet issued.

**CREDIT ISSUANCE.** A term used to describe when the amount of an assessed development impact fee attributable to a particular development or parcel of land is reduced by applying a credit allocation.

**DEVELOPER.** An individual, group of individuals, partnership, corporation, limited liability company, association, municipal corporation, state agency, or other person or entity undertaking land development activity, and their respective successors and assigns.

**DEVELOPMENT AGREEMENT.** An agreement prepared in accordance with the requirements of § 150.052 below, A.R.S. § 9-500.05, and any applicable requirements of the city code.

**DIRECT BENEFIT.** A benefit to an EDU resulting from a capital facility that:

(1) Addresses the need for a necessary public service created in whole or in part by the EDU; and that

(2) Meets either of the following criteria:

(a) The capital facility is located in the immediate area of the EDU and is needed in the immediate area of the EDU to maintain the level of service; or

(b) The capital facility substitutes for, or eliminates the need for a capital facility that would have otherwise have been needed in the immediate area of the EDU to maintain the city's level of service.

**DWELLING UNIT.** A house, apartment, mobile home or trailer, group of rooms, or single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters.

**EQUIPMENT.** Machinery, tools, materials, and other supplies, not including vehicles, that a capital facility needs to provide the level of service specified by the infrastructure improvement plan, but excluding replacement of the same after initial development of the capital facility.

**EQUIVALENT DEMAND UNIT (EDU).** A unit of development within a particular category of development, defined in terms of a standardized measure of the demand that a unit of development in that category of development generates for necessary public services in relation to the demand generated by a detached single-family dwelling unit. For all categories of necessary public services, the EDU factor for a detached single-family dwelling unit is one, while the EDU factor for a unit of development within another category of development is represented as a ratio of the demand for each category of necessary public services typically generated by that unit as compared to the demand for such services typically generated by a detached single-family dwelling unit. An *EDU* shall be a "service unit" for purposes of A.R.S. § 9-463.05(T)(10).

**EXCLUDED LIBRARY FACILITY.** Library facilities for which development impact fees may not be charged pursuant to A.R.S. § 9-463.05, including that portion of any library facility that exceeds 10,000 square feet, and equipment, vehicles or appurtenances associated with library operations.

**EXCLUDED PARK FACILITY.** Park and recreational facilities for which development impact fees may not be charged pursuant to A.R.S. § 9-463.05, including amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and

orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than 3,000 square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, or zoo facilities.

**FEE REPORT.** A written report developed pursuant to § 150.051 that identifies the methodology for calculating the amount of each development impact fee, explains the relationship between the development impact fee to be assessed and the plan-based cost per EDU calculated in the infrastructure improvements plan, and which meets other requirements set forth in A.R.S. § 9-463.05.

**FINANCING or DEBT.** Any debt, bond, note, loan, interfund loan, fund transfer, or other debt service obligation used to finance the development or expansion of a capital facility.

**FIRE PROTECTION.** A category of necessary public services that includes fire stations, fire equipment, fire vehicles, and all appurtenances for fire stations. **FIRE PROTECTION** does not include vehicles or equipment used to provide administrative services, or helicopters or airplanes. **FIRE PROTECTION** does not include any facility that is used for training firefighters from more than one station or substation.

**GENERAL GOVERNMENT.** A category of necessary public services that includes principal and interest for debt service for buildings, equipment, and all appurtenances for city administration which were acquired, developed, built, constructed, and/or financed pursuant to bonds issued for this purpose pursuant to the San Luis Civic Improvement Corporation Municipal Facilities Excise Tax Revenue Bonds Series 2005.

**GENERAL PLAN.** The most recently adopted San Luis general plan.

**GRANDFATHERED FACILITIES.** Capital facilities provided through financing or debt incurred before June 1, 2011 for which a development impact fee has been pledged towards repayment.

**GROSS IMPACT FEE.** The total development impact fee to be assessed against a subject development on a per unit basis, prior to subtraction of any credits.

**INDUSTRIAL LAND USE.** Uses permitted pursuant to §§ 152.120 through 150.122.

**INFRASTRUCTURE IMPROVEMENTS PLAN.** A document or series of documents that meet the requirements set forth in A.R.S. § 9-463.05, including those adopted pursuant to § 150.048 below to cover any category or combination of categories of necessary public services.

**INSTITUTIONAL LAND USE.** A category of nonresidential land use that includes private schools, hospitals, religious facilities, day care centers and other similar public and quasi-public uses when not elsewhere classified in other land use categories in the fee schedule.

**INTERIM FEE SCHEDULE.** The San Luis development impact fee schedule as established prior to January 1, 2012 in accordance with then-applicable law, and which shall expire not later than August 1, 2014.

**LAND USE ASSUMPTIONS.** Projections of changes in land uses, densities, intensities and population for a service area over a period of at least ten years as specified in § 150.046 below.

**LEVEL OF SERVICE.** A quantitative and/or qualitative measure of a necessary public service that is to be provided by the city to development in a particular service area, defined in

terms of the relationship between service capacity and service demand, accessibility, response times, comfort or convenience of use, or other similar measures or combinations of measures. **LEVEL OF SERVICE** may be measured differently for different categories of necessary public services, as identified in the applicable infrastructure improvements plan.

**MULTIFAMILY RESIDENTIAL (2+) LAND USE SUBCATEGORY.** Predominantly uses permitted pursuant to §§ 152.090 through 152.092, and similar uses as determined by the Public Works Director.

**NECESSARY PUBLIC SERVICES.** Has the meaning prescribed in A.R.S. § 9-463.05(T)(5).

**OFFICES AND OTHER SERVICES LAND USE.** A category of use described as professional, administrative, and general offices; urgent care facilities; veterinary hospitals or clinics; medical, dental, chiropractic, and clinical offices; and similar uses as determined by the City Public Works Director.

**OFFSET.** An amount which is subtracted from the overall costs of providing necessary public services to account for those capital components of infrastructure or associated debt that have been or will be paid for by a development through taxes, fees (except for development impact fees), and other revenue sources, as determined by the city pursuant to § 150.047 below.

**PARKS AND RECREATIONAL FACILITIES.** A category of necessary public services including but not limited to parks, swimming pools and related facilities and equipment located on real property not larger than 30 acres in area, as well as park facilities larger than 30 acres where such facilities provide a direct benefit. **PARKS AND RECREATIONAL FACILITIES** do not include excluded park facilities, although parks and recreational facilities may contain, provide access to, or otherwise support an excluded park facility.

**PLAN-BASED COST PER EDU.** The total future capital costs listed in the infrastructure improvements plan for a category of necessary public services divided by the total new equivalent demand units projected in a particular service area for that category of necessary public services over the same time period.

**POLICE FACILITIES.** A category of necessary public services, including vehicles and equipment, that are used by law enforcement agencies to preserve the public peace, prevent crime, detect and arrest criminal offenders, protect the rights of persons and property, regulate and control motorized and pedestrian traffic, train sworn personnel, and/or provide and maintain police records, vehicles, equipment, and communications systems. **POLICE FACILITIES** do not include vehicle and equipment used to provide administrative services, or helicopters or airplanes. **POLICE FACILITIES** do not include any facility that is used for training officers from more than one station or substation.

**PUBLIC SAFETY.** A category of necessary public services combining police facilities and fire protection.

**QUALIFIED PROFESSIONAL.** A professional engineer, surveyor, financial analyst, or planner providing services within the scope of his or her license, education or experience.

**RESIDENTIAL LAND USE CATEGORY.** Includes all uses in the single family residential, multifamily, hotel/motel, congregate care, age restricted single family residential, and age restricted multifamily residential land use subcategories.

**SERVICE AREA.** Any specified area within the boundaries of the city within which: (a) the city will provide a category of necessary public services to development at a planned level of service; and (b) within which (i) a substantial nexus exists between the capital facilities to be provided and the development to be served, or (ii) in the case of a park facility larger than 30 acres, a direct benefit exists between the park facilities and the development to be served, each as prescribed in the infrastructure improvements plan. Some or all of the capital facilities providing service to a service area may be physically located outside of that service area provided that the required substantial nexus or direct benefit is demonstrated to exist.

**SINGLE UNIT RESIDENTIAL LAND USE SUBCATEGORY.** Detached and attached residential structures characteristic of a primary residence, even if the residence is subsequently rented. Mobile homes and manufactured homes on individual parcels, and duplexes, triplexes, condominiums, and townhomes are assessed at the single family residential land use rate.

**STREET FACILITIES.** A category of necessary public services including arterial or collector streets or roads that have been designated on an officially adopted plan of the city, traffic signals and rights-of-way and improvements thereon.

**STORM DRAINAGE.** A category of necessary public services including but not limited to storm sewers constructed in sizes needed to provide for stormwater management for areas beyond major street projects and stormwater detention/ retention basins, tanks, pump stations and channels necessary to provide for proper stormwater management, including any appurtenances for those facilities.

**SUBJECT DEVELOPMENT.** A land area linked by a unified plan of development, which must be contiguous unless the land area is part of a development agreement executed in accordance with § 150.052 below.

**SUBSTANTIAL NEXUS.** A **SUBSTANTIAL NEXUS** exists where the demand for necessary public services that will be generated by an EDU can be reasonably quantified in terms of the burden it will impose on the available capacity of existing capital facilities, the need it will create for new or expanded capital facilities, and/or the benefit to the development from those capital facilities.

**SWIMMING POOL.** A public facility primarily designed and/or utilized for recreational non-competitive functions generally occurring within water, including, but not limited to, swimming classes, open public swimming sessions, and recreational league swimming/diving events. The facility may be indoors, outdoors, or any combination thereof, and includes all necessary supporting amenities.

**USEFUL LIFE.** The period of time in which an asset can reasonably be expected to be used under normal conditions, whether or not the asset will continue to be owned and operated by the city over the entirety of such period.

**VEHICLE.** Any device, structure, or conveyance utilized for transportation in the course of providing a particular category of necessary public services at a specified level of service, excluding helicopters and other aircraft.

**WASTEWATER.** A category of necessary public services including but not limited to sewers, lift stations, reclamation plants, wastewater treatment plants, and all other facilities for the collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.

**WATER.** A category of necessary public services including but not limited to those facilities necessary to provide for water services to development, including the acquisition, supply, transportation, treatment, purification and distribution of water, and any appurtenances to those facilities.

(Ord. 327, passed 5-28-2014)

#### **§ 150.043 APPLICABILITY.**

(A) Except as otherwise provided in this subchapter, this subchapter shall apply to all new development within any service area, except for the development of any city facility.

(B) The provisions of this subchapter shall apply to all of the territory within the corporate limits of the city and within the city's water and wastewater service areas.

(C) The city manager or the city manager's designee is authorized to make determinations regarding the application, administration and enforcement of the provisions of this subchapter.

(Ord. 327, passed 5-28-2014)

#### **§ 150.044 AUTHORITY FOR DEVELOPMENT IMPACT FEES.**

(A) *Fee report and implementation.* The city may assess and collect a development impact fee for costs of necessary public services, including all professional services required for the preparation or revision of an infrastructure improvements plan, fee report, development impact fee, and required reports or audits conducted pursuant to this subchapter. Development impact fees shall be subject to the following requirements:

(1) The city shall develop and adopt a fee report that analyzes and defines the development impact fees to be charged in each service area for each capital facility category, based on the infrastructure improvements plan and the plan-based cost per EDU calculated pursuant to § 150.047(A)(13).

(2) Development impact fees shall be assessed against all new commercial, residential, and industrial developments, provided that the city may assess different amounts of development impact fees against specific categories of development based on the actual burdens and costs that are associated with providing necessary public services to that category of development. No development impact fee shall exceed the plan-based cost per EDU for any category of development.

(3) No development impact fees shall be charged, or credits issued, for any capital facility that does not fall within one of the categories of necessary public services for which development impact fees may be assessed as identified in § 150.047(A)(1).

(4) Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the same service area. Development impact fees may not be used to provide a higher level of service to existing development or to meet stricter safety, efficiency, environmental, or other regulatory standards to the extent that these are applied to existing capital facilities that are serving existing development.

(5) Development impact fees may not be used to pay the city's administrative, maintenance, or other operating costs.

(6) Projected interest charges and financing costs can only be included in development impact fees to the extent they represent principal and/or interest on the portion of any financing or debt used to finance the construction or expansion of a capital facility identified in the infrastructure improvements plan.

(7) Except for any fees included on interim fee schedules, all development impact fees charged by the city must be included in a "fee schedule" prepared pursuant to this subchapter and included in the fee report.

(8) All development impact fees shall meet the requirements of A.R.S. § 9-463.05.

(B) *Costs per EDU.* The fee report shall summarize the costs of capital facilities necessary to serve new development on a per EDU basis as defined and calculated in the infrastructure improvements plan, including all required offsets, and shall recommend a development impact fee structure for adoption by the city. The actual impact fees to be assessed shall be disclosed and adopted in the form of impact fee schedules.

(Ord. 327, passed 5-28-2014)

#### **§ 150.045 ADMINISTRATION OF DEVELOPMENT IMPACT FEES.**

(A) *Separate accounts.* Development impact fees collected pursuant to this subchapter shall be placed in separate, interest-bearing accounts for each capital facility category within each service area.

(B) *Limitations on use of fees.* Development impact fees and any interest on them collected pursuant to this subchapter shall be spent to provide capital facilities associated with the same category of necessary public services in the same service area for which they were collected, including costs of financing or debt used by the city to finance those capital facilities and other costs authorized by this subchapter that are included in the infrastructure improvements plan.

(C) *Time limit.* Development impact fees collected after July 31, 2014 shall be used within ten years of the date upon which they were collected for all categories of necessary public services except for water and wastewater facilities. For water facilities or wastewater facilities collected after July 31, 2014, development impact fees shall be used within 15 years of the date upon which they were collected.

(Ord. 327, passed 5-28-2014)

#### **§ 150.046 LAND USE ASSUMPTIONS.**

(A) *Consistency.* The infrastructure improvements plan shall be consistent with the city's current land use assumptions for each service area and each category of necessary public services as adopted by the city pursuant to A.R.S. § 9-463.05.

(B) *Reviewing the land use assumptions.* Prior to the adoption or amendment of an infrastructure improvements plan, the city shall review and evaluate the land use assumptions on

which the infrastructure improvements plan is to be based to ensure that the land use assumptions within each service area conform with the general plan.

(C) *Evaluating necessary changes.* If the land use assumptions upon which an infrastructure improvements plan is based have not been updated within the last five years, the city shall evaluate the land use assumptions to determine whether changes are necessary. If, after general evaluation, the city determines that the land use assumptions are still valid, the city shall issue the report required in § 150.049.

(D) *Required modifications to land use assumptions.* If the city determines that changes to the land use assumptions are necessary in order to adopt or amend an infrastructure improvements plan, it shall make such changes as necessary to the land use assumptions prior to or in conjunction with the review and approval of the infrastructure improvements plan pursuant to § 150.049.

(Ord. 327, passed 5-28-2014)

### **§ 150.047 INFRASTRUCTURE IMPROVEMENTS PLAN.**

(A) *Infrastructure improvements plan contents.* The infrastructure improvements plan shall be developed by qualified professionals and may be based upon or incorporated within the city's capital improvements plan. The infrastructure improvements plan shall:

(1) Specify the categories of necessary public services for which the city will impose a development impact fee, which may include any or all of the following:

- (a) Water;
- (b) Wastewater;
- (c) Stormwater, drainage, and flood control;
- (d) Street facilities;
- (e) Parks;
- (f) Police;
- (g) Fire;
- (h) Public safety; and
- (i) General government;

(2) Define and provide a map of one or more service areas within which the city will provide each category of necessary public services for which development impact fees will be charged. Each service area must be defined in a manner that demonstrates a substantial nexus between the capital facilities to be provided in the service area and the EDUs to be served by those capital facilities. For parks larger than 30 acres, each service area must be defined in a manner that demonstrates a direct benefit between the capital facilities and the EDUs to be served by those capital facilities. The city may cover more than one category of capital facilities in the same service area provided that there is an independent substantial nexus or direct benefit, as applicable, between each category of necessary public services and the EDUs to be served;

- (3) Identify and describe the land use assumptions upon which the infrastructure improvements plan is based in each service area;
- (4) Analyze and identify the existing level of service provided by the city to existing EDUs for each category of necessary public services in each service area;
- (5) Identify the level of service to be provided by the city for each category of necessary public services in each service area based on the relevant land use assumptions and any established city standards or policies related to required levels of service. If the city provides the same category of necessary public services in more than one service area, the infrastructure improvements plan shall include a comparison of the levels of service to be provided in each service area;
- (6) For each category of necessary public services, analyze and identify the existing capacity of the capital facilities in each service area, the utilization of those capital facilities by existing EDUs, and the available excess capacity of those capital facilities to serve new EDUs including any existing or planned commitments or agreements for the usage of such capacity. The infrastructure improvements plan shall additionally identify any changes or upgrades to existing capital facilities that will be needed to achieve or maintain the planned level of service to existing EDUs, or to meet new safety, efficiency, environmental, or other regulatory requirements for services provided to existing EDUs;
- (7) Estimate the total number of existing and future EDUs within each service area based on the city's land use assumptions and projected new EDUs in each service area;
- (8) Based on the analysis in divisions (A)(3) through (6) of this section, provide a summary table or tables describing the level of service for each category of necessary public services by relating the required capital facilities to EDUs in each service area, and identifying the applicable EDU factor associated with each category of development;
- (9) For each category of necessary public services, analyze and identify the projected utilization of any available excess capacity in existing capital facilities, and all new or expanded capital facilities that will be required to provide and maintain the planned level of service in each service area as a result of the new projected EDUs in that service area, for a period not to exceed ten years. Nothing in this subsection shall prohibit the city from additionally including in its infrastructure improvements plan projected utilization of, or needs for, capital facilities for a period longer than ten years, provided that the costs of such capital facilities are excluded from the calculation of the plan-based cost per EDU;
- (10) For each category of necessary public services, estimate the total cost of any available excess capacity and/or new or expanded capital facilities that will be required to serve new EDUs, including costs of land acquisition, improvements, engineering and architectural services, studies leading to design, design, construction, financing, and administrative costs, as well as projected costs of inflation. Such total costs shall not include costs for ongoing operation and maintenance of capital facilities, nor for replacement of capital facilities to the extent that such replacement is necessary to serve existing EDUs. If the infrastructure improvements plan includes changes or upgrades to existing capital facilities that will be needed to achieve or maintain the planned level of service to existing EDUs, or to meet new regulatory requirements for services provided to existing EDUs, such costs shall be identified and distinguished in the infrastructure improvements plan;

(11) Forecast the revenues from taxes, fees, assessments or other sources that will be available to fund the new or expanded capital facilities identified in the infrastructure improvements plan, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions. The infrastructure improvements plan shall additionally estimate the time required to finance, construct and implement the new or expanded capital facilities;

(12) Calculate required offsets as follows:

(a) From the forecasted revenues in division (A)(11) of this section, identify those sources of revenue that:

(1) Are attributable to new development; and

(2) Will contribute to paying for the capital costs of necessary public services;

(b) For each source and amount of revenue identified pursuant to division (A)(12)(a) of this section, calculate the relative contribution of each category of development to paying for the capital costs of necessary public services in each service area;

(c) Based on the relative contributions identified pursuant to division (A)(12)(b), for each category of necessary public services, calculate the total offset to be provided to each category of development in each service area;

(d) For each category of necessary public services, convert the total offset to be provided to each category of development in each service area into an offset amount per EDU by dividing the total offset for each category of development by the number of EDUs associated with that category of development;

(e) Beginning August 1, 2014, for purposes of calculating the required offset, if the city imposes a construction, contracting, or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate that is imposed on the majority of other transaction privilege tax classifications in the city, the entire excess portion of the construction, contracting, or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to new development unless the excess portion is already utilized for such purpose pursuant to this section; and

(f) In determining the amount of required offset for land included in a community facilities district established under A.R.S. title 48, chapter 4, article 6, the city shall take into account any capital facilities provided by the district that are included in the infrastructure improvements plan and the capital costs paid by the district for such capital facilities, and shall offset impact fees assessed within the community facilities district proportionally; and

(13) Calculate the plan-based cost per EDU by:

(a) Dividing the total projected costs to provide capital facilities to new EDUs for each category of necessary public services in each service area as determined pursuant to division (A) (8) of this section into the number of new EDUs projected for that service area over a period not to exceed ten years, considering the specific EDU factors associated with those EDUs for each category of necessary public services; and

(b) Subtracting the required offset per EDU calculated pursuant to division (A)(12) of this section.

(B) *Multiple plans.* An infrastructure improvements plan adopted pursuant to this section may address one or more of the city's categories of necessary public services in any or all of the city's service areas. Each capital facility shall be subject to no more than one infrastructure improvements plan at any given time.

(C) *Reserved capacity.* The city may reserve capacity in an infrastructure improvements plan to serve one or more planned future developments, including capacity reserved through a development agreement pursuant to § 150.052. All reservations of existing capacity must be disclosed in the infrastructure improvements plan at the time it is adopted.

(Ord. 327, passed 5-28-2014)

### **§ 150.048 ADOPTION AND MODIFICATION PROCEDURES.**

(A) Adopting or amending the infrastructure improvements plan. The infrastructure improvements plan shall be adopted or amended subject to the following procedures.

(1) *Major amendments to the infrastructure improvements plan.* Except as provided in division (A)(2) of this section, the adoption or amendment of an infrastructure improvement plan shall occur at one or more public hearings according to the following schedule, and may occur concurrently with the adoption of an update of the city's land use assumptions as provided in § 150.046.

(a) Sixty days before the first public hearing regarding a new or updated infrastructure improvements plan, the city shall provide public notice of the hearing and post the infrastructure improvements plan and the underlying land use assumptions on its website; the city shall additionally make available to the public the documents used to prepare the infrastructure improvements plan and underlying land use assumptions and the amount of any proposed changes to the plan-based cost per EDU.

(b) The city shall conduct a public hearing on the infrastructure improvements plan and underlying land use assumptions at least 30 days, but no more than 60 days, before approving or disapproving the infrastructure improvements plan.

(2) *Minor amendments to the infrastructure improvements plan.* Notwithstanding the other requirements of this section, the city may update the infrastructure improvements plan and/or its underlying land use assumptions without a public hearing if all of the following apply:

(a) The changes in the infrastructure improvements plan and/or the underlying land use assumptions will not add any new category of necessary public services to any service area;

(b) The changes in the infrastructure improvements plan and/or the underlying land use assumptions will not increase the level of service to be provided in any service area;

(c) Based on an analysis of the fee report and the city's adopted development impact fee schedules, the changes in the infrastructure improvements plan and/or the underlying land use assumptions would not, individually or cumulatively with other amendments undertaken pursuant to this subsection, have caused a development impact fee in any service area to have

been increased by more than 5% above the development impact fee that is provided in the current development impact fee schedule; and

(d) At least 30 days prior to the date that the amendment pursuant to this section is adopted, the city shall post the proposed amendments on the city website.

(B) *Amendments to the fee report.* Any adoption or amendment of a fee report and fee schedule shall occur at one or more public hearings according to the following schedule:

(1) The first public hearing on the fee report must be held at least 30 days after the adoption or approval of an infrastructure improvements plan as provided in division (A) of this section. The city must give at least 30 days' notice prior to the hearing, provided that this notice may be given on the same day as the approval or disapproval of the infrastructure improvements plan;

(2) The city shall make the infrastructure improvements plan and underlying land use assumptions available to the public on the city's website 30 days prior to the public hearing described in division (B)(1) of this section;

(3) The fee report may be adopted by the city no sooner than 30 days, and no later than 60 days, after the hearing described in division (B)(1) of this section; and

(4) The development fee schedules in the fee report adopted pursuant to this subsection shall become effective 75 days after adoption of the fee report by the city.

(Ord. 327, passed 5-28-2014)

#### **§ 150.049 TIMING FOR THE RENEWAL AND UPDATING OF THE INFRASTRUCTURE IMPROVEMENTS PLAN AND THE LAND USE ASSUMPTIONS.**

(A) *Renewing the infrastructure improvements plan.* Except as provided in division (B) of this section, not later than every five years the city shall update the applicable infrastructure improvements plan and fee report related to each category of necessary public services pursuant to § 150.048. Such five-year period shall be calculated from the date of the adoption of the infrastructure improvements plan or the date of the adoption of the fee report, whichever occurs later.

(B) *Determination of no changes.* Notwithstanding division (A) of this section, if the city determines that no changes to an infrastructure improvements plan, underlying land use assumptions, or fee report are needed, the city may elect to continue the existing infrastructure improvements plan and fee report without amendment by providing notice as follows:

(1) Notice of the determination shall be published at least 180 days prior to the end of the five-year period described in division (A) of this section.

(2) The notice shall identify the infrastructure improvements plan and fee report that shall continue in force without amendment.

(3) The notice shall provide a map and description of the service area covered by the infrastructure improvements plan and fee report.

(4) The notice shall identify an address to which any resident of the city may submit, within 60 days, a written request that the city update the infrastructure improvements plan, underlying land use assumptions, and/or fee report and the reasons and basis for the request.

(C) *Response to comments.* The city shall consider and respond within 30 days to any timely requests submitted pursuant to division (B)(4) of this section.

(Ord. 327, passed 5-28-2014)

### **§ 150.050 COLLECTION OF DEVELOPMENT IMPACT FEES.**

(A) *Collection.* Development impact fees shall be calculated and collected prior to issuance of permission to commence development; specifically:

(1) Unless otherwise specified pursuant to a development agreement adopted pursuant to § 150.052, development impact fees shall be paid prior to issuance of a building permit according to the current development impact fee schedule for the applicable service area as adopted pursuant to this subchapter, or according to any other development impact fee schedule as authorized in this subchapter;

(2) If a building permit is not required for the development, but water or wastewater connections are required, any and all development impact fees due shall be paid at the time the water service connection is purchased. If only a wastewater connection is required, the development impact fees shall be paid prior to approval of a connection to the sewer system. Wastewater development impact fees shall be assessed if a development connects to the public sewer, or as determined by the city utilities director, is capable of discharging sewage to a city public sewer;

(3) If the development is located in a service area with a stormwater, drainage, and flood control development impact fee, and neither a building permit, water, or sewer service connection is required, the storm drainage development impact fee due shall be paid at the time a civil or site permit is issued for the development;

(4) No building permit, water or sewer connection, or certificate of occupancy shall be issued if a development impact fee is not paid as directed in the previous paragraphs;

(5) If the building permit is for a change in the type of building use, an increase in square footage, a change to land use, or an addition to a residential or non-residential point of demand to the water or wastewater system, the development impact fee shall be assessed on the additional service units resulting from the expansion or change, and following the development impact fee schedule applicable to any new use type; and

(6) For issued permits that expire or are voided, and the development impact fees paid for such development have not been refunded, the permittee shall pay the difference between any development impact fees paid at the time the permit was issued and those in the fee schedule at the time the permit is reissued or renewed.

(B) *Exceptions.* Development impact fees shall not be owed under either of the following conditions:

(1) Development impact fees have been paid for the development and the permit that triggered the collection of the development impact fees has not expired or been voided; and

(2) The approval that triggers the collection of development impact fees involves modifications to existing residential or non-residential development that do not: (a) add new EDUs, (b) increase the impact of existing EDUs on existing or future capital facilities, or (c) change the land-use type of the existing development to a different category of development for which a higher development impact fee would have been due. To the extent that any modification does not meet the requirements of this paragraph, the development impact fee due shall be the difference between the development impact fee that was or would have been due on the existing development and the development impact fee that is due on the development as modified.

(C) Temporary exemptions from development impact fee schedules. New developments in the city shall be temporarily exempt from increases in development impact fees that result from the adoption of new or modified development impact fee schedules as follows.

(1) *Residential uses (other than multifamily)*. On or after the day that the first building permit is issued for a residential development (other than multifamily), the city shall, at the permittee's request, provide the permittee with an applicable development impact fee schedule that shall be in force for a period of 24 months beginning on the day that the first building permit is issued, and which shall expire at the end of the first business day of the 25th month after the first building permit is issued. During the effective period of the applicable development impact fee schedule, any building permit issued for the same residential development shall not be subject to any new or modified development impact fee schedule.

(2) *All other uses*. On or after the city's approval of a development plan or subdivision plat for a retail, high traffic retail, industrial, general office, medical facilities, institutional, recreational, or multifamily development, the city shall provide an applicable development impact fee schedule that shall be in force for a period of 24 months beginning on the day the development plan or subdivision plat was approved, and which shall expire at the end of the first business day of the 25th month after the development plan or subdivision plat was approved. During the effective period of the applicable development impact fee schedule, any building permit issued for the same development shall not be subject to any new or modified development impact fee schedule.

(3) *Changes to development plans and subdivision plats*. During the 24-month period referred to in division (C)(1) or (2) of this section, if changes are made to a development's final development plan or subdivision plat that will increase the number of service units, the city may assess any new or modified development impact fees against the additional service units. If the city reduces the amount of an applicable development impact fee during the 24-month period referred to in division (C)(1) or (2) of this section, the city shall assess the lower development impact fee.

(D) *Option to pursue special fee determination*. Where a development is of a type that does not closely fit within a particular category of development appearing on an adopted development impact fee schedule, or where a development has unique characteristics such that the actual burdens and costs associated with providing necessary public services to that development will differ substantially from that associated with other developments in a specified category of development, the city may require the applicant to provide the city engineer with an alternative development impact fee analysis. Based on a projection of the actual burdens and costs that will

be associated with the development, the alternative development impact fee analysis may propose a unique fee for the development based on the application of an appropriate EDU factor to the applicable plan-based cost per EDU, or may propose that the development be covered under the development impact fee schedule governing a different and more analogous category of development. The Public Works Director shall review the alternative impact fee analysis and shall make a determination as to the development impact fee to be charged. The decision shall be appealable pursuant to § 150.053. The Public Works Director may require the applicant to pay an administrative fee to cover the actual costs of reviewing the special fee determination application.

(Ord. 327, passed 5-28-2014)

### **§ 150.051 DEVELOPMENT IMPACT FEE CREDITS AND CREDIT AGREEMENTS.**

(A) *Eligibility of capital facility.* All development impact fee credits must meet the following requirements:

(1) One of the following is true:

(a) The capital facility, or the financial contribution toward a capital facility that will be provided by the developer and for which a credit will be issued, must be identified in an adopted Infrastructure improvements plan and fee report as a capital facility for which a development impact fee was assessed; or

(b) The applicant must demonstrate to the satisfaction of the city that, given the class and type of improvement, the subject capital facility should have been included in the infrastructure improvements plan in lieu of a different capital facility that was included in the infrastructure improvements plan and for which a development impact fee was assessed. If the subject capital facility is determined to be eligible for a credit in this manner, the city shall amend the infrastructure improvements plan to (i) include the subject replacement facility and (ii) delete the capital facility that will be replaced.

(2) Credits shall not be available for any infrastructure provided by a developer if the cost of the infrastructure will be repaid to the developer by the city through another agreement or mechanism. To the extent that the developer will be paid or reimbursed by the city for any contribution, payment, construction, or dedication from any city funding source including an agreement to reimburse the developer with future collected development impact fees pursuant to § 150.052 below, any credits claimed by the developer shall be (a) deducted from any amounts to be paid or reimbursed by the city or (b) reduced by the amount of the payment or reimbursement.

(B) *Eligibility of subject development.* To be eligible for a credit, the subject development must be located within the service area of the eligible capital facility.

(C) *Calculation of credits.* Credits will be based on that portion of the costs for an eligible capital facility identified in the adopted infrastructure improvements plan for which a development fee was assessed pursuant to the fee report. If the gross impact fee for a particular category of necessary public service is adopted at an amount lower than the plan-based cost per EDU, the amount of any credit shall be reduced in proportion to the difference between the plan-based cost per EDU and the gross impact fee adopted. A credit shall not exceed the actual costs the applicant incurred in providing the eligible capital facility.

(D) *Allocation of credits.* Before credits can be issued to a subject development (or portion of it), credits must be allocated to that development as follows:

(1) The developer and the city must execute a credit agreement including all of the following:

- (a) The total amount of the credits resulting from provision of an eligible capital facility;
- (b) The estimated number of EDUs to be served within the subject development; and
- (c) The method by which the credit values will be distributed within the subject development.

(2) It is the responsibility of the developer to request allocation of development impact fee credits through an application for a credit agreement (which may be part of a development agreement entered into pursuant to § 150.052).

(3) If a building permit is issued or a water/sewer connection is purchased, and a development impact fee is paid prior to execution of a credit agreement for the subject development, no credits may be allocated retroactively to that permit or connection. Credits may be allocated to any remaining permits for the subject development in accordance with this subchapter.

(4) If the entity that provides an eligible capital facility sells or relinquishes a development (or portion of it) that it owns or controls prior to execution of a credit agreement or development agreement, credits resulting from the eligible capital facility will only be allocated to the development if the entity legally assigns such rights and responsibilities to its successor in interest for the subject development.

(5) If multiple entities jointly provide an eligible capital facility, both entities must enter into a single credit agreement with the city, and any request for the allocation of credit within the subject development must be made jointly by the entities that provided the eligible capital facility.

(6) Credits may only be reallocated from or within a subject development with the city's approval of an amendment to an executed credit agreement, subject to the following conditions:

(a) The entity that executed the original agreement with the city, or its legal successor in interest and the entity that currently controls the subject development are parties to the request for reallocation; and

(b) The reallocation proposal does not change the value of any credits already issued for the subject development.

(7) A credit agreement may authorize the allocation of credits to a non-contiguous parcel only if all of the following conditions are met:

(a) The entity that executed the original agreement with the city or its legal successor in interest, the entity that currently controls the subject development, and the entity that controls the non-contiguous parcel are parties to the request for reallocation;

(b) The reallocation proposal does not change the value of any credits already issued for the subject development;

(c) The non-contiguous parcel is in the same service area as that served by the eligible capital facility;

(d) The non-contiguous parcel receives a necessary public service from the eligible capital facility;

(e) The credit agreement specifically states the value of the credits to be allocated to each parcel and/or EDU, or establishes a mechanism for future determination of the value of the credits; and

(f) The credit agreement does not involve the transfer of credits to or from any property subject to a development agreement.

(E) *Credit agreement.* Credits shall only be issued pursuant to a credit agreement that conforms to the requirements set forth in division (D) of this section. The city manager or authorized designee is authorized by this subchapter to enter into a credit agreement with the controlling entity of a subject development, subject to the following:

(1) The developer requesting the credit agreement shall provide all information requested by the city to allow it to determine the value of the credit to be applied;

(2) An application for a credit agreement shall be submitted to the city by the developer within one year of the date on which ownership or control of the capital facility passes to the city;

(3) The developer shall submit a draft credit agreement to the city manager or authorized designee for review in the form provided to the applicant by the city. The draft credit agreement shall include, at a minimum, all of the following information and supporting documentation:

(a) A legal description and map depicting the location of the subject development for which the credits are being applied. The map shall depict the location of the capital facilities that have been or will be provided;

(b) An estimate of the total EDUs that will be developed within the subject development depicted on the map and described in the legal description;

(c) A list of the capital facilities, associated physical attributes, and the related costs as stated in the infrastructure improvements plan;

(d) Documentation showing the date of acceptance by the city, if the capital facilities have already been provided;

(e) The total amount of the credits to be applied within the subject development and the calculations leading to the total amount of the credits; and

(f) The credits to be applied to each EDU within the subject development for each category of necessary public services;

(4) The city's determination of the credits to be allocated is final;

(5) Upon execution of the credit agreement by the city and the applicant, credits shall be deemed allocated to the subject development;

(6) Any amendment to a previously approved credit agreement must be initiated within two years of the city's final acceptance of the eligible capital facility for which the amendment is requested; and

(7) Any credit agreement approved as part of a development agreement shall be amended in accordance with the terms of the development agreement and § 150.052.

(F) *Issuance of credits.* Credits allocated pursuant to division (D) of this section may be issued and applied toward the gross impact fees due from a development, subject to the following conditions:

(1) Credits issued for an eligible capital facility may only be applied to the development impact fee due for the applicable category of necessary public services, and may not be applied to any fee due for another category of necessary public services;

(2) Credits shall only be issued when the eligible capital facility from which the credits were derived has been accepted by the city or when adequate security for the completion of the eligible capital facility has been provided in accordance with all terms of an executed development agreement;

(3) Where credits have been issued pursuant to division (F)(2) of this section, an impact fee due at the time a building permit is issued shall be reduced by the credits stated in or calculated from the executed credit agreement. Where credits have not yet been issued, the gross impact fee shall be paid in full, and a refund of the credits shall be due when the developer demonstrates compliance with division (F)(2) of this section in a written request to the city;

(4) Credits, once issued, may not be rescinded or reallocated to another permit or parcel, except that credits may be released for reuse on the same subject development if a building permit for which the credits were issued has expired or been voided and is otherwise eligible for a refund under § 150.054(A)(2)(a); and

(5) Notwithstanding the other provisions of this section, credits issued prior to January 1, 2012 may only be used for the subject development for which they were issued. The credits may be transferred to a new owner of all or part of the subject development in proportion to the percentage of ownership in the subject development to be held by the new owner.

(Ord. 327, passed 5-28-2014)

### **§ 150.052 DEVELOPMENT AGREEMENTS.**

(A) *General.* Development agreements containing provisions regarding development impact fees, development impact fee credits, and/or disbursement of revenues from development impact fee accounts shall comply with the requirements of this section.

(B) *Development agreement required.* A development agreement is required to authorize any of the following:

(1) To issue credits prior to the city's acceptance of an eligible capital facility;

(2) To allocate credits to a parcel that is not contiguous with the subject development and that does not meet the requirements of § 150.051(D)(7);

(3) To reimburse the developer of an eligible capital facility using funds from development impact fee accounts;

(4) To allocate different credit amounts per EDU to different parcels within a subject development; and

(5) For a single family residential dwelling unit, to allow development impact fees to be paid at a later time than the issuance of a building permit as provided in division (H) of this section.

(C) *General requirements.* All development agreements shall be prepared and executed in accordance with A.R.S. § 9-500.05 and any applicable requirements of the city code. Except where specifically modified by this section, all provisions of § 150.051 shall apply to any credit agreement that is authorized as part of a development agreement.

(D) *Early issuance of credits.* A development agreement may authorize the issuance of credits prior to acceptance of an eligible capital facility by the city when the development agreement specifically states the form and value of the security (i.e. bond, letter of credit, etc.) to be provided to the city prior to issuance of any credits. The city shall determine the acceptable form and value of the security to be provided.

(E) *Non-contiguous allocation of credits.* A development agreement may authorize the allocation of credits to a non-contiguous parcel only if all of the following conditions are met:

(1) The non-contiguous parcel is in the same service area as that served by the eligible capital facility;

(2) The non-contiguous parcel receives a necessary public service from the eligible capital facility; and

(3) The development agreement specifically states the value of the credits to be allocated to each parcel and/or EDU, or establishes a mechanism for future determination of the credits.

(F) *Uneven allocation of credits.* The development agreement must specify how credits will be allocated amongst different parcels on a per-EDU basis, if the credits are not to be allocated evenly. If the development agreement is silent on this topic, all credits will be allocated evenly amongst all parcels on a per-EDU basis.

(G) *Use of reimbursements.* Funds reimbursed to developers from impact fee accounts for construction of an eligible capital facility must be utilized in accordance with applicable law for the use of city funds in construction or acquisition of capital facilities, including A.R.S. §§ 34-201 *et seq.*

(H) *Deferral of fees.* A development agreement may provide for the deferral of payment of development impact fees for a residential development beyond the issuance of a building permit; provided that a development impact fee may not be paid later than 15 days after the issuance of the certificate of occupancy for that dwelling unit. The development agreement shall provide for the value of any deferred development impact fees to be supported by appropriate security, including a surety bond, letter of credit, or cash bond.

(I) *Waiver of fees.* If the city agrees to waive any development impact fees assessed on development in a development agreement, the city shall reimburse the appropriate development impact fee account for the amount that was waived.

(J) *No obligation.* Nothing in this section obligates the city to enter into any development agreement or to authorize any type of credit agreement permitted by this section.

(Ord. 327, passed 5-28-2014)

### **§ 150.053 APPEALS.**

(A) *General.* A development impact fee determination by city staff may be appealed in accordance with the procedures set forth in this section.

(B) *Limited scope.* An appeal shall be limited to disputes regarding the calculation of the development impact fees for a specific development and/or permit and calculation of EDU's for the development.

(C) *Form of appeal.* An appeal shall be initiated in a format prescribed by the city, and shall be submitted to the city engineer.

(D) *Department action.* The Public Works Director shall act upon the appeal within 30 calendar days of the filing of the appeal, and the applicant shall be notified of the city engineer's decision in writing.

(E) *Appeal to council.* The applicant may appeal the decision of the Public Works Director to the council by submitting an appeal to the city clerk within 14 calendar days of the city engineer's written decision.

(F) *Action by council.* The council shall hear and act upon the appeal within 45 calendar days of receipt of the appeal, and the applicant shall be notified of the council's decision in writing.

(G) *Final decision.* The council's decision regarding the appeal is final.

(H) *Fees during pendency.* Building permits may be issued during the pendency of an appeal if the applicant (1) pays the full impact fee calculated by the city at the time the appeal is filed or (2) provides the city with financial assurances in the form acceptable to the city manager or authorized designee equal to the full amount of the impact fee. Upon final disposition of an appeal, the fee shall be adjusted in accordance with the decision rendered, and a refund paid if warranted. If the appeal is denied by the council, and the applicant has provided the city with financial assurances as set forth in clause (2) above, the applicant shall deliver the full amount of the impact fee to the city within ten days of the council's final decision on the appeal. If the applicant fails to deliver the full amount of the impact fees when required by this subsection, the city may draw upon such financial assurance instruments as necessary to recover the full amount of the impact fees due from the applicant.

(Ord. 327, passed 5-28-2014)

### **§ 150.054 REFUNDS OF DEVELOPMENT IMPACT FEES.**

(A) *Refunds.* A refund (or partial refund) will be paid to any current owner of property within the city who submits a written request to the city and demonstrates that:

(1) The permit that triggered the collection of the development impact fee has expired or been voided prior to the commencement of the development for which the permit was issued and the development impact fees collected have not been expended, encumbered, or pledged for the repayment of financing or debt; or

(2) The owner of the subject real property or its predecessor in interest paid a development impact fee for the applicable capital facility on or after August 1, 2014, and one of the following conditions exists:

(a) The capital facility designed to serve the subject real property has been constructed, has the capacity to serve the subject real property and any development for which there is reserved capacity, and the service which was to be provided by that capital facility has not been provided to the subject real property from that capital facility or from any other infrastructure;

(b) After collecting the fee to construct a capital facility the city fails to complete construction of the capital facility within the time period identified in the infrastructure improvements plan, as it may be amended, and the corresponding service is otherwise unavailable to the subject real property from that capital facility or any other infrastructure;

(c) For a category of necessary public services other than water or wastewater facilities, any part of a development impact fee is not spent within ten years of the city's receipt of the development impact fee;

(d) Any part of a development impact fee for water or wastewater facilities is not spent within 15 years of the city's receipt of the development impact fee; or

(e) The development impact fee was calculated and collected for the construction cost to provide all or a portion of a specific capital facility serving the subject real property and the actual construction costs for the capital facility are less than the construction costs projected in the infrastructure improvements plan by a factor of 10% or more. In such event, the current owner of the subject real property shall, upon request as set forth in this section, be entitled to a refund for the difference between the amounts of the development impact fee charged for and attributable to such construction cost and the amount the development impact fee would have been calculated to be if the actual construction cost had been included in the fee report. The refund contemplated by this subsection shall relate only to the costs specific to the construction of the applicable capital facility and shall not include any related design, administrative, or other costs not directly incurred for construction of the capital facility that are included in the development impact fee as permitted by A.R.S. § 9-463.05.

(B) *Earned interest.* A refund of a development impact fee shall include any interest actually earned on the refunded portion of the development impact fee by the city from the date of collection to the date of refund. All refunds shall be made to the record owner of the property at the time the refund is paid.

(C) *Refund to government.* If a development impact fee was paid by a governmental entity, any refund shall be paid to that governmental entity.

(Ord. 327, passed 5-28-2014)

### **§ 150.055 OVERSIGHT OF DEVELOPMENT IMPACT FEE PROGRAM.**

(A) *Annual report.* Within 90 days of the end of each fiscal year, the city shall file with the city clerk an unaudited annual report accounting for the collection and use of the fees for each service area and shall post the report on its website in accordance with A.R.S. § 9-463.05(N) and (O), as amended.

(B) *Biennial audit.* In addition to the annual report described in paragraph A of this section, the city shall provide for a biennial, certified audit of the city's land use assumptions, infrastructure improvements plan and development impact fees.

(1) An audit pursuant to this subsection shall be conducted by one or more qualified professionals who are not employees or officials of the city and who did not prepare the infrastructure improvements plan.

(2) The audit shall review the collection and expenditures of development fees for each project in the plan and provide written comments describing the amount of development impact fees assessed, collected, and spent on capital facilities.

(3) The audit shall describe the level of service in each service area, and evaluate any inequities in implementing the infrastructure improvements plan or imposing the development impact fee.

(4) The city shall post the findings of the audit on the city's website and shall conduct a public hearing on the audit within 60 days of the release of the audit to the public.

(5) For purposes of this section a certified audit shall mean any audit authenticated by one or more of the qualified professionals conducting the audit pursuant to division (B)(1) of this section.

(Ord. 327, passed 5-28-2014)



# *Resolution*

## **NO. 1057**

OFFICE OF THE  
MAYOR  
CITY OF SAN LUIS

A RESOLUTION OF THE CITY OF SAN LUIS, ARIZONA ADOPTING DEVELOPMENT IMPACT FEES AND AMENDING THE INFRASTRUCTURE IMPROVEMENTS PLAN OF THE CITY OF SAN LUIS; ESTABLISHING EFFECTIVE DATES; REPEALING ANY CONFLICTING PROVISIONS; AND PROVIDING FOR SEVERABILITY

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SAN LUIS, ARIZONA:

Section 1: That the document entitled “Land Use Assumptions, Infrastructure Improvements Plan, and Development Fees” dated May 14, 2014, is hereby referred to, adopted, and made a part hereof, as the development impact fee report and development impact fees of the City of San Luis, as though fully set out again in full.

Section 2: That the infrastructure improvement plan of the City of San Luis is to be amended to conform to the infrastructure improvement plan as contained in the document entitled “Land Use Assumptions, Infrastructure Improvements Plan, and Development Fees” dated May 14, 2014, which is hereby referred to, and made a part hereof, as though fully set out again in full.

Section 3: The effective date of the development impact fees and the development impact fee report adopted herein shall be on August 1, 2014.

Section 4: The adoption of and the effective date of the amended infrastructure improvement plan referred to herein shall be thirty days from the effective date of this resolution.

Section 5: In the event of a conflict between the provisions of this Resolution and any other ordinance, code, resolution, regulation, or policy of the City of San Luis, the conflicting provisions are hereby repealed, superseded, and replaced.

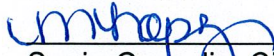
Section 6: If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Council of the City of San Luis, Arizona,  
this 14th day of May, 2014.



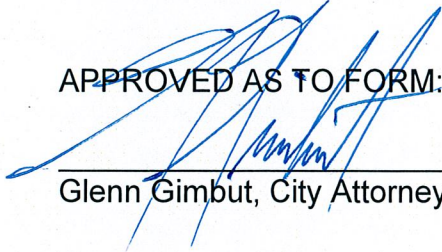
Gerardo Sanchez, Mayor

**ATTEST:**



Sonia Cornelio, City Clerk

**APPROVED AS TO FORM:**



Glenn Gimbut, City Attorney



# Land Use Assumptions, Infrastructure Improvements Plan, and Development Fees

*Prepared for:*

*City of San Luis, Arizona*

*May 14, 2014*

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## EXECUTIVE SUMMARY

The City of San Luis hired TischlerBise to document land use assumptions, prepare an Infrastructure Improvements Plan (IIP), and update development fees pursuant to Arizona Revised Statutes 9-436.05. Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions. The IIP for each type of infrastructure is in the middle section of this document and the Land Use Assumptions may be found in Appendix C. The proposed development fees are displayed in Figure 3.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development's proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies.

This update of the City's Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

- General Government Facilities
- Parks and Recreational Facilities
- Public Safety Facilities (Police and Fire)
- Street Facilities
- Wastewater Facilities

This plan also includes all necessary elements required to be in full compliance with SB 1525.

## ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

Arizona Revised Statutes 9-463.05 (hereafter referred to as "development fee enabling legislation") governs how development fees are calculated for municipalities in Arizona. During the state legislative session of 2011, Senate Bill 1525 (SB 1525) was introduced which significantly amended the development fee enabling legislation. The changes included:

- Amending existing development fee programs by January 1, 2012.
- Abandoning existing development fee programs by August 1, 2014.
- New development fee program structure revolving around a unified Land Use Assumptions document and Infrastructure Improvements Plan.
- New adoption procedures for the Land Use Assumptions, Infrastructure Improvements Plan, and development fees.
- New definitions, including "necessary public services" which defines what categories and types of infrastructure may be funded with development fees.
- Time limitations in development fee collections and expenditures.
- New requirements for credits, "grandfathering" rules, and refunds.

## Necessary Public Services

Under the new requirements of the development fee enabling legislation, development fees may be only used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, drainage, flood control, library, streets, fire and police, and neighborhood parks and recreation. Additionally, a necessary public service includes any facility that was financed before June 1, 2011 and that meets the following requirements:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

As of January 1, 2012, the City will no longer be able to assess development fees for Government Administration.

## Infrastructure Improvements Plan

Development fees must be calculated pursuant to an Infrastructure Improvements Plan (hereafter referred to as the “IIP”). For each necessary public service that is the subject of a development fee, by law, the infrastructure improvements plan shall include the following seven elements:

- A description of the existing necessary public services in the service area and the cost to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed on this state, as applicable.
- An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
- A description of all or the parts of the necessary public services or facility expansion and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in the state, as applicable.
- A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
- The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.
- The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
- A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion

of utility fees attributable to development based on the approved Land Use Assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

### **Qualified Professionals**

Qualified professionals developed the IIP for San Luis using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure plans, user fee and cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

### **Conceptual Development Fee Calculation**

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire service area (usually referred to as system improvements). The first step is to determine an appropriate demand indicator for the particular type of infrastructure. The demand indicator measures the number of service units for each unit of development. For example, an appropriate indicator of the demand for parks is population growth and the increase in population can be estimated from the average number of persons per housing unit. The second step in the development fee formula is to determine infrastructure improvement units per service unit, typically called level of service (LOS) standards. In keeping with the park example, a common LOS standard is improved park acres per thousand people. The third step in the development fee formula is the cost of various infrastructure units. To complete the park example, this part of the formula would establish a cost per acre for land acquisition and/ or park improvements.

### **Evaluation of Credits**

Regardless of the methodology, a consideration of “credits” is integral to the development of a legally defensible development fee. There are two types of “credits” that should be addressed in development fee studies and ordinances. The first is a revenue credit due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of credit is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

**CURRENT DEVELOPMENT FEES**

As shown in Figure 1, the current development fee schedule in San Luis has one fee for residential development and one fee for nonresidential development, called “Retail/ Commercial.” The bottom section of the table below indicates the grand total fee for a single residential unit, assuming the smallest-size water meter.

**Figure 1 - Current Development Fees in San Luis**

<b>Current Non-Utility Development Fees</b>					
<b>Land Use</b>	<b>City Hall</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Total</b>
<i>Residential (per Housing Unit)</i>					
Single Unit	\$258	\$705	\$387	\$0	<b>\$1,350</b>
2+ Units	\$258	\$705	\$387	\$0	<b>\$1,350</b>
<i>Nonresidential (per 1000 sq ft of floor area)</i>					
Industrial	\$269	\$88	\$149	\$0	<b>\$506</b>
Commercial	\$269	\$88	\$149	\$0	<b>\$506</b>
Institutional	\$269	\$88	\$149	\$0	<b>\$506</b>
Office & Other Services	\$269	\$88	\$149	\$0	<b>\$506</b>

<b>Current Utility Development Fees</b>			
<b>Per Meter</b>	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
0.75	\$760	\$715	<b>\$1,475</b>
1.00	\$1,899	\$1,787	<b>\$3,686</b>
1.50	\$3,798	\$3,573	<b>\$7,371</b>
2.00	\$6,077	\$5,717	<b>\$11,794</b>

<b>Single Residential Total</b>	
<b>Non-Utility</b>	\$1,350
<b>Utility</b>	\$1,475
<b>Grand Total</b>	<b>\$2,825</b>

## DEVELOPMENT FEE METHODOLOGIES

Development fees for the necessary public services made necessary by new development must be based on the same level of service provided to existing development in the service area. There are three basic methodologies used to calculate development fees. They examine the past, present, and future status of infrastructure. The objective of evaluating these different methodologies is to determine the best measure of the demand created by new development for additional infrastructure capacity.

- **Cost recovery (past)** is used in instances when a community has oversized a facility or asset in anticipation of future development. This methodology is based on the rationale that new development is repaying the community for its share of the remaining unused capacity.
- **Incremental expansion method (present)** documents the current level of service for each type of public facility. The intent is to use revenue collected to expand or provide additional facilities, as needed to accommodate new development, based on the current cost to provide capital improvements.
- **Plan-based method (future)** utilizes a community’s capital improvement plan and/or other adopted plans or engineering studies to guide capital improvements needed to serve new development.

Figure 2 summarizes the methods and cost components for each type of infrastructure included in San Luis’s IIP and development fee update. When cost recovery is combined with other methods, infrastructure and growth-related debt service is not counted in existing levels of service.

**Figure 2 - Recommended Calculation Methodologies**

Type of Fee	Cost Recovery (past)	Incremental Expansion (present)	Plan-Based (future)
1. General Government	City Hall		
2. Parks		Improved Parks	
3. Public Safety	Police Station	Fire Facilities	Vehicles and Equipment
4. Streets			Lane Miles of Arterials
5. Wastewater	Wastewater Treatment Plant		Collection Improvements

**PRELIMINARY DEVELOPMENT FEES**

Proposed development fees for San Luis are summarized in Figure 3.

Based on policy decisions made by staff since the adoption of the IIP on February 26, 2014, the City of San Luis will suspend collection of the Water Development Fee.

**Figure 3 - Proposed Development Fee Schedules**

Proposed Non-Utility Development Fees					
Land Use	City Hall	Parks	Public Safety	Streets	Total
<b>Residential (per Housing Unit)</b>					
Single Unit	\$476	\$735	\$908	\$943	<b>\$3,062</b>
2+ Units	\$428	\$662	\$817	\$801	<b>\$2,708</b>
<b>Nonresidential (per 1000 sq ft of floor area)</b>					
Industrial	\$461	\$320	\$340	\$336	<b>\$1,457</b>
Commercial	\$399	\$277	\$1,375	\$1,231	<b>\$3,282</b>
Institutional	\$196	\$136	\$497	\$492	<b>\$1,321</b>
Office & Other Services	\$663	\$461	\$538	\$533	<b>\$2,195</b>

Proposed Utility Development Fees	
Per Meter	Wastewater
0.75	\$1,634
1.00	\$2,721
1.50	\$5,412
2.00	\$8,654

Figure 4 displays proposed development fee for a residential single compared to the current development fee. The wastewater fee assumes a ¾" meter for a residential unit.

**Figure 4 - Current and Proposed Total Fees for a Single Unit**

Single Residential Total	Proposed	Current	\$ Increase	% Increase
<b>Non-Utility</b>	<b>\$3,062</b>	\$1,350	\$1,712	127%
<b>Utility (Wastewater)</b>	<b>\$1,634</b>	\$1,475	\$159	11%
<b>Grand Total</b>	<b>\$4,696</b>	\$2,825	\$1,871	66%

## CITY HALL DEBT SERVICE

ARS 9-463.05 (T)(7)(h) allows “Any facility that was financed and that meets all of the requirements prescribed in subsection R of this section.” Section R states, “A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if: 1. Development fees were pledged to repay debt service obligations related to the construction of the facility, and 2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility.”

San Luis issued bonds to finance its City Hall in 2005 and the fees will be used solely for the payment of principal and interest, which meet the criteria above. Thus, development fees may be collected to pay for the principal and interest of the bonds on City Hall. These facilities were oversized in anticipation of new development. Because general government is not a necessary public service, as defined by Arizona’s enabling legislation, the IIP requirements are not applicable.

### Service Area

Because City Hall serves all residents and jobs within San Luis, TischlerBise recommends a citywide service area.

### Proportionate Share

The development fee for General Government is calculated on a per capita basis for residential development. For nonresidential development, the fee methodology allocates the capital cost of infrastructure on a per employee basis.

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. In San Luis, General Government development fees are based on both residential and nonresidential development. As shown in Figure G1, functional population was used to allocate general government costs to residential and nonresidential development. Functional population is similar to what the U.S. Census Bureau calls “daytime population” by accounting for people living and working in a jurisdiction. Residents that don’t work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in San Luis are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for San Luis, the cost allocation for residential development is 80% while nonresidential development accounts for 20% of the demand for general government infrastructure.

**Figure CH1 – Functional Population**

	<u>Service Units in 2011</u>	<u>Demand Hours/Day</u>	<u>Person Hours</u>
<b>Residential</b>			
Population*	27,864		
68% Residents Not Working	18,855	20	377,100
32% Resident Workers**	9,009		
15% Worked in City**	1,387	14	19,418
85% Worked Outside City**	7,622	14	106,708
	<b>Residential Subtotal</b>		<b>503,226</b>
	<b>Residential Share =&gt;</b>		<b>80%</b>
<b>Nonresidential</b>			
Non-working Residents	18,855	4	75,420
Jobs Located in City**	5,411		
Residents Working in City**	1,387	10	13,870
Non-Resident Workers (inflow commuters)	4,024	10	40,240
	<b>Nonresidential Subtotal</b>		<b>129,530</b>
	<b>Nonresidential Share =&gt;</b>		<b>20%</b>
	<b>TOTAL</b>		<b>632,756</b>

\* 2011 count, U.S. Census Bureau.  
 \*\* Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.

**COST RECOVERY FOR CITY HALL DEBT**

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage.

In 2005, San Luis issued \$40 million in bonds to fund various public services, with payments continuing until 2038. Including interest, the payments total \$81,245,717. Figure G2 shows a summary of how the funds were allocated. As shown below, \$10,677,520 in principal and interest remains on City Hall.

**Figure CH2 – Cost Allocation of Series 2005 Bonds**

<i>Facility</i>	<i>Percent of Total</i>	<i>Total Principal and Interest</i>	<i>Remaining Principal and Interest (FY2014)</i>
City Hall	16.8%	\$13,649,280	\$10,677,520
Police Station	13.8%	\$11,211,909	\$8,736,153
Fire Station	8.4%	\$6,824,640	\$5,312,704
Water System and Filtration	29.6%	\$24,048,732	\$18,766,517
Sewer System	31.4%	\$25,511,155	\$19,961,325
<b>Total</b>	<b>100.0%</b>	<b>\$81,245,717</b>	<b>\$63,454,219</b>

Because City Hall was oversized to accommodate future development, development fees will cover the growth-related share of remaining debt. The growth share is based on projected persons and jobs at the end of the bond term. Remaining principal and interest (\$10,677,520) was allocated to residential and nonresidential development based on functional population. The growth share is based on the increase in population and jobs by 2038 (see formulas at the bottom of Figure G3). Residential and nonresidential growth costs were divided by respective increases in persons or jobs, from 2013-2038, to obtain a cost per person of \$122.86 and the cost per job of \$198.67.

**Figure CH3- Growth Share of City Hall Debt**

<i>Name of Debt Obligation</i>	<i>Year of Debt Obligation</i>	<i>FY of Final Payment</i>	<i>Remaining Principal and Interest</i>
2005 Series Bonds, City Hall Share	2005	2038	\$ 10,677,520

	<b>Proportionate Share</b>	<b>Proportionate Cost</b>	<b>Growth Share<sup>1</sup></b>	<b>Growth Cost</b>	<b>Increase 2013 - 2038</b>	<b>Cost per Service Unit</b>
Residential	80%	\$8,542,016	57%	\$4,878,713	39,709 persons	<b>\$122.86 per person</b>
Nonresidential	20%	\$2,135,504	46%	\$991,274	4,990 jobs	<b>\$198.67 per job</b>
<b>Total (25 Years)</b>		<b>\$10,677,520</b>		<b>\$5,869,987</b>		
<b>10 Year Total<sup>2</sup></b>		<b>\$4,271,341</b>		<b>\$1,800,902</b>		

1. Residential Growth Share (57%) is 1 - (29,817 residents in 2013/ 69,526 residents in 2038).

Nonresidential Growth Share (46%) is 1 - (5,760 jobs in 2013/ 10,749 jobs in 2038).

2. 10-Year Total is payments on City Hall for next 10 years. 10-Year Growth Cost Total is cost per service unit multiplied by projected increase in persons and jobs over the next ten years.

## PRELIMINARY DEVELOPMENT FEES FOR CITY HALL DEBT

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. The version of costs per service unit into a cost per development unit is also shown in the table below. For residential development, San Luis uses year-round persons per housing unit to derive fees by type of housing. For nonresidential development, the necessary conversion is jobs per 1,000 square feet, as documented in the Land Use Assumptions (see Appendix C).

Cost recovery amounts for City Hall debt are summarized in the upper portion of Figure G4. Updated development fees for General Government are shown in green and current fees are shown in yellow.

**Figure CH4 - Proposed Fee Schedule for City Hall**

Cost Per Person	
Facility Cost Recovery	\$122.86
Professional Services	\$0.65
<b>Net Cost Per Service Unit</b>	<b>\$123.52</b>

### Residential Development Fees per Housing Unit

Unit Type	Persons per Housing Unit	Proposed Fee	Current Fee	Increase (Decrease)	% Change
Single Unit	3.86	\$476	\$258	\$218	84%
2+ Units	3.47	\$428	\$258	\$170	66%

Cost Per Job	
Facility Cost Recovery	\$198.67
Professional Services	\$1.18
<b>Net Cost Per Service Unit</b>	<b>\$199.84</b>

### Nonresidential Development Fees per Thousand Square Feet of Floor Area

Development Type	Employees per Sq Ft <sup>1</sup>	Proposed Fee	Current Fee	Increase (Decrease)	% Change
Industrial	2.31	\$461	\$269	\$192	71%
Commercial	2.00	\$399	\$269	\$130	48%
Institutional	0.98	\$196	\$269	(\$73)	-27%
Office & Other Services	3.32	\$663	\$269	\$394	146%

1. Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).

**FORECAST OF REVENUES**

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation. Revenue projections shown below assume implementation of the proposed General Government development fees and that development over the next ten years is consistent with the Land Use Assumptions described in Appendix C. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the development fee revenue. As shown below, the ten year growth-related General Government costs total approximately \$1,805,500 and approximately \$1,775,000 will be collected from development fees.

**Figure CH5 - Projected Development Fee Revenue for City Hall**

**Ten-Year Growth-Related Costs for General Government**

Facility Cost Recovery	\$1,801,000
Professional Services	\$4,500
<b>Total</b>	<b>\$1,805,500</b>

		<b>Single Unit</b>	<b>2+ Units</b>	<b>Industrial</b>	<b>Commercial</b>	<b>Institutional</b>	<b>Office &amp; Other Services</b>	
		<b>\$476</b>	<b>\$428</b>	<b>\$461</b>	<b>\$399</b>	<b>\$196</b>	<b>\$663</b>	
		<b>per housing unit</b>	<b>per housing unit</b>	<b>per 1,000 Sq Ft</b>	<b>per 1,000 Sq Ft</b>	<b>per 1,000 Sq Ft</b>	<b>per 1,000 Sq Ft</b>	
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	
Base	2013	7,094	534	300	570	2,510	430	
1	2014	7,339	552	300	590	2,580	440	
2	2015	7,592	571	310	600	2,640	450	
3	2016	7,853	591	320	620	2,710	460	
4	2017	8,124	611	330	630	2,780	470	
5	2018	8,403	632	340	650	2,850	490	
6	2019	8,693	654	350	660	2,920	500	
7	2020	8,992	677	350	680	2,990	510	
8	2021	9,302	700	360	700	3,070	520	
9	2022	9,622	724	370	720	3,150	540	
10	2023	9,954	749	380	730	3,230	550	
<b>Ten-Yr Increase</b>		<b>2,860</b>	<b>215</b>	<b>80</b>	<b>160</b>	<b>720</b>	<b>120</b>	
<b>Projected Fees =&gt;</b>		<b>\$1,361,000</b>	<b>\$92,000</b>	<b>\$37,000</b>	<b>\$64,000</b>	<b>\$141,000</b>	<b>\$80,000</b>	
<b>Total Projected Revenues</b>			<b>\$1,775,000</b>					

## PARKS AND RECREATIONAL FACILITIES IIP

ARS 9-463.05 (T)(7)(g) defines the facilities and assets which can be included in the Parks and Recreational Facilities IIP:

*“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”*

The Parks and Recreational Facilities IIP includes components for park sites and improvements, including the cost of professional services for preparing the IIP and development fees. The incremental expansion methodology is used to calculate the Parks and Recreational Facilities IIP and Development Fees.

### Service Area

The City of San Luis plans to provide a uniform level-of-service and equal service for Parks and Recreational Facilities throughout the City.

### Excluded Costs

Development fees in San Luis exclude costs of to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. Park development fees will only pay for additional park improvements to accommodate new development, based on the same level-of-service provided to existing residents and jobs.

### Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. The levels of service established above for improved park acres are the standards the City wishes to maintain using the incremental expansion method for new development. Thus, there is no available capacity for new development based on the current inventory. New development will be served by park improvement capital projects.

### Proportionate Share

The development fee for Parks and Recreational Facilities is calculated on a per capita basis for residential development. For nonresidential development, the fee methodology allocates the capital cost of infrastructure on a per employee basis.

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. In San Luis, Parks and Recreational Facilities development fees are based on both residential and nonresidential development.

As shown earlier in Figure G1, functional population was used to allocate General Government costs to residential and nonresidential development. This chart revealed that there were 27,864 residents and 4,024 inflow commuters 2011. To determine the Parks and Recreational Facilities proportionate share, the number of residents is multiplied by the number of days per year, and the number of inflow commuters is multiplied by an average number of workdays per year (5 days per week for 50 weeks a year.) The shares of this total (91% for residential and 9% for nonresidential) are used to allocate the costs of Parks and Recreational Facilities by land use type.

**Figure PR1 – Daytime Population**

Residents	Inflow Commuters	Cumulative Impact Days per Year			Cost Allocation for Parks	
		Residential*	Nonresidential**	Total	Residential	Nonresidential
27,864	4,024	10,170,360	1,006,000	11,176,360	91%	9%

\* Days per Year = **365**

\*\* 5 Days per Week x 50 Weeks per Year = **250**

Source: Inflow/ Outflow Analysis, OnTheMap web application, U.S. Census Bureau. See Figure G1.

**EXISTING FACILITIES**

ARS 9-463.05(E)(1) requires a description of the existing necessary public services. The City currently has 37 acres of parks serving the current population. The inventory is shown in Figure PR2.

**Figure PR2 - Parks Inventory and Standards**

Community Park	Total Acres
Moctezuma Park	6.8
Joe Orduno Park	16.7
Friendship Park	6.5
Joe Cabello Park	3.1
Elijio Ramirez Park	3.9
<b>Total Park Acres</b>	<b>37.0</b>

Source: City of San Luis.

Land Cost per Acre <sup>1</sup>	\$75,000
Park Amenity Cost per Acre	\$98,000
<b>Total Cost per Acre</b>	<b>\$173,000</b>

1. Cost per acre is average in Yuma area.

Level of Service (LOS) Standards	Residential		Nonresidential	
	91%		9%	
Proportionate Share				
2013 Service Units	29,817	persons	5,760	jobs
Level of Service	1.1	acres per 1,000 persons	0.6	acres per 1,000 jobs
Infrastructure Cost per Service Unit	\$190.06	per person	\$138.37	per job

An inventory of park amenities is displayed in Figure PR3. This includes a total of 35 items valued at \$3,625,000. Dividing the total value (\$3,625,000) by the number of park acres (37) results in an amenity cost per acre of \$98,000 (rounded).

**Figure PR3 - Park Amenity Inventory**

<i>Amenity Type</i>	<i>Total Units</i>	<i>Unit Cost</i>	<i>Total</i>
Baseball/ Softball Diamond	3	\$350,000	\$1,050,000
Basketball Court - Outdoor	5	\$85,000	\$425,000
Playground	22	\$60,000	\$1,320,000
Skate Park	1	\$100,000	\$100,000
Soccer Field	2	\$300,000	\$600,000
Tennis Court	1	\$110,000	\$110,000
Volleyball Court - Sand	1	\$20,000	\$20,000
<b>Total</b>	<b>35</b>		<b>\$3,625,000</b>

Source: City of San Luis Parks and Recreation Staff.

Number of Improvements	35
Park Acres	37
<b>Improvements per Acre</b>	<b>0.95</b>

**Cost Allocation**

Total Value of Park Amenities	\$3,625,000
<b>Amenity Cost per Acre</b>	<b>\$98,000</b>

**INFRASTRUCTURE NEEDS ANALYSIS**

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. As shown in Figure PR4, San Luis anticipates 12,081 additional persons and 1,633 additional jobs over the next ten years.

**Demand for Facility Expansions and Costs**

The incremental expansion methodology is used to calculate the cost of additional park improvements, based on the same level-of-service provided to existing residents. The current residential level of service for parks is 1.1 acres per thousand persons, which is found by multiplying the number of improved park acres (37) by the residential proportionate share (91%), dividing this total by the 2013 population of 29.817 persons, expressed in thousands. The nonresidential level of service is 0.6 acres per 1,000 jobs, which is found by multiplying the number of improved acres (37) by the nonresidential proportionate share (9%), dividing this total by the number of jobs in 2013 (5.76 when expressed in thousands). As shown in Figure PR4, over the next ten years, San Luis needs to acquire and improve 15 additional acres of parks.

**Figure PR4 – Need Analysis for Park Sites and Improvements**

Park Land and Improvements		
<b>Res LOS</b>	1.1	acres per 1,000 persons
<b>Nonres LOS</b>	0.6	acres per 1,000 jobs
<b>Cost</b>	\$75,000	per acre - land
	\$98,000	per acre - improvements

Projected Demand				
		<i>Service Units:</i> Persons	<i>Service Units:</i> Jobs	Parks (acres)
Base	2013	29,817	5,760	37
1	2014	30,844	5,905	38
2	2015	31,906	6,054	40
3	2016	33,005	6,207	41
4	2017	34,142	6,364	42
5	2018	35,318	6,525	44
6	2019	36,535	6,690	45
7	2020	37,793	6,859	47
8	2021	39,095	7,032	48
9	2022	40,441	7,210	50
10	2023	41,834	7,392	51
<b>Ten Yr Total</b>		<b>12,018</b>	<b>1,633</b>	<b>15</b>

Cost of Park Land and Improvements \$2,510,100

**PARKS AND RECREATIONAL FACILITIES IMPROVEMENTS**

Figure PR5 displays identified projects that the City plans to fund to accommodate new development. Over the next ten years, San Luis plans to add several playgrounds to existing parks. Additionally, a Joint Sports Complex with the High School District is under consideration. This will include soccer fields, baseball fields, and softball fields. Costs for land and improvements for this complex are shown in PR7. These projects total \$2,664,000.

**Figure PR5 - Necessary Parks and Recreational Facilities Improvements and Expansions**

Project	10-Yr Cost
<b>Park Land and Improvements</b>	
Playgrounds (4)	\$264,000
Park Land for Joint Sports Complex	\$200,000
Improvements for Joint Sports Complex (restrooms, bleachers, other)	\$200,000
Soccer Fields for Joint Sports Complex (2)	\$600,000
Baseball/ Softball Fields for Joint Sports Complex (4)	\$1,400,000
<b>Total</b>	<b>\$2,664,000</b>

Source: San Luis Parks and Recreation Staff.

**PRELIMINARY PARKS AND RECREATION DEVELOPMENT FEES**

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. For residential development, average number of persons per housing unit provides the necessary conversion. For nonresidential development, service units to development units are expressed as employees per thousand square feet of floor area.

Infrastructure standards and cost factors for Parks and Recreational Facilities are summarized in the upper portion of Figure PR7. Updated development fees for Parks and Recreational Facilities are shown in the column with green shading. The current fees are shown in yellow shading. A revenue credit is not necessary for Parks and Recreational Facilities because the ten-year growth costs matches projected Parks and Recreational Facilities development fee revenue.

**Figure PR6 - Preliminary Parks and Recreational Facilities Development Fees**

<b>Cost Per Person</b>	
Park Land and Improvements	\$190.06
Professional Services	\$0.74
<b>Net Cost Per Service Unit</b>	<b>\$190.80</b>

**Residential Development Fees per Housing Unit**

<i>Unit Type</i>	<i>Persons per Housing Unit</i>	<i>Proposed Fee</i>	<i>Current Fee</i>	<i>Increase (Decrease)</i>	<i>% Change</i>
Single Unit	3.86	\$735	\$705	\$30	4%
2+ Units	3.47	\$662	\$705	(\$43)	-6%

<b>Cost Per Job</b>	
Park Land and Improvements	\$138.37
Professional Services	\$0.53
<b>Net Cost Per Service Unit</b>	<b>\$138.90</b>

**Nonresidential Development Fees per Thousand Square Feet of Floor Area**

<i>Development Type</i>	<i>Employees per Sq Ft<sup>1</sup></i>	<i>Proposed Fee</i>	<i>Current Fee</i>	<i>Increase (Decrease)</i>	<i>% Change</i>
Industrial	2.31	\$320	\$88	\$232	264%
Commercial	2.00	\$277	\$88	\$189	215%
Institutional	0.98	\$136	\$88	\$48	55%
Office & Other Services	3.32	\$461	\$88	\$373	424%

1. Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).

## FORECAST OF REVENUES

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)). The top of Figure PR8 summarizes the growth related cost of infrastructure in San Luis over the next ten years, which is approximately \$2.5 million for Parks and Recreational Facilities. San Luis should receive approximately \$2.47 million in Parks and Recreational Facilities development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

**Figure PR7 - Projected Parks and Recreational Facilities Development Fee Revenue**

**Ten-Year Growth-Related Costs for Parks and Recreational Facilities**

Park Land and Improvements	\$2,510,100
Professional Services	\$4,500
<b>Total</b>	<b>\$2,514,600</b>

		<i>Single Unit</i>	<i>2+ Units</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Institutional</i>	<i>Office &amp; Other Services</i>
		\$735 per housing unit	\$662 per housing unit	\$320 per 1,000 Sq Ft	\$277 per 1,000 Sq Ft	\$136 per 1,000 Sq Ft	\$461 per 1,000 Sq Ft
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>
Base	2013	7,094	534	300	570	2,510	430
1	2014	7,339	552	300	590	2,580	440
2	2015	7,592	571	310	600	2,640	450
3	2016	7,853	591	320	620	2,710	460
4	2017	8,124	611	330	630	2,780	470
5	2018	8,403	632	340	650	2,850	490
6	2019	8,693	654	350	660	2,920	500
7	2020	8,992	677	350	680	2,990	510
8	2021	9,302	700	360	700	3,070	520
9	2022	9,622	724	370	720	3,150	540
10	2023	9,954	749	380	730	3,230	550
<b>Ten-Yr Increase</b>		<b>2,860</b>	<b>215</b>	<b>80</b>	<b>160</b>	<b>720</b>	<b>120</b>
<b>Projected Fees =&gt;</b>		<b>\$2,102,000</b>	<b>\$142,000</b>	<b>\$26,000</b>	<b>\$44,000</b>	<b>\$98,000</b>	<b>\$55,000</b>
<b>Total Projected Revenues</b>			<b>\$2,467,000</b>				

## PUBLIC SAFETY FACILITIES IIP

ARS 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Public Safety Facilities IIP:

*“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training police and firefighters from more than one station or substation.”*

The Public Safety Facilities IIP includes components for fire and police stations, public safety vehicles and officer equipment, and the cost of professional services for preparing the Public Safety IIP and development fees. Cost recovery is used to calculate the fee portion for the police station. The revenues will be used to pay for debt service payments according to ARS 9-463.05(R). Incremental expansion is used to calculate the fire station component. The vehicle and equipment component is calculated using the plan-based methodology of the Public Safety Facilities IIP and Development Fees.

### Service Area

The City’s networks of police and fire stations are planned and operate as an integrated network and share communication equipment. As a result, the Public Safety Facilities IIP includes both police and fire and the service area for the Public Safety Facilities IIP is citywide.

### Excluded Costs

Development fees in San Luis exclude costs of to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental, or regulatory standards. The cost recovery methodology used to calculate the police facility element of the IIP ensures that only new development will pay for its share of the cost. The fire facility component will only fund additional improvements to accommodate new development, based on the same level-of-service provided to existing residents and jobs. The plan-based method for vehicles and communication equipment allocates the cost of necessary improvements and expansions to new growth.

### Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. In San Luis, Public Safety development fees are based on both residential and nonresidential development. As shown in Figure PS1, functional population was used to allocate General Government costs to residential and nonresidential development. Functional population is similar to what the U.S. Census Bureau calls “daytime population” by accounting for people living and working in a jurisdiction. Residents that don’t work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in San Luis are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for San Luis, the cost allocation for residential development is 80% while nonresidential development accounts for 20% of the demand for Public Safety infrastructure.

**Figure PS1 – Functional Population**

	<u>Service Units in 2011</u>	<u>Demand Hours/Day</u>	<u>Person Hours</u>
<b>Residential</b>			
Population*	27,864		
68% Residents Not Working	18,855	20	377,100
32% Resident Workers**	9,009		
15% Worked in City**	1,387	14	19,418
85% Worked Outside City**	7,622	14	106,708
	<b>Residential Subtotal</b>		<b>503,226</b>
	<b>Residential Share =&gt;</b>		<b>80%</b>
<b>Nonresidential</b>			
Non-working Residents	18,855	4	75,420
Jobs Located in City**	5,411		
Residents Working in City**	1,387	10	13,870
Non-Resident Workers (inflow commuters)	4,024	10	40,240
	<b>Nonresidential Subtotal</b>		<b>129,530</b>
	<b>Nonresidential Share =&gt;</b>		<b>20%</b>
	<b>TOTAL</b>		<b>632,756</b>

\* 2011 count, U.S. Census Bureau.  
 \*\* Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.

The development fee for Public Safety Facilities is calculated on a per capita basis for residential development. Nonresidential development fees are calculated using trips as the service unit. TischlerBise recommends using nonresidential vehicle trips as the best demand indicator for public safety facilities and equipment. Trip generation rates are used for nonresidential development because vehicle trips are highest for commercial developments, such as shopping centers, and lowest for industrial development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent with the relative demand for public safety from nonresidential development.

**COST RECOVERY OF POLICE STATION**

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. The San Luis Police Station is 19,856 square feet. In 2005, San Luis issued \$40 million in bonds to fund various public services, with payments continuing until 2038. Including interest, the payments total \$81,245,717.25. The Police Station represents 13.8% of this total, and \$8,376,153 remains in principal and interest. The Police Department will use its existing building for the next five years, so fees will only be collected for Police Facilities to cover new development’s share of the debt service.

Using the cost recovery methodology, proportionate costs per service unit for the Police Station are \$100.52 per person and \$38.55 per trip. These costs are obtained by multiplying the remaining principal and interest (\$8,736,153) by the proportionate shares (80% for residential and 20% for nonresidential) and growth shares (57% for residential and 47% for nonresidential). Lastly, the residential and nonresidential shares are divided by the population increase (39,709 persons) or trip increase (21,092).

**Figure PS2 - Cost Recovery for Police Station Debt Service**

	<i>Name of Debt Obligation</i>	<i>Year of Debt Obligation</i>	<i>FY of Final Payment</i>	<i>Remaining Principal and Interest</i>		
	2005 Series Bonds, Police Station Share	2005	2038	\$8,736,153		

	<b>Proportionate Share</b>	<b>Proportionate Cost</b>	<b>Growth Share<sup>1</sup></b>	<b>Growth Cost</b>	<b>Increase 2013 - 2038</b>	<b>Cost per Service Unit</b>
Residential	80%	\$6,988,922	57%	\$3,991,674	39,709 persons	<b>\$100.52 per person</b>
Nonresidential	20%	\$1,747,231	47%	\$813,148	21,092 trips	<b>\$38.55 per trip</b>
<b>Total (25 Years)</b>		<b>\$8,736,153</b>		<b>\$4,804,822</b>		
<b>10 Year Total<sup>2</sup></b>		<b>\$3,494,734</b>		<b>\$1,472,574</b>		

1. Residential Growth Share (57%) is 1 - [(29,817 residents in 2013/ 69,526 residents in 2038).  
 Nonresidential Growth Share (47%) is 1 - [(24,327 trips in 2013/ 45,322 trips in 2038).

2. 10-Year Total is payments on Police Station for next 10 years. 10-Year Growth Cost Total is cost per service unit multiplied by projected increase in persons and trips over the next ten years.

**FIRE FACILITIES**

The San Luis Police and Fire Departments are housed in separate facilities. The incremental expansion methodology is used to calculate the portion of the fee for the fire facility. Debt was issued to fund both facilities, but the Fire Department is planning to build an additional fire station within the next ten years, so the incremental expansion methodology is used for the fire facilities component of the fee. The Fire Department has 14,466 square feet of floor area. As shown in Figure PS3, the level of service for residential development is 0.39 square feet per person, and the nonresidential level of service is 0.12 square feet per vehicle trip (average weekday inbound trip to nonresidential development). The cost allocations of \$81.03 per person and \$35.48 per trip are based on the growth share of the new fire station.

**Figure PS3 - Fire Facilities Inventory and Standards**

Site	Square Feet	Cost
Fire Complex	14,466	\$2,686,847

Source: City of San Luis.

	Proportionate Share	2013 Service Units	LOS: Square Feet per Service Unit	Cost per Service Unit
Residential	80%	29,817 persons	0.39 sq ft per person	\$81.03 per person
Nonresidential	20%	24,229 trips	0.12 sq ft per trip	\$35.48 per trip

**Projected Service Units**

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. As shown in Figure PS4 and determined in the Land Use Assumptions, it is estimated there will be 12,081 additional persons and 6,861 trips over the next ten years.

**Demand for Facility Expansions and Costs**

Projected service units in San Luis over the next ten years (12,081 additional persons and 6,861 trips), multiplied by the current standards for fire facilities (0.39 square feet per person and 0.12 square feet per vehicle trip), indicates new development will demand approximately 5,500 additional square feet of fire facilities. The ten-year projected demand for fire facilities, multiplied by the cost per square foot for the next fire station (\$222), yields a ten-year cost of \$1,217,5400.

**Figure PS4 - Projected Demand for Fire Facilities**

Fire Facilities		
<b>Res LOS</b>	0.39	square feet per person
<b>Nonres LOS</b>	0.12	square feet per trip
<b>Cost</b>	\$222	average cost per square ft.

		Projected Demand		
		<i>Service Units:</i>	<i>Service Units:</i>	Fire Facilities
Year		Persons	Trips	(Sq Ft)
Base	2013	29,817	24,229	14,466
1	2014	30,844	24,923	14,947
2	2015	31,906	25,459	15,424
3	2016	33,005	26,188	15,937
4	2017	34,142	26,775	16,449
5	2018	35,318	27,558	16,999
6	2019	36,535	28,146	17,541
7	2020	37,793	28,839	18,112
8	2021	39,095	29,618	18,711
9	2022	40,441	30,453	19,333
10	2023	41,834	31,091	19,950
<b>Ten Yr Total</b>		<b>12,018</b>	<b>6,861</b>	<b>5,484</b>
		Growth Cost of Fire Station =>		\$1,217,400

**FUTURE NEED FOR VEHICLES AND COMMUNICATION EQUIPMENT**

The vehicles and communication equipment component for the Public Safety Facilities IIP and fees will be derived using a plan-based method. Figure PS5 summarizes San Luis’ planned need for vehicles and communication equipment over the next ten years. San Luis expects to purchase 10 vehicles and communication equipment units, which will cost approximately \$800,000. This is based on an average cost of \$80,000 per item for vehicles and communication equipment in San Luis. As shown in Figure PS5, the projected total cost of \$800,000 was allocated to the increase in service units over the next ten years. The cost per service unit is equal to the total cost (\$800,000) multiplied by the proportionate shares (80% for residential and 20% for nonresidential), and divided by the respective increase in service units (12,018 persons for residential and 6,861 trips for nonresidential). The cost allocations are \$53.25 per additional person and \$23.31 per additional job.

**Figure PS5 - Vehicles and Communication Equipment Cost Allocation**

<b>Cost of 10 Units of Vehicles and Communication Equipment</b>	<b>\$800,000</b>
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Source: City of San Luis Fire and Police Departments.

	Residential per Person	Nonresidential per trip
Proportionate Share	80%	20%
Ten Year Increase in Service Units	<b>12,018</b>	<b>6,861</b>
<b>Cost per Additional Service Unit</b>	<b>\$53.25</b>	<b>\$23.31</b>

**PUBLIC SAFETY IMPROVEMENTS**

Necessary Public Safety Facilities improvements and expansions to accommodate new growth are listed in Figure PS6.

- **Fire Facilities:** San Luis is planning to build a new fire station within the next ten years. Development fees will cover 61% of the funding.
- **Vehicles and Communication Equipment:** San Luis is planning to purchase 10 new vehicles and communication equipment at an expected cost of \$800,000.

**Figure PS6 - Necessary Public Safety Improvements Over Ten Years**

Project	Details	10 Yr Cost
<b>Fire Facilities</b>	<b>Sq Ft</b>	<b>Total Cost</b>
Fire Station	<b>9,000</b>	\$2,000,000
<b>Vehicles and Communication Equipment</b>	<b>Number of Units</b>	<b>Total Cost</b>
Vehicles and Communication Equipment	<b>10</b>	\$800,000
<b>Total</b>		<b>\$2,800,000</b>

Source: City of San Luis Fire and Police Departments.

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## PRELIMINARY PUBLIC SAFETY DEVELOPMENT FEES

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ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Figure PS7 displays the ratio of a service unit to various types of land uses for residential and nonresidential development. The residential development table displays the persons per housing unit for single unit residential and residential structures with two or more units.

Nonresidential development fees are calculated using trips as the service unit. TischlerBise recommends using nonresidential vehicle trips as the best demand indicator for public safety facilities and equipment. Trip generation rates are used for nonresidential development because vehicle trips are highest for commercial developments, such as shopping centers, and lowest for industrial/warehouse development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent with the relative demand for public safety from nonresidential development. Other possible nonresidential demand indicators, such as employment or floor area, will not accurately reflect the demand for service. For example, if employees per thousand square feet were used as the demand indicator, public safety impact fees would be too high for office and institutional development because offices typically have more employees per 1,000 square feet than retail uses. If floor area were used as the demand indicator, public safety development fees would be too high for industrial development.

Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 9th Edition 2012). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate development fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%.

For commercial development, the trip adjustment factor is less than 50% because retail development and some services attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, the ITE data indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends. These factors are shown to derive inbound vehicle trips for each type of nonresidential land use. Infrastructure standards and cost factors for Public Safety Facilities are summarized in the upper portion of Figure PS7. Updated development fees for Public Safety Facilities are shown in the column with green shading. The current fees are shown in yellow shading. A credit for other revenues is not necessary for Public Safety facilities because the ten-year growth cost of improvements matches expected development fee revenue.

**Figure PS7 - Public Safety Facilities Development Fee Schedule**

<b>Cost Per Person</b>	
Police Facilities (Cost Recovery)	\$100.52
Fire Facilities	\$81.03
Vehicles and Equipment	\$53.25
Professional Services	\$0.65
<b>Net Cost per Service Unit</b>	<b>\$235.46</b>

**Residential Development Fees per Housing Unit**

<i>Unit Type</i>	<i>Persons per Housing Unit</i>	<i>Proposed Fee</i>	<i>Current Fee<sup>1</sup></i>	<i>Increase (Decrease)</i>	<i>% Change</i>
Single Unit	3.86	\$908	\$387	\$521	135%
2+ Units	3.47	\$817	\$387	\$430	111%

<b>Cost per Trip</b>	
Police Facilities (Cost Recovery)	\$38.55
Fire Facilities	\$35.48
Vehicles and Officer Equipment	\$23.31
Professional Services	\$0.28
<b>Net Cost per Service Unit</b>	<b>\$97.62</b>

**Nonresidential Development Fees per Thousand Square Feet of Floor Area**

<i>Development Type</i>	<i>Inbound Vehicle Trips</i>	<i>Proposed Fee</i>	<i>Current Fee<sup>1</sup></i>	<i>Increase (Decrease)</i>	<i>% Change</i>
Industrial	3.49	\$340	\$149	\$191	128%
Commercial	14.09	\$1,375	\$149	\$1,226	823%
Institutional	5.09	\$497	\$149	\$348	234%
Office & Other Services	5.52	\$538	\$149	\$389	261%

1. Represents sum of current Police and Fire Fee.

## FORECAST OF REVENUES

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)). The top of Figure PS8 summarizes the growth related cost of infrastructure in San Luis over the next ten years, which is approximately \$3.49 million for Public Safety Facilities. San Luis should receive approximately \$3.44 million in Public Safety development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

**Figure PS8 - Projected Public Safety Facilities Development Fee Revenue**

**Ten-Year Growth-Related Costs for Public Safety Facilities**

Police Facility Cost Recovery	\$1,473,000
Fire Facilities	\$1,217,400
Vehicle and Officer Equipment	\$800,000
Professional Services	\$4,500
<b>Total</b>	<b>\$3,494,900</b>

		<i>Single Unit</i>	<i>2+ Units</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Institutional</i>	<i>Office &amp; Other Services</i>
		\$908	\$817	\$340	\$1,375	\$497	\$538
		per housing unit	per housing unit	per 1,000 Sq Ft	per 1,000 Sq Ft	per 1,000 Sq Ft	per 1,000 Sq Ft
<i>Year</i>		<i>Hsq Units</i>	<i>Hsq Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>
Base	2013	7,094	534	300	570	2,510	430
1	2014	7,339	552	300	590	2,580	440
2	2015	7,592	571	310	600	2,640	450
3	2016	7,853	591	320	620	2,710	460
4	2017	8,124	611	330	630	2,780	470
5	2018	8,403	632	340	650	2,850	490
6	2019	8,693	654	350	660	2,920	500
7	2020	8,992	677	350	680	2,990	510
8	2021	9,302	700	360	700	3,070	520
9	2022	9,622	724	370	720	3,150	540
10	2023	9,954	749	380	730	3,230	550
<i>Ten-Yr Increase</i>		<i>2,860</i>	<i>215</i>	<i>80</i>	<i>160</i>	<i>720</i>	<i>120</i>
<b>Projected Fees =&gt;</b>		<b>\$2,597,000</b>	<b>\$176,000</b>	<b>\$27,000</b>	<b>\$220,000</b>	<b>\$358,000</b>	<b>\$65,000</b>
<b>Total Projected Revenues</b>		<b>\$3,443,000</b>					

## STREET FACILITIES IIP

ARS 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Street Facilities IIP:

*“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”*

San Luis development fees for Street Facilities are calculated using a plan-based approach for arterial streets. The Street Facilities development fees are derived from trip generation rates, trip rate adjustment factors, average trip length weighting factors, and lane capacity. Each component is described below.

### Service Area

Since only arterials streets are included in the Streets IIP and Development Fees and given these characteristics of how the City plans and designs its arterial street network, the service area for the Street Facilities IIP is Citywide.

### Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development. Trip generation rates and trip adjustment factors are used to determine the proportionate impact of residential, commercial, office, and industrial land uses on the City’s streets network.

## EXISTING LANE MILES

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. The existing public services included in the Streets IIP are lane miles of arterials. San Luis has 9 lane miles of arterials. Development fee exclude the costs of repair, operation and maintenance, or the cost to upgrade or replace existing necessary public services in order to meet stricter standards for existing development, or to provide a higher level of service for new development.

**Figure S1 - Road Inventory**

Classification	Lane Miles
Principal	6.40
Arterials	9.00
Collectors	38.00
Local Street	110.00
<b>Total</b>	<b>163.40</b>

**Current Use and Available Capacity**

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. According to the City of San Luis Small Area Transportation Study, the daily per-lane capacity of a rural minor arterial is 9,000.

**Figure S2 - Daily per-lane Capacity**

Functional Classification	Daily Per-lane Capacity
Rural Minor Arterial	9,000

Source: City of San Luis Small Area Transportation Study.

**FORECAST OF SERVICE UNITS**

San Luis Street Facilities Development Fees will use average weekday vehicle miles of travel as the service units for documenting existing infrastructure standards and allocating the cost of future improvements. TischlerBise created an aggregate travel model to convert development units within San Luis to vehicle trips and vehicle miles of travel. Figure S3 summarizes the input variables for the travel model. Trip generation rates, expressed as average weekday Vehicle Trip Ends (VTE), are from the Institute of Transportation Engineers (ITE). HU is an abbreviation for housing unit. KSF is an abbreviation for square feet of nonresidential floor area, expressed in thousands. Each input variable is described further below.

**Figure S3 - Travel Demand Model Inputs**

	Dev Type	Weekday VTE	Dev Unit	Trip Adj	Trip Length Wt Factor
	Single Unit	9.35	HU	63%	121%
	2+ Units	7.94	HU	63%	121%
	Industrial	6.97	KSF	50%	73%
	Commercial	42.70	KSF	33%	66%
	Institutional	15.43	KSF	33%	73%
	Office & Other Services	11.03	KSF	50%	73%
<b>Avg Trip Length (miles)</b>	<b>1.31</b>				
<b>Capacity Per Lane</b>	<b>9,000</b>				

### Customized Trip Generation Rates per Housing Unit

As an alternative to simply using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip rates using local demographic data. Key independent variables needed for the analysis (i.e. vehicles available, housing units, households and persons) are available from American Community Survey 2010 data for San Luis. Customized average weekday trip generation rates by type of home are shown in Figure S4.

**Figure S4 - Residential Trip Generation Rates by Type of Housing**

	Households (2)				Vehicles per Household by Tenure
	Vehicles Available (1)	Single Unit per Structure	2+ Units per Structure	Total	
Owner-occupied	9,037	4,401	29	4,430	2.04
Renter-occupied	2,044	1,226	442	1,668	1.23
<b>Total</b>	<b>11,081</b>	<b>5,627</b>	<b>471</b>	<b>6,098</b>	1.82
Housing Units (6) =>		5,998	471	6,469	

Units per Structure	Persons (3)	Trip Ends (4)	Vehicles Available	Trip Ends (5)	Average Trip Ends	Trip Ends per Housing Unit
Single Units	19,911	51,567	10,480	60,585	56,076	9.35
2+ Units	1,407	4,818	601	2,661	3,739	7.94
<b>Total</b>	<b>21,318</b>	<b>56,385</b>	<b>11,081</b>	<b>63,246</b>	59,815	9.25

1. Vehicles available by tenure from Table B25046, American Community Survey, 2006-2010.
2. Households by tenure and units in structure from Table B25032, American Community Survey, 2006-2010.
3. Persons by units in structure from Table B25033, American Community Survey, 2006-2010.
4. Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is  $EXP(0.91 * LN(persons) + 1.52)$ . To approximate the average population of the ITE studies, persons were divided by 36 and the equation result multiplied by 36. For 2+ unit housing (ITE 220), the fitted curve equation is  $(3.47 * persons) - 64.48$ .
5. Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is  $EXP(0.99 * LN(vehicles) + 1.81)$ . To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 41 and the equation result multiplied by 41. For 2+ unit housing (ITE 220), the fitted curve equation is  $(3.94 * vehicles) + 293.58$ .
6. Housing units from Table B25024, American Community Survey, 2006 - 2010.

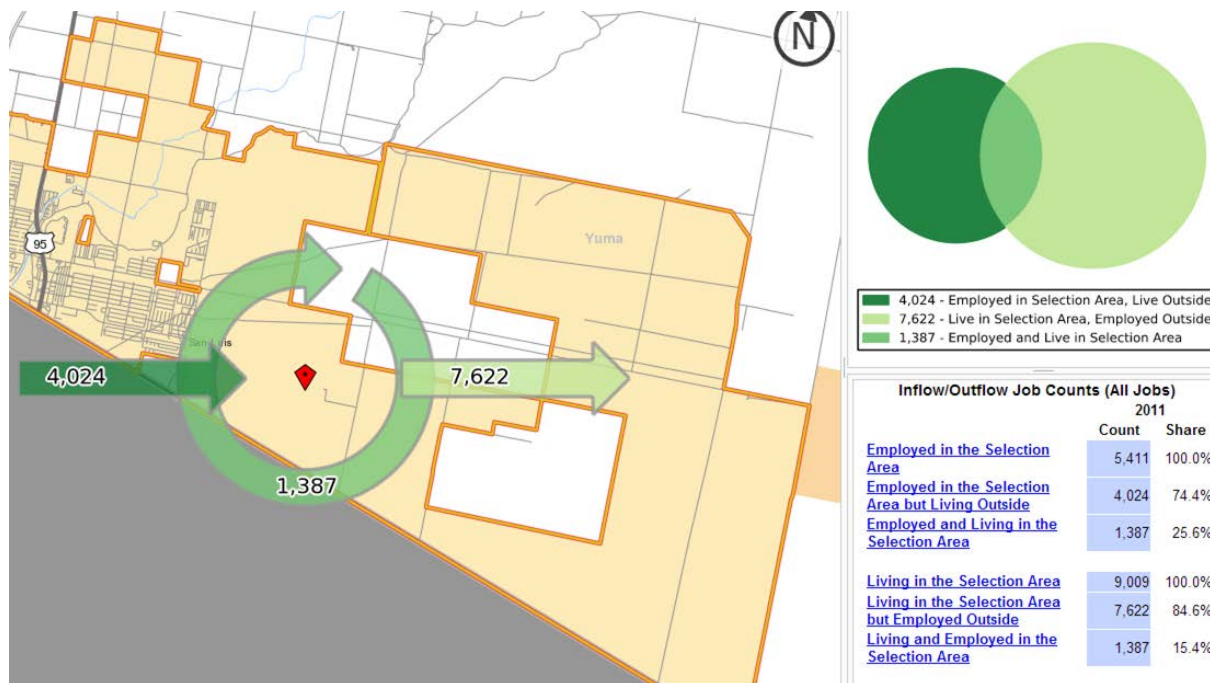
To calculate Street Facilities Development Fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%. As discussed further below, the development fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

### Adjustments for Commuting Patterns and Pass-By Trips

Residential development has a larger trip adjustment factor of 63% to account for commuters leaving San Luis for work. According to the 2009 National Household Travel Survey, weekday work trips are typically 31% of production trips (i.e., all out-bound trips, which are 50% of all trip ends). As shown in the figure below, the Census Bureau’s web application OnTheMap indicates that 85% of resident

workers traveled outside the city for work in 2011. In combination, these factors (0.31 X 0.50 X 0.85 = .13) support the additional 13% allocation of trips to residential development.

**Figure S5 - OnTheMap Inflow/ Outflow Analysis**



For commercial development, the trip adjustment factor is less than 50% because retail development and some services attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, the ITE data indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends. These factors are shown to derive inbound vehicle trips for each type of nonresidential land use.

**Trip Length Weighting Factor by Type of Land Use**

The Street Facilities development fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 6 of the 2009 National Household Travel Survey, vehicle trips from residential development are approximately 121% of the average trip length. The residential trip length adjustment factor includes data on home-base work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 66% of the average trip length while other nonresidential development typically accounts for trips that are 73% of the average for all trips.

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## PROJECTED TRAVEL DEMAND

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The relationship between development in San Luis and the need for system improvements is shown in Figure S6. At the top of the table are both existing and projected development units in San Luis. The table includes annual calculations, but years 6-9 are hidden from view. Trip generation rates and trip adjustment factors convert projected development into average weekday vehicle trips, as shown in the middle section of this table. A typical vehicle trip, such as a person leaving their home and traveling to work, generally begins on a local street that connects to a collector street, which connects to an arterial road and eventually to a state or interstate highway. The progression of travel up and down the functional classification chain limits the average trip length determination, for the purpose of development fees, to the following question, “What is the average vehicle trip length on development fee system improvements (i.e., facilities funded by development fees)?”

With 9 lane miles of system improvements and a lane capacity standard of 9,000 vehicles per lane, the development fee road network has approximately 81,000 vehicle miles of capacity (i.e., 9,000 vehicles per lane traveling the entire 9 miles). To derive the average utilization (i.e., average trip length expressed in miles) of the system improvements, we divide vehicle miles of travel by the vehicle trips attracted to development in San Luis. Development in San Luis currently attracts 68,688 average weekday vehicle trips. Dividing 81,000 vehicle miles of capacity by 68,688 average weekday vehicle trips yields an un-weighted average trip length of approximately 1.18 miles. However, the calibration of average trip length includes the same adjustment factors used in the development fee calculations (i.e., journey-to-work commuting, commercial pass-by adjustment and average trip length adjustment by type of land use). Using a series of spreadsheet iterations, TischlerBise determined the weighted-average trip length to be approximately 1.31 miles.

ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. At the bottom of Figure S6 are weighted Vehicle Miles of Travel (VMT), which is a measurement unit equal to one vehicle traveling one mile. In the aggregate, VMT is the product of vehicle trips multiplied by the average trip length<sup>1</sup>. As shown below, existing infrastructure standards using the average trip length of 1.31 miles in San Luis are 1.11 lane-miles of arterials per 10,000 VMT.

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<sup>1</sup> Typical VMT calculations for development-specific traffic studies, along with most transportation models of an entire urban area, are derived from traffic counts on particular road segments multiplied by the length of that road segment. For the purpose of development fees, VMT calculations are based on attraction (inbound) trips to development located in the service area, with the trip lengths calibrated to the road network considered to be system improvements. This refinement eliminates pass-through or external- external trips, and travel on roads that are not system improvements (e.g. interstate highways).

**Figure S6 - Projected Travel Demand**

	2013	2014	2015	2016	2017	2018	2023	10-Year Increase
	Base	1	2	3	4	5	10	
Single Units	7,094	7,339	7,592	7,853	8,124	8,403	9,954	2,860
2+ Units	534	552	571	591	611	632	749	215
Industrial KSF	300	300	310	320	330	340	380	80
Commercial KSF	570	590	600	620	630	650	730	160
Institutional KSF	2,510	2,580	2,640	2,710	2,780	2,850	3,230	720
Office & Other Services KSF	430	440	450	460	470	490	550	120
<i>Single Unit Trips</i>	41,787	43,228	44,718	46,258	47,852	49,495	58,633	16,845
<i>2+ Unit Trips</i>	2,671	2,763	2,858	2,957	3,059	3,164	3,748	1,077
<i>Industrial Trips</i>	1,046	1,046	1,080	1,115	1,150	1,185	1,324	279
<i>Commercial Trips</i>	8,032	8,314	8,455	8,736	8,877	9,159	10,286	2,255
<i>Institutional Trips</i>	12,781	13,137	13,443	13,799	14,155	14,512	16,447	3,666
<i>Office &amp; Other Services Trips</i>	2,371	2,427	2,482	2,537	2,592	2,702	3,033	662
<b>Total Vehicle Trips</b>	<b>68,688</b>	<b>70,914</b>	<b>73,036</b>	<b>75,402</b>	<b>77,685</b>	<b>80,217</b>	<b>93,471</b>	<b>24,783</b>
<b>Vehicle Miles of Travel (VMT)</b>	<b>81,324</b>	<b>84,076</b>	<b>86,806</b>	<b>89,755</b>	<b>92,661</b>	<b>95,837</b>	<b>112,762</b>	<b>31,438</b>
<b>Lane Miles</b>	<b>9.04</b>	<b>9.34</b>	<b>9.65</b>	<b>9.97</b>	<b>10.30</b>	<b>10.65</b>	<b>12.53</b>	<b>3.49</b>
<b>Annual Lane Miles</b>		<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	
<b>Lane Miles per 10,000 VMT</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	

**PLANNED STREET IMPROVEMENTS**

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs.

The plan-based methodology is used to derive development fees for Street Facilities. Figure S7 lists growth-related street improvements, with a total cost of approximately \$3.5 million. Dividing the growth cost of system improvements by the increase in lane miles results in a cost per lane mile of \$875,000.

**Figure S7 - San Luis Street Improvements**

Project	Lane Miles	Cost to City
Phase 1 of Juan Sanchez Blvd - Construction	4	\$3,500,000

Source: City of San Luis Public Works Dept.

<b>Cost per Lane Mile</b>	<b>\$875,000</b>
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**PRELIMINARY STREET FACILITIES DEVELOPMENT FEE**

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ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Figure S8 displays the ratio of a service unit to various types of land uses for residential and nonresidential development, which includes weekday vehicle trip ends and their respective adjustment and weighting factors.

Figure S8 indicates 2013 and 2023 development units in San Luis and the increase in average weekday vehicle miles of travel in the middle of the table. The service unit index compares VMT by type of land use to the travel demand for a single residential unit. The table below also indicates average miles per trip on planned improvements. With 4 additional lane miles and a lane capacity standard of 9,000 vehicles per day, San Luis will provide 36,000 vehicle miles of capacity. The average utilization of the additional lane miles equates to 1.36 miles of travel on the planned improvements by average weekday vehicle trip to new development in San Luis.

Current and proposed fees are shown at the bottom of Figure S8. To derive the Street Facilities development fee by type of development, the proportionate share factor (based on the ten-year increase in VMT, as shown in the right column in the middle section) is multiplied by the total cost of improvements and divided by the increase in development units. For example, the fee per thousand square feet of industrial floor area is  $.77\% \times \$3,513,500 / 80 = \$336$  (truncated). The specific fee per KSF is multiplied by the size of a specific building (expressed in thousands) to yield the total development fee. A revenue credit is not necessary for Street Facilities because the ten-year growth costs exceed the projected Street Facilities development fee revenue.

**Figure S8 - Proposed Street Facilities Development Fees**

**Average Weekday Vehicle Miles of Travel**

Development Type (1)	2013 Dev Units (2)	2023 Dev Units (2)	Additional Dev Units 2013-2023
Single Housing Units (94%)	7,094	9,954	2,860
2+ Housing Units (6%)	534	749	215
Industrial KSF	300	380	80
Commercial KSF	570	730	160
Institutional KSF	2,510	3,230	720
Office & Other Services KSF	430	550	120
Housing Unit Total	7,628	10,703	3,075
Nonres KSF Total	3,810	4,890	1,080

(1) A single housing unit include detached, attached (townhouse), and mobile home; KSF = square feet of floor area in thousands.  
 (2) Land Use Assumptions (see Appendix C).  
 (3) Trip Generation, Institute of Transportation Engineers, 2012. Retail and institutional include 34% pass-by adjustment.  
 (4) San Luis Streets IIP (8 lane miles x 9,000 vehicles per lane per day).

**Cost Allocation for Streets**

Development Type	Avg Wkdy Veh Trip Ends per Dev Unit (3)	Trip Adj Factors	Trip Length Weighting Factor	Vehicle Miles of Travel per Dev Unit	Service Unit Index	Ten-Year VMT Increase	Proportionate Share by Type of Dev
Single Housing Unit	9.35	63%	121%	9.69	1.00	27,721	76.81%
2+ Units per Structure	7.94	63%	121%	8.23	0.85	1,772	4.91%
Industrial	6.97	50%	73%	3.46	0.36	277	0.77%
Commercial	42.70	33%	66%	12.65	1.30	2,024	5.61%
Institutional	15.43	33%	73%	5.06	0.52	3,640	10.09%
Office & Other Services	11.03	50%	73%	5.48	0.56	657	1.82%
<b>TOTAL</b>						<b>36,090</b>	<b>100.0%</b>
Vehicle Miles of Capacity (4) =>						<b>36,000</b>	
average miles per trip on planned improvements =>						<b>1.36</b>	

**Streets Development Fee Schedule**

Development Type	Proposed Fees	Current Fees
Single Housing Unit	\$943	\$0
2+ Units per Structure	\$801	\$0
Industrial	\$336	\$0
Commercial	\$1,231	\$0
Institutional	\$492	\$0
Office & Other Services	\$533	\$0

Professional Services => **\$13,500**  
 Cost of Streets IIP => **\$3,500,000**  
**Total Ten-Year Growth Cost => \$3,513,500**

**FORECAST OF REVENUES**

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)). The top of Figure S9 summarizes the growth related cost of infrastructure in San Luis over the next ten years, which is approximately \$3.5 million for Street Facilities. San Luis should receive approximately \$3.5 million in Street Facilities development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

**Figure S9 - Projected Street Facilities Development Fee Revenue**

**Ten-Year Growth-Related Costs for Street Facilities**

Arterial Improvements	\$3,500,000
Professional Services	\$13,500
<b>Total</b>	<b>\$3,513,500</b>

		<i>Single Unit</i>	<i>2+ Units</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Institutional</i>	<i>Office &amp; Other Services</i>
		<b>\$943</b>	<b>\$801</b>	<b>\$336</b>	<b>\$1,231</b>	<b>\$492</b>	<b>\$533</b>
		<i>per housing unit</i>	<i>per housing unit</i>	<i>per 1000 Sq Ft</i>	<i>per 1000 Sq Ft</i>	<i>per 1000 Sq Ft</i>	<i>per 1000 Sq Ft</i>
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>
Base	2013	7,094	534	300	570	2,510	430
1	2014	7,339	552	300	590	2,580	440
2	2015	7,592	571	310	600	2,640	450
3	2016	7,853	591	320	620	2,710	460
4	2017	8,124	611	330	630	2,780	470
5	2018	8,403	632	340	650	2,850	490
6	2019	8,693	654	350	660	2,920	500
7	2020	8,992	677	350	680	2,990	510
8	2021	9,302	700	360	700	3,070	520
9	2022	9,622	724	370	720	3,150	540
10	2023	9,954	749	380	730	3,230	550
<i>Ten-Yr Increase</i>		<i>2,860</i>	<i>215</i>	<i>80</i>	<i>160</i>	<i>720</i>	<i>120</i>
<b>Projected Fees =&gt;</b>		<b>\$2,697,000</b>	<b>\$172,000</b>	<b>\$27,000</b>	<b>\$197,000</b>	<b>\$354,000</b>	<b>\$64,000</b>
<b>Total Projected Revenues</b>		<b>\$3,511,000</b>					

## WATER FACILITIES IIP

**Based on policy decisions made by staff since the adoption of the IIP on February 26, 2014, the City of San Luis will suspend collection of the Water Development Fee.**

ARS 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Water Facilities IIP:

“Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.”

The Water Facilities IIP includes cost recovery for the water treatment plant, plan-based methodology for system improvements and the cost of preparing the Water Facilities IIP and development fees.

### Service Area

The service area for the Water Facilities IIP is Citywide, including both west and east mesas.

### Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

The Water Facilities IIP and development fees are assessed on both residential and nonresidential development as both types of development create a burden for additional water facilities. Yearly customers by land use are used to determine the proportionate share of this burden. In 2012, approximately 94% of water customers in San Luis were residents, accounting for 66% of the average day demand. Approximately 6% were non-residential customers, accounting for 34% of the average day demand.

### Excluded Costs

Development fees in San Luis exclude the cost to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The cost recovery methodology ensures that new development pays for their share of the debt.

## WATER CONNECTIONS AND FLOW

Level of service for water is based on gallons per connection per day. The current level-of-service for residential development for water service is 340 gallons per connection per day. For nonresidential connections, water demand averages 2,686 gallons per day. In 2012, each nonresidential water connection averaged 16 jobs. The projected increase in jobs drives the demand for water capacity from nonresidential development.

**Figure W1 - Water Level of Service**

	Avg Gallons per Day <sup>1</sup>	2012 Connections
Residential	1,874,911	5,507
Nonresidential	972,250	362
<b>TOTAL</b>	<b>2,847,161</b>	<b>5,869</b>

1. Average of water use in FY2010-2011 and FY2011-2012, provided by the City of San Luis. Nonresidential includes Commercial, Government, Schools, and City.

<b>Level of Service (LOS) Standards</b>	<i>Residential</i>
Average Residential Gallons Per Day	1,874,911
2012 Service Units (residential connections)	5,507
<b>Current LOS: Gallons per Connection per Day</b>	<b>340</b>

<b>Level of Service (LOS) Standards</b>	<i>Nonresidential</i>
Average Nonresidential Gallons Per Day	972,250
2012 Service Units (nonresidential connections)	362
<b>Current LOS: Gallons per Connection per Day</b>	<b>2,686</b>

**Projected Service Units**

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. Over the next ten years, average day water demand will increase by 1.06 million gallons per day. The total average day demand is 4.00 MGD by 2023.

**Figure W2 - Projected Service Units**

		Connections				MGD			
	Year	Population	Jobs	Residential Connections	Nonres. Connections	Total Connections	Residential MGD	Nonres. MGD	Total MGD
Base	2013	29,817	5,760	5,696	371	6,067	1.94	1.00	2.94
	1 2014	30,844	5,905	5,893	381	6,274	2.01	1.02	3.03
	2 2015	31,906	6,054	6,096	390	6,486	2.08	1.05	3.12
	3 2016	33,005	6,207	6,306	400	6,706	2.15	1.07	3.22
	4 2017	34,142	6,364	6,523	410	6,933	2.22	1.10	3.32
	5 2018	35,318	6,525	6,747	420	7,167	2.30	1.13	3.43
	6 2019	36,535	6,690	6,980	431	7,411	2.38	1.16	3.53
	7 2020	37,793	6,859	7,220	442	7,662	2.46	1.19	3.65
	8 2021	39,095	7,032	7,469	453	7,922	2.54	1.22	3.76
	9 2022	40,441	7,210	7,726	465	8,191	2.63	1.25	3.88
	10 2023	41,834	7,392	7,992	476	8,468	2.72	1.28	4.00
<b>Ten Yr Increase</b>		<b>12,018</b>	<b>1,633</b>	<b>2,296</b>	<b>105</b>	<b>2,401</b>	<b>0.78</b>	<b>0.28</b>	<b>1.06</b>

**COST RECOVERY FOR WATER SYSTEM DEBT**

In 2005, San Luis issued \$40 million in bonds to fund various public services, with payments continuing until 2038. Including interest, the payments total \$81,245,717.25. The Water Treatment Plant and Filtration System that increased capacity of the system was funded represents 29.6% of this total, and \$18,766,517 remains in principal and interest.

Using the cost recovery methodology, the cost per gallon is \$2.94. To determine a cost per gallon, a growth share was calculated, which represents new development’s share of total gallon usage for the remainder of the debt schedule. The growth cost is divided by the projected gallon increase from 2013 to 2038 to determine a growth cost per additional gallon.

**Figure W3 – Growth Share of Water System Debt**

<i>Name of Debt Obligation</i>	<i>Year Debt Issued</i>	<i>FY of Final Payment</i>	<i>Remaining Principal and Interest</i>
2005 Series Bonds, Water Facility Share	2005	2038	\$18,766,517

<i>Growth Share*</i>	<i>Growth Cost</i>	<i>Increase in Projected Demand (Gallons)</i>	<i>Growth Cost per Additional Gallon</i>
54%	\$10,135,732	3,447,780	<b>\$2.94</b>

\*Growth Share (54%) is 1 - (2.94 gallons in 2013/ 6.38 gallons in 2038).

**WATER FACILITY EXPANSIONS AND COST**

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. San Luis has two separate water distribution systems. The East Mesa system serves the East Mesa Area and the West Treatment plant serves the rest of the City. The West Treatment plant has a capacity of 4 MGD and operates at capacity during the summer months, which has resulted in City implementation of water conservation measures to help meet current demand. In contrast, the newer East Mesa system is only operating at 12% of its available capacity.

**Figure W4 - Water Plant Use and Capacity**

<b>Water Plant</b>	<b>Total Capacity (MGD)</b>	<b>Peak Usage (MGD)</b>	<b>Remaining</b>
East Mesa	3.00	0.35	2.65
West	4.00	4.00	0.00
<b>Total</b>	<b>7.00</b>	<b>4.35</b>	<b>2.65</b>

**Demand for Facility Expansions and Costs**

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. As shown above, when at peak demand, the West Water plant is at capacity. However, capacity remains at the East Mesa plant. Based on the projected increase in water demand, a new storage tank is needed. Additionally, the City also plans to install iron and manganese filters on wells at the East Mesa Plant.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. The following shows the cost per gallon of the planned storage tank. The planned 1 MGD storage tank will cost \$1,300,000. This results in a cost per gallon of \$1.30.

**Figure W5 - Storage Tank**

Project	Total Cost
1 MGD Storage Tank	\$1,300,000
Increase in System Capacity	1,000,000
<b>Capital Cost per Gallon of Capacity</b>	<b>\$1.30</b>

The City plans to install iron and manganese filters at the East Mesa plant for a cost of \$1,300,000. This is divided by the cost of the capacity at the East Mesa plant (3,000,000) to determine a cost per gallon of \$0.43.

**Figure W6 - Iron and Manganese Filters**

Project	Total Cost
Iron and Manganese Filters	\$1,300,000
Increase in System Capacity	3,000,000
<b>Capital Cost per Gallon of Capacity</b>	<b>\$0.43</b>

**PRELIMINARY WATER FACILITIES DEVELOPMENT FEE**

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Residential water development fees are assessed on a per unit basis, based on average day gallons per customer. Nonresidential development fees are assessed by size and type of water meter needed to serve the development. The nonresidential water development fees are calculated by multiplying the number of gallons per unit by the capacity ratio for the corresponding size and type of water meter multiplied by the cost per gallon, shown in Figure W7.

The proposed development fees for Water Facilities are shown in Figure W7. The development fee is derived from the average daily water flow per residential unit (340), multiplied by the cost per gallon of improvements and debt on the water plant (\$4.67). Also, each new customer pays the cost of professional services for preparing the IIP and development fee (\$12.27). A revenue credit is not necessary for Water Facilities because the ten-year growth costs exceed the projected Water Facilities development fee revenue.

**Based on policy decisions made by staff since the adoption of the IIP on February 26, 2014, the City of San Luis will suspend collection of the Water Development Fee.**

**Figure W7 - Water Development Fee**

*Standards:*

<i>Demand Indicators</i>	
ERU Gallons per Average Day	340
<i>Cost Factors per Gallon of Capacity</i>	
Debt on Water Plant	\$2.94
Storage Tank	\$1.30
Iron and Manganese Filters	\$0.43
<b>Total Cost per Gallon of Capacity</b>	<b>\$4.67</b>
<i>Cost Factors per Customer</i>	
Professional Services	\$12.27

<i>Maximum Supportable Water Facilities Charge</i>						
Residential						
Residential (per dwelling unit)			<b>\$1,603</b>			
Nonresidential						
Meter Size (inches)		Capacity Ratio <sup>1</sup>	Per Meter	Current Fees	Increase (Decrease)	% Change
0.75	Displacement	1.00	<b>\$1,603</b>	\$760	\$843	111%
1.00	Displacement	1.67	<b>\$2,669</b>	\$1,899	\$770	41%
1.50	Displacement	3.33	<b>\$5,310</b>	\$3,798	\$1,512	40%
2.00	Compound	5.33	<b>\$8,493</b>	\$6,077	\$2,416	40%
3.00	Compound	10.67	<b>\$16,989</b>	\$11,394	\$5,595	49%

1. AWWA. (2012). M6 Water Meters—Selection, Installation, Testing and Maintenance, Fifth Edition.

**FORECAST OF REVENUES**

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)). The top of Figure W8 summarizes the growth related cost of infrastructure in San Luis over the next ten years (approximately \$4.9 million for Water Facilities). San Luis should receive approximately \$4.2 million in Water Facilities development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

**Figure W8 - Projected Water Facilities Development Fee Revenue**

<b>Ten-Year Growth-Related Costs for Water Facilities*</b>			
		Water Cost Recovery	\$3,127,000
		Facility Improvements	\$1,761,000
		Professional Services	\$13,500
		<b>Total</b>	<b>\$4,901,500</b>

		<b>Residential</b>	<b>Nonresidential</b>
		<b>\$1,603</b>	<b>\$5,310</b>
		<b>per connection</b>	<b>per 1.5" connection</b>
<i>Year</i>		<i>Connections</i>	<i>Connections</i>
Base	2013	5,696	371
1	2014	5,893	381
2	2015	6,096	390
3	2016	6,306	400
4	2017	6,523	410
5	2018	6,747	420
6	2019	6,980	431
7	2020	7,220	442
8	2021	7,469	453
9	2022	7,726	465
10	2023	7,992	476
<b>Ten-Yr Increase</b>		<b>2,296</b>	<b>105</b>
<b>Projected Fees =&gt;</b>		<b>\$3,680,000</b>	<b>\$560,000</b>
<b>Total Projected Revenues</b>		<b>\$4,240,000</b>	

\*Ten year growth costs were approximated by multiplying the costs per gallon by the 10 year increase in water usage.

## WASTEWATER FACILITIES IIP

ARS 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Wastewater Facilities IIP:

“Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.”

The Wastewater Facilities IIP includes components for the cost recovery of the wastewater treatment plant, plan-based cost of improvements, and the cost of preparing the Wastewater Facilities IIP and development fees.

### Service Area

The service area for the Wastewater Facilities IIP is Citywide.

### Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

The Wastewater Facilities IIP and development fees are assessed on both residential and nonresidential development as both types of development create a burden for additional wastewater facilities. Customers by land use are used to determine the proportionate share of this burden. In 2012, approximately 98% of wastewater customers in San Luis were residents, accounting for 66% of the average day demand. Approximately 2% were nonresidential customers, accounting for 34% of the average day demand.

### Excluded Costs

Development fees in San Luis exclude the cost to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The cost recovery methodology ensures that new development pays for their share of the debt.

## WASTEWATER CONNECTIONS AND FLOW

Level of service for wastewater is based on gallons per connection per day. The current level-of-service for residential development for wastewater service is 207 gallons per connection per day. For nonresidential connections, wastewater demand averages 1,842 gallons per day. In 2012, each nonresidential wastewater connection averaged 20 jobs. The projected increase in jobs drives the demand for wastewater capacity from nonresidential development.

**Figure WW1 - Wastewater Level of Service**

	Avg Gallons per Day <sup>1</sup>	2012 Connections
Residential	1,029,600	4,976
Nonresidential	530,400	288
<b>TOTAL</b>	<b>1,560,000</b>	<b>5,264</b>

1. Average Gallons per Day based on approximate usage provided by City of San Luis. Division between residential and nonresidential based on portions of City of San Luis water usage from January - March 2012.

<b>Level of Service (LOS) Standards</b>	<i>Residential</i>
Average Residential Gallons per Day	1,029,600
2012 Service Units (residential connections)	4,976
<b>Current LOS: Gallons per Connection per Day</b>	<b>207</b>

<b>Level of Service (LOS) Standards</b>	<i>Nonresidential</i>
Average Nonresidential Gallons Per Day	530,400
2012 Service Units (nonresidential connections)	288
<b>Current LOS: Gallons per Connection per Day</b>	<b>1842</b>

**Projected Service Units**

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. Over the next fifteen years, average day wastewater flow is expected to increase by 0.58 MGD. The total projected wastewater flow is 2.19 MGD by 2023.

**Figure WW2 - Projected Wastewater Demand**

Year	Population	Jobs	Connections			MGD		
			Residential Connections	Nonres. Connections	Total	Service Unit: Res MGD	Service Unit: Nonres MGD	Total
Base 2013	29,817	5,760	5,147	295	5442	1.07	0.54	1.61
1 2014	30,844	5,905	5,325	303	5,628	1.10	0.56	1.66
2 2015	31,906	6,054	5,508	310	5,818	1.14	0.57	1.71
3 2016	33,005	6,207	5,698	318	6,016	1.18	0.59	1.77
4 2017	34,142	6,364	5,894	326	6,220	1.22	0.60	1.82
5 2018	35,318	6,525	6,097	335	6,432	1.26	0.62	1.88
6 2019	36,535	6,690	6,307	343	6,650	1.31	0.63	1.94
7 2020	37,793	6,859	6,525	352	6,877	1.35	0.65	2.00
8 2021	39,095	7,032	6,749	361	7,110	1.40	0.66	2.06
9 2022	40,441	7,210	6,982	370	7,352	1.45	0.68	2.13
10 2023	41,834	7,392	7,222	379	7,601	1.49	0.70	2.19
<b>10 Yr Increase</b>	<b>12,018</b>	<b>1,633</b>	<b>2,075</b>	<b>84</b>	<b>2,159</b>	<b>0.43</b>	<b>0.15</b>	<b>0.58</b>

**COST RECOVERY FOR WASTEWATER PLANT DEBT**

In 2005, San Luis issued \$40 million in bonds to fund various public services, with payments continuing until 2038. Including interest, the payments total \$81,245,717.25. The Wastewater Treatment Plant and System represents 31.4% of this total, and \$19,961,325 remains in principal and interest. These funds financed storage and treatment capacity increases.

Using the cost recovery methodology, the cost per gallon is \$5.70. To determine a cost per gallon, a growth share was calculated, which represents new development’s share of total gallon usage for the remainder of the debt schedule. The growth cost is divided by the projected gallon increase from 2013 to 2038 to determine a growth cost per additional gallon.

**Figure WW3 – Growth Share of Wastewater Treatment Plant Debt Service**

<i>Name of Debt Obligation</i>	<i>Year Debt Issued</i>	<i>FY of Final Payment</i>	<i>Remaining Principal and Interest</i>
2005 Series Bonds, Wastewater Facility Share	2005	2038	\$19,961,325

<i>Growth Share*</i>	<i>Growth Cost</i>	<i>Increase in Projected Demand (Gallons)</i>	<i>Growth Cost per Additional Gallon</i>
54%	\$10,784,785	1,890,659	<b>\$5.70</b>

\*Growth Share (54%) is 1 - (1.61 MGD in 2013/ 3.50 MGD in 2038).

**WASTEWATER FACILITY EXPANSIONS AND COST**

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. San Luis has two wastewater treatment plants. The capacity of the East Mesa Plant is 1,000,000 gallons and the capacity of the West Plant is 1,500,000 gallons. The West plant operates at or near capacity. In contrast, the East Mesa plant has 94% of its capacity remaining.

**Figure WW4 - Wastewater Plant Capacity**

<b>Facility</b>	<b>Capacity (MGD)</b>	<b>Peak Approximate Usage (MGD)</b>	<b>Remaining (MGD)</b>
East Mesa Wastewater Treatment Plant	1.00	0.06	0.94
West Wastewater Treatment Plant	1.50	1.50	0.00
<b>Total</b>	<b>2.50</b>	<b>1.56</b>	<b>0.94</b>

Source: City of San Luis Public Works.

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. As shown above, when at peak demand, the West Wastewater plant is at capacity. However, 94% of the capacity remains at the East Mesa plant. Based on the projected increase in wastewater demand, a connection between the East Mesa and West water plants is necessary.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. San Luis plans to construct a wastewater pump station at Juan Sanchez Blvd and 7<sup>th</sup> Avenue, which will divert around 600,000 gallons a day from the West Treatment Plant to the East Mesa Treatment Plant. This diversion will cause both plants to operate at around 65% capacity, allowing for new growth anywhere in the town as opposed to just in the East Mesa area. The cost of the pump station and force main will be around \$2 million. The cost is divided by the remaining capacity of system, so that the cost is paid off from new development that is able to use the capacity due to the pump station.

**Figure WW5 - Wastewater Pump Station Cost per Gallon**

Project	Location	Cost
Wastewater Pump Station	Juan Sanchez Blvd	\$2,000,000

<b>Remaining Capacity of System</b>	<b>940,000</b>
<b>Capital Cost per Gallon of Capacity</b>	<b>\$2.13</b>

**PRELIMINARY WASTEWATER FACILITIES FEE**

Residential wastewater facilities development fees are assessed on a per unit basis, based on average day gallons per customer. Nonresidential development fees are assessed by size and type of meter needed to serve the development. The nonresidential wastewater development fees are calculated by multiplying the number of gallons per unit by the capacity ratio for the corresponding size and type of meter multiplied by the cost per gallon, shown in Figure WW6.

The proposed development fees for Wastewater Facilities are shown in Figure WW6. The development fee is derived from the average daily wastewater flow per residential unit (207 gallons), multiplied by the cost per gallon of improvements and debt on the wastewater plant (\$7.83). Also, each new customer pays the cost of professional services for preparing the IIP and development fee (\$13.64). A revenue credit is not recommended for Wastewater Facilities because the ten-year growth costs exceed the projected Water Facilities Fee revenue.

**Figure WW6 - Wastewater Facilities Development Fee Schedule**

Standards:

<b>Demand Indicators</b>	
ERU Gallons per Average Day	207
<b>Cost Factors per Gallon of Capacity</b>	
Cost Recovery - Plant and Expansion	\$5.70
Pump Station	\$2.13
<b>Total Cost per Gallon of Capacity</b>	<b>\$7.83</b>
<b>Cost Factors per Customer</b>	
Professional Services	\$13.64

<b>Maximum Supportable Wastewater Facilities Charge</b>						
<b>Residential</b>						
Residential (per dwelling unit)			<b>\$1,634</b>			
<b>Nonresidential</b>						
Meter Size (inches)		Capacity Ratio <sup>1</sup>	Per Meter	Current Fees	Increase (Decrease)	% Change
0.75	Displacement	1.00	<b>\$1,634</b>	\$715	\$919	129%
1.00	Displacement	1.67	<b>\$2,721</b>	\$1,787	\$934	52%
1.50	Displacement	3.33	<b>\$5,412</b>	\$3,573	\$1,839	51%
2.00	Compound	5.33	<b>\$8,654</b>	\$5,717	\$2,937	51%
3.00	Compound	10.67	<b>\$17,311</b>	\$10,719	\$6,592	61%

1. AWWA. (2012). M6 Water Meters–Selection, Installation, Testing and Maintenance, Fifth Edition.

**FORECAST OF REVENUES**

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)). The top of Figure WW7 summarizes the growth related cost of infrastructure in San Luis over the next ten years (approximately \$4,589,500 for Wastewater Facilities.) San Luis should receive approximately \$3,840,000 in Wastewater Facilities development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

**Figure WW7 - Projected Wastewater Facilities Development Fee Revenue**

		<i>Ten-Year Growth-Related Costs for Wastewater Facilities*</i>	
		Wastewater Cost Recovery	\$3,333,000
		Wastewater Pump Station	\$1,243,000
		Professional Services	\$13,500
		<b>Total</b>	<b>\$4,589,500</b>

		<i>Residential</i>	<i>Nonresidential</i>
		<b>\$1,634</b>	<b>\$5,412</b>
		<b>per connection</b>	<b>per 1.5" connection</b>
<i>Year</i>		<i>Connections</i>	<i>Connections</i>
Base	2013	5,147	295
1	2014	5,325	303
2	2015	5,508	310
3	2016	5,698	318
4	2017	5,894	326
5	2018	6,097	335
6	2019	6,307	343
7	2020	6,525	352
8	2021	6,749	361
9	2022	6,982	370
10	2023	7,222	379
<i>Ten-Yr Increase</i>		<i>2,075</i>	<i>84</i>
<b>Projected Fees =&gt;</b>		<b>\$3,390,000</b>	<b>\$450,000</b>
<b>Total Projected Revenues</b>		<b>\$3,840,000</b>	

\*Ten year growth costs were approximated by multiplying the costs per gallon by the 10 year increase in wastewater usage.

## APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES

ARS 9-463.05.E.7 requires “A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.”

ARA 9-463.05.B.12 states, “The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.”

San Luis does not have a higher than normal construction excise tax rate, so the required offset described above is not applicable. The required forecast of non-development fee revenue that might be used for growth-related capital costs is shown in Figure A1. General Fund revenues are highlighted in light purple. Highway user taxes are highlighted in green and the balance of the Water and Sewer Funds are highlighted in light blue. The forecast of revenues was derived from a linear regression analysis. Historical revenue data for the past five years, obtained from the City of San Luis were correlated to the growth in population and jobs in San Luis. Projected population plus jobs, from the Land Use Assumptions, is the independent variable that drives each revenue forecast.

**Figure A1 - Five Year Revenue Projections****Forecast of Revenues in Nominal Dollars**

	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Sales Taxes	\$6,600,000	\$6,062,917	\$5,936,487	\$5,805,844	\$5,670,848	\$5,531,352
State Sales Tax	\$2,411,550	\$2,342,655	\$2,434,803	\$2,530,020	\$2,628,411	\$2,730,081
Urban Revenue Sharing	\$3,113,670	\$2,495,441	\$2,434,163	\$2,370,843	\$2,305,414	\$2,237,804
<b>Total General Fund Revenues</b>	<b>\$12,125,220</b>	<b>\$10,901,013</b>	<b>\$10,805,452</b>	<b>\$10,706,708</b>	<b>\$10,604,673</b>	<b>\$10,499,237</b>

Highway User Taxes	\$982,000	\$1,392,258	\$1,334,742	\$1,275,309	\$1,213,895	\$1,150,434
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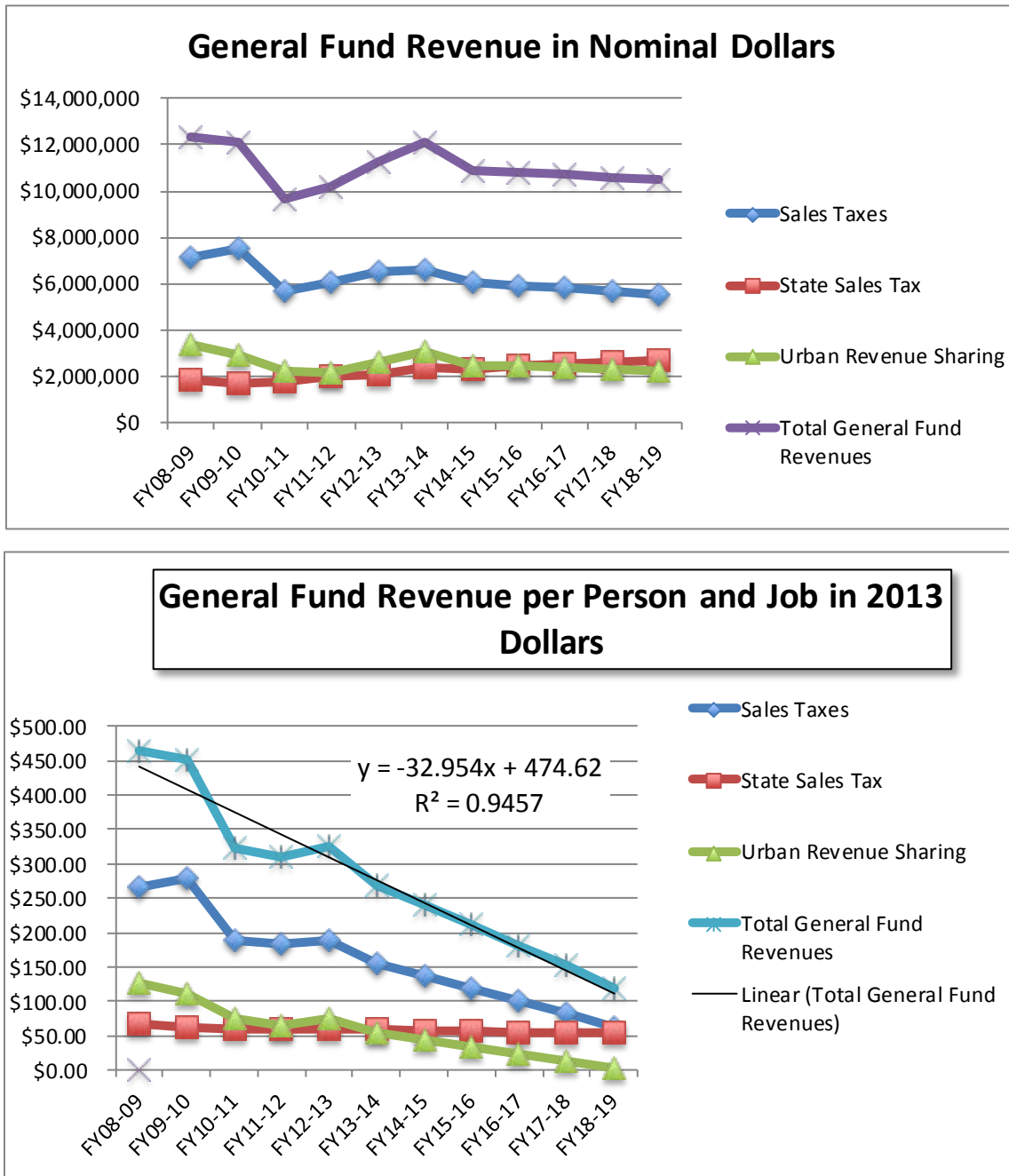
Water Revenue	\$6,641,150	\$4,580,483	\$4,744,349	\$4,913,676	\$5,088,645	\$5,269,446
Water Expenses	\$6,243,140	\$4,548,927	\$4,855,413	\$5,172,110	\$5,499,360	\$5,837,519
<b>Water Fund Balance</b>	<b>\$398,010</b>	<b>\$31,555</b>	<b>(\$111,064)</b>	<b>(\$258,434)</b>	<b>(\$410,716)</b>	<b>(\$568,073)</b>

Sewer Revenue	\$5,156,500	\$3,522,355	\$3,622,886	\$3,726,767	\$3,834,109	\$3,945,030
Sewer Expenses	\$5,482,870	\$4,238,776	\$4,502,440	\$4,774,889	\$5,056,417	\$5,347,329
<b>Sewer Fund Balance</b>	<b>(\$18,535)</b>	<b>(\$548,973)</b>	<b>(\$683,798)</b>	<b>(\$823,114)</b>	<b>(\$967,072)</b>	<b>(\$1,115,830)</b>

Sources: FY13-14 are amounts in FY14 San Luis Budget. FY14-15 to FY18-19 are projected by TischlerBise using linear regression analysis based on actual revenues collected by San Luis from FY08-09 to FY12-13 and FY13-14 Budget.

The graph at the top of Figure A2 gives the impression that General Fund revenues are expected to slightly decrease over the next five years. When nominal dollars are converted to constant 2013 dollars, to account for inflation, and then divided by persons plus jobs in San Luis, to “normalize” the amounts for population and job growth, the results show a much greater decline in revenue. As shown in the lower portion of Figure A2, projected revenues in constant 2013dollars are projected to decline relative to population and job growth. In other words, there is no General Fund surplus available for growth-related capital improvements.

**Figure A2 - General Fund Revenues**



The methodology described above was also applied to Highway User Tax revenue, with the results graphed in A3. These revenues are also expected to decline in nominal dollars.

**Figure A3 - Highway User Fund Taxes**

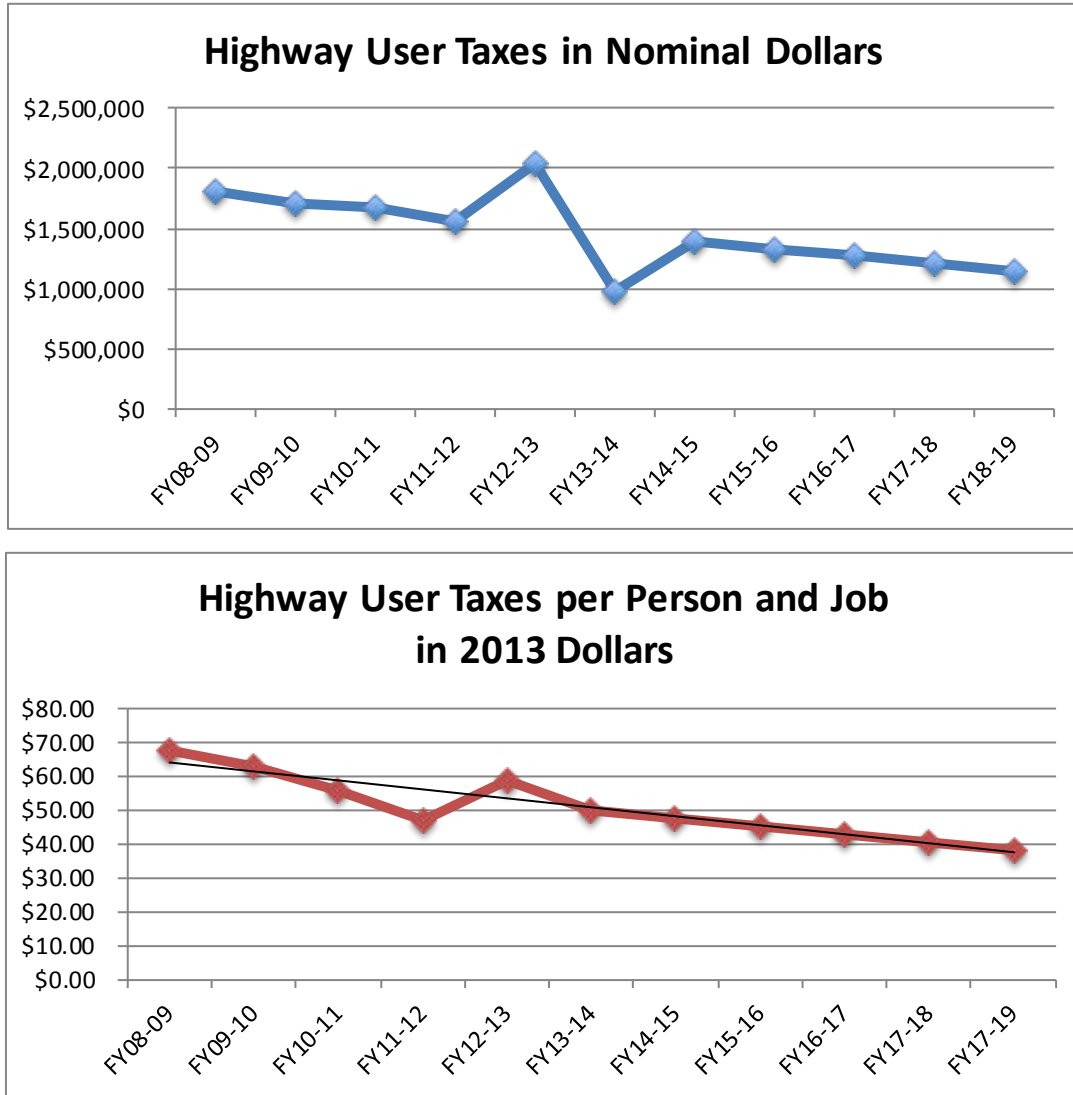
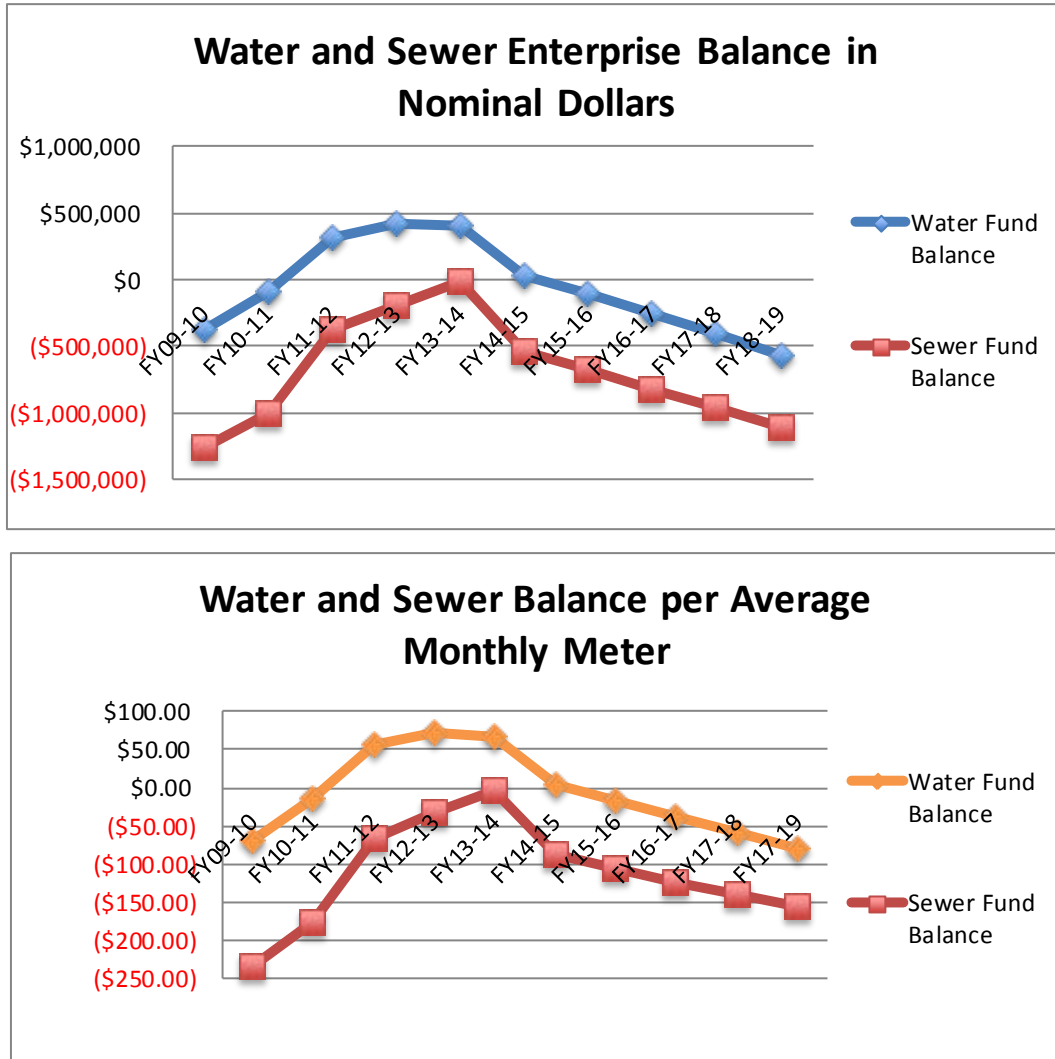


Figure A4 displays the projected balance of the Water and Sewer Fund in nominal dollars, as well as the projected balance per monthly meter in 2013 dollars. These balances are expected to decline over the next five years as well.

**Figure A4 - Balance of Water and Sewer Funds**



## APPENDIX B: COST OF PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see 9-463.05.A). Because development fees must be updated at least every five years, the cost of professional services is allocated to the projected increase in service units, over five years (see Figure B1). Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience”.

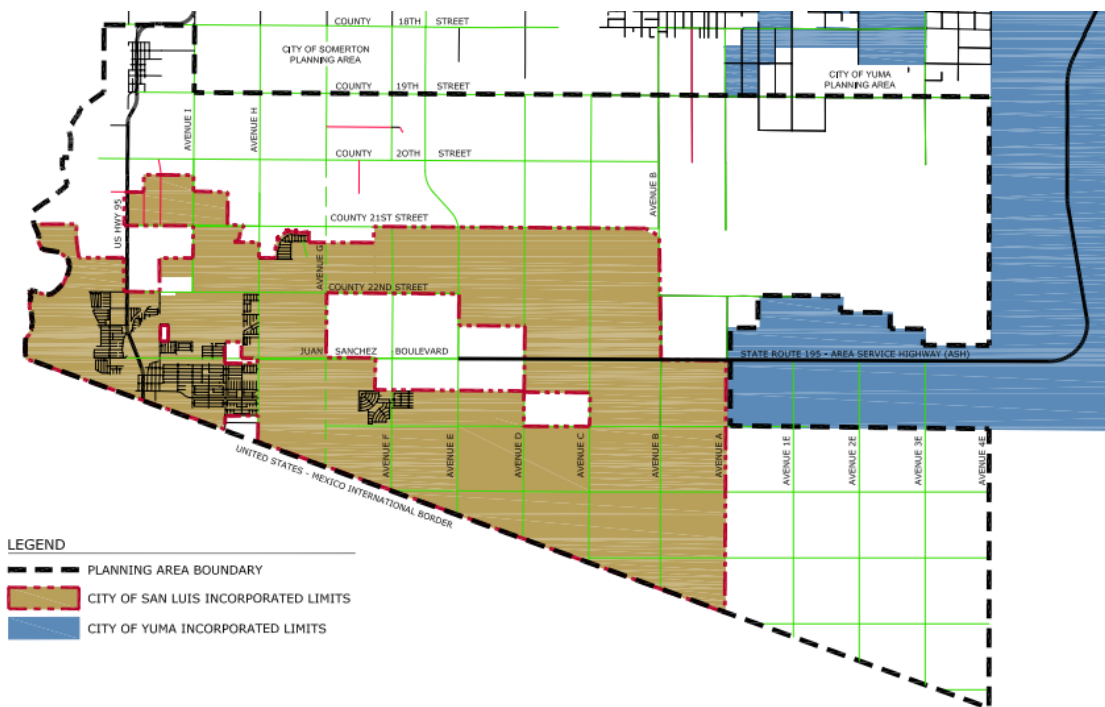
**Figure B1 - Cost of Professional Services**

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Units	FY2013	FY2018	Change	Cost per Service Unit
General Government	\$4,500	Residential	80%	Population	29,817	35,318	5,501	\$0.65
		Nonresidential	20%	Jobs	5,760	6,525	766	\$1.18
Parks and Recreation	\$4,500	Residential	91%	Population	29,817	35,318	5,501	\$0.74
		Nonresidential	9%	Jobs	5,760	6,525	766	\$0.53
Public Safety	\$4,500	Residential	80%	Population	29,817	35,318	5,501	\$0.65
		Nonresidential	20%	Nonres Trips	24,372	27,611	3,239	\$0.28
Water	\$13,500	All Development	100%	Customers	6,067	7,167	1,100	\$12.27
Sewer	\$13,500	All Development	100%	Customers	5,442	6,432	990	\$13.64
Streets	\$13,500	All Development	100%	VMT	76,481	90,131	13,649	\$0.99
<b>Total</b>	<b>\$54,000</b>							

## APPENDIX C: LAND USE ASSUMPTIONS

The estimates and projections of residential and nonresidential development in this *Land Use Assumptions* document are for areas within the boundaries of the City of San Luis. The map below illustrates the larger planning area and the current City limits.

Figure C1 - Map of City of San Luis Service Area



### SUMMARY OF GROWTH INDICATORS

Arizona Revised Statutes (ARS) 9-463.05 (T)(6) requires the preparation of a *Land Use Assumptions* document which shows:

*“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”*

TischlerBise has prepared this *Land Use Assumptions* document which details current demographic **estimates** and future development **projections** for both residential and nonresidential development that will be used in the infrastructure improvement plan (IIP) and calculation of the development fees. The development projections are used for calculating the level of service (LOS) to be provided to future development by planned capital projects or existing infrastructure that was oversized in anticipation of new development. The development projections are also used in forecasting the amount and cost of infrastructure required by new development that will be documented in the cash flow analysis.

Development fee methodologies are designed to reduce sensitivity to accurate development projections in the determination of the proportionate-share fee amounts. If actual development is slower than

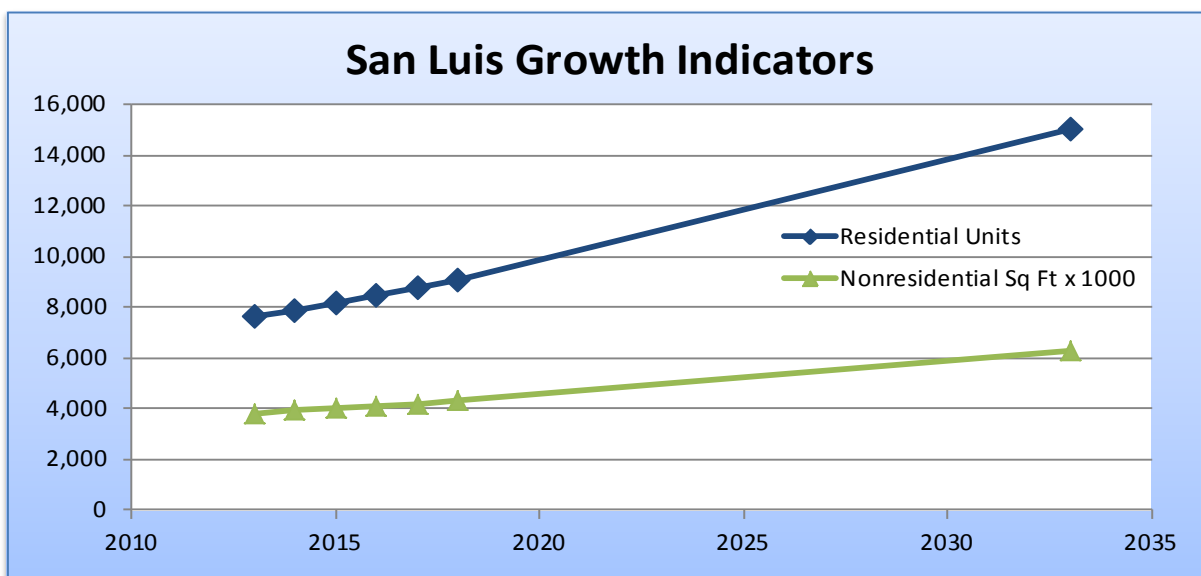
projected, impact fee revenues will also decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the City will receive an increase in development fee revenue, but will also need to accelerate the capital improvements program to keep pace with development.

Development projections and growth rates are summarized in Figure C2. San Luis specific base data for the demographic analysis and development projections include 2010 Census calculations of population and housing units and American Community Survey tables. The projected increase in housing units is based on the Yuma Metropolitan Planning Organization’s 2033 population projection for the City and County from the 2010-2033 Regional Transportation Plan. Projected population was converted to housing units using the 2010 average of 3.91 year-round residents per housing unit. The Arizona Revised Statutes (ARS) 9-463.05 requires that “a municipality shall update the land use assumptions and infrastructure improvements plan at least every five years.” Therefore, the development fee study did not vary the persons per housing unit ratio over time, nor assume any change to the residential vacancy rate in San Luis. For housing units, the impact fee study assumes a compound annual growth rate of 3.4%.

The projected increase nonresidential floor area is based on the Yuma Metropolitan Planning Organization’s 2033 growth rate for jobs in the County. (See 2010-2033 Regional Transportation Plan.) Projected jobs within San Luis were converted to nonresidential floor area using average square-foot-per-employee multipliers obtained from non-residential floor area by type provided by the City. The development fee study assumes a compound annual growth rate of 2.6%.

**Figure C2 - Development Projections and Growth Rates**

	Year							2013 - 2018 Avg Annual	
	2013	2014	2015	2016	2017	2018	2033	Increase	Compound Growth Rate
Residential Units	7,628	7,891	8,163	8,444	8,735	9,035	15,016	281	3.4%
Nonresidential Sq Ft x 1000	3,810	3,910	4,000	4,110	4,210	4,330	6,280	104	2.6%



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## RESIDENTIAL DEVELOPMENT

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Current estimates and future projections of residential development are detailed in this section, including housing units by type and population.

### Current Estimates of Residential Development

The 2010 Census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS) which is limited by sample-size constraints in areas with relatively few residents. For cities like San Luis, data on detached housing units are now combined with attached single units (commonly known as townhouses). One way to address this limitation is to derive fees by housing unit size, as discussed further below, is to address this ACS data limitation. Because townhouses and mobile homes generally have less floor area than detached units, fees by housing would ensure proportionality and facilitate construction of affordable units.

According to the U.S. Census bureau, a household is a housing unit that is occupied by year-round residents. Impact fees often use per capita standards and persons per housing unit or persons per household to derive proportionate-share fee amounts. When persons per housing unit are used in the fee calculations, infrastructure standards are derived using year-round population. When persons per household are used in the fee calculations, the impact fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. TischlerBise recommends that impact fees for residential development in the City of San Luis be imposed according to the number of year-round residents per housing unit. As shown in the bottom of Figure C3, Census data indicates that San Luis had 6,525 housing units in 2010. Dwellings with a single unit per structure (detached, attached, and mobile homes) averaged 3.86 persons per housing unit. Dwellings in structures with multiple units averaged 3.47 year-round residents per unit.

**Figure C3 - Person per Housing Unit by Type of Housing Unit**

**2008 Summary by Type of Housing from American Community Survey**

Units in Structure	Renter & Owner			Housing Units	Persons per Housing Unit
	Persons	House-holds	Persons per Household		
Single Unit*	19,911	5,598	3.56	5,998	3.32
2+ Units	1,407	471	2.99	471	2.99
Subtotal	21,318				
Group Quarters	2,511				
TOTAL	23,829	6,069		6,469	3.30

Source: Tables B25024, B25032, B25033, and B26001.

2006-2010 American Community Survey, U.S. Census Bureau.

**2010 Census**

Single Unit*	23,332	5,491	4.25	6,050	3.86
2+ Units	1,649	462	3.57	475	3.47
Subtotal	24,981				
Group Quarters	524				
TOTAL	25,505	5,953		6,525	3.91

\* Single unit includes detached, attached, and mobile homes.

Source: Totals from Summary File 1, U.S. Census Bureau.

### Recent Residential Construction

From 2000-2010, San Luis has increased by an average of 320 housing units per year. The chart at the bottom of Figure C4 indicates the estimated number of housing units added by decade in San Luis. Housing units per decade have steadily increased since the 1960s.

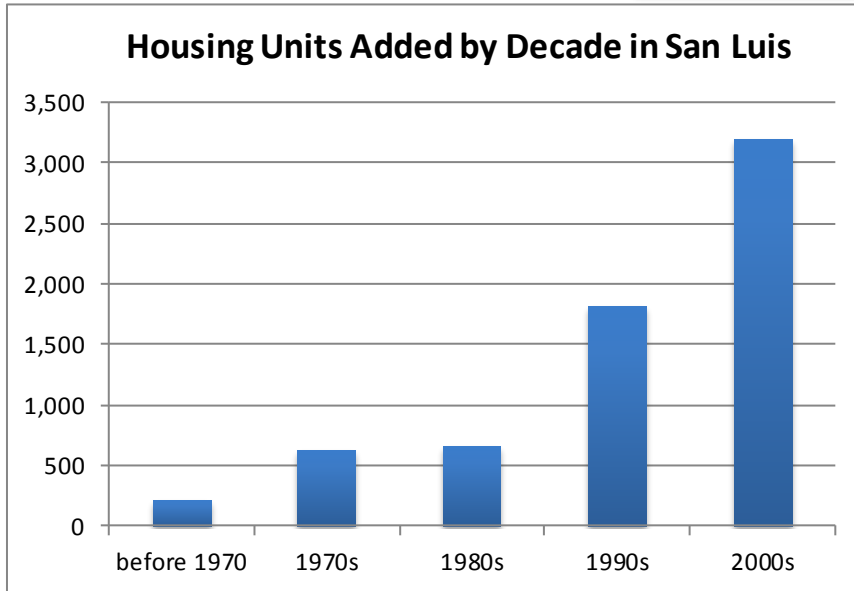
**Figure C4 - Housing Units by Decade**

### Residential Construction Activity

San Luis, Arizona	
Census 2010 Population*	25,505
Census 2010 Housing Units*	6,525
Total Housing Units in 2000*	3,325
<i>New Housing Units</i>	3,200

\* U.S. Census Bureau SF1.

From 2000 to 2010, San Luis added an average of 320 housing units per year.



Source for 1990s and earlier is Table B25034, American Community Survey, 2006-2010.

### POPULATION FORECAST

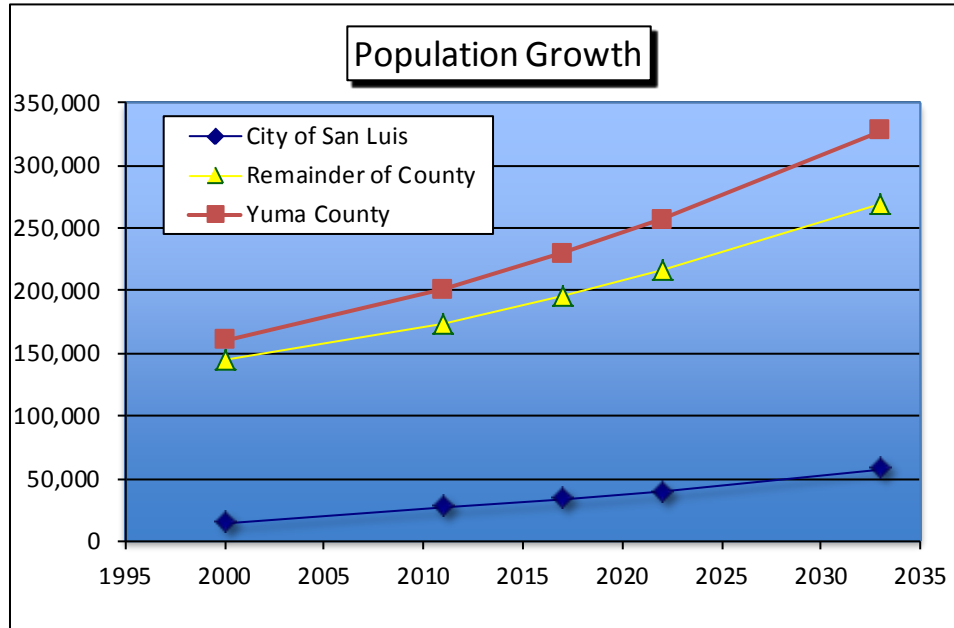
To provide context for population and job growth in San Luis, TischlerBise prepared comparisons to Yuma County projections. Yuma Metropolitan Planning Organization (YMPO) 2033 Transportation Plan expects 327,948 persons in Yuma County by 2033. Figure C5 indicates the City’s share of countywide population over time, which is projected to increase over time. The City population projections for 2033 are also from the YMPO 2033 Transportation Plan. An exponential growth formula was derived to calculate the population for 2017 and 2022 for the County and City.

The City’s 2020 General Plan lists the projected population for 2020 to be 44,080 residents. This is slightly higher than using the growth rate from YMPO. However, the primary objective is to obtain the growth rate to produce population projections up to 2017. Using the YMPO projections will provide a similar growth rate as the City projection and will be based on the same source as the County.

**Figure C5 - City of San Luis Population Share**

	<b>2000</b>	<b>2011</b>	<b>2017</b>	<b>2022</b>	<b>2033</b>
Yuma County	160,026	200,870	229,602	256,661	327,948
City of San Luis	15,322	27,864	34,142	40,441	58,696
Remainder of County	144,704	173,006	195,460	216,220	269,252
City Share	9.6%	13.9%	14.9%	15.8%	17.9%

Sources: Yuma County 2000-2011 from Census. Yuma County and City 2033 from Table II-12, YMPO 2033 Regional Transportation Plan. City of San Luis 2000-2011 from Census. An exponential growth formula derived 2017 and 2022 population for both the County and City.



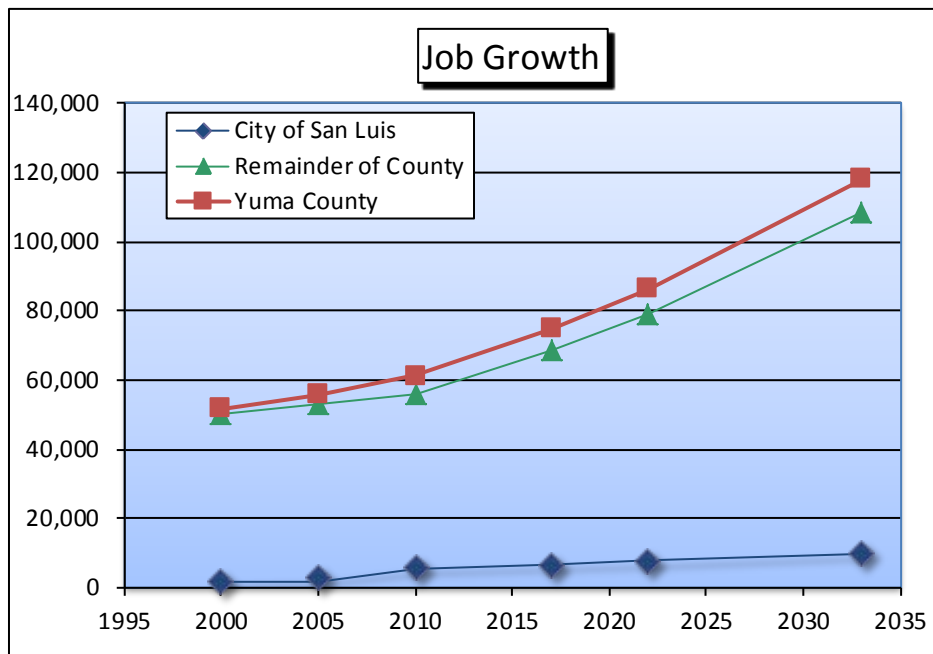
**NON-RESIDENTIAL DEVELOPMENT**

In addition to data on residential development, the calculation of impact fees requires data on nonresidential development. TischlerBise uses the term “jobs” to refer to employment by place of work. Similar to the population share evaluation discussed above, countywide jobs are shown in Figure C6 along with the City of San Luis share. Yuma County and City of San Luis jobs in 2000 are from the Census Transportation Package (CTPP). County and City data for 2005 and 2010 are from OnTheMap, the U.S. Census Bureau’s web application. OnTheMap estimates journey-to-work jobs used to analyze commuting patterns. Countywide and City jobs in 2033 are from Table II-13 of the Yuma Metropolitan Planning Organization 2033 Regional Transportation Plan. An exponential growth rate was derived to calculate job projections for 2017 and 2022.

**Figure C6 - City of San Luis Job Share**

	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2017</b>	<b>2022</b>	<b>2033</b>
Yuma County	51,565	55,715	61,284	74,856	86,354	118,252
City of San Luis	1,635	2,449	5,344	6,364	7,210	9,488
Remainder of County	49,930	53,266	55,940	68,492	79,144	108,764
City Share	3.2%	4.4%	8.7%	8.5%	8.3%	8.0%

Sources: 2000 Yuma County and City of San Luis are from the Census Transportation Planning Package (CTPP). County and City data for all jobs 2005-2010 are from OnTheMap, U.S. Census Bureau web application. County and City 2033 projections are from Table II-13 2033 Regional Transportation Plan, Yuma MPO. An exponential growth formula derived 2017 and 2022 job projections for both the County and City.



**Jobs by Type of Nonresidential Development**

Figure C7 indicates the City’s 2010 job estimate and nonresidential floor area, estimated using square feet per employee multipliers obtained from the Institute of Transportation Engineers (ITE 2012) obtained from the City of San Luis. The prototype development for Industrial jobs is “light industrial.” The prototype for Commercial is an average-size shopping center. The prototype for Institutional development is an elementary school. For Office and Other Services, the development prototype is an average-sized office. General land use types are based on two-digit industry sectors, with the percentage distribution of jobs by type of development from U.S. Census Bureau’s OnTheMap web application.

**Figure C7 - Jobs and Floor Area Estimate**

	2010		Sq Ft per	Floor Area
	Jobs (1)		Job	(2)
Industrial/Warehousing	646	12%	<b>433</b>	280,000
Commercial (3)	1,069	20%	<b>500</b>	535,000
Institutional (4)	2,294	43%	<b>1018</b>	2,335,000
Office & Other Services (5)	1,335	25%	<b>301</b>	402,000
TOTAL	5,344	100%		3,552,000

- (1) OnTheMap web application, U.S. Census Bureau.
- (2) Trip Generation, Institute of Transportation Engineers, 2012.
- (3) Retail, Food and Accomodation Services.
- (4) Education and Public Administration.
- (5) Major sectors are Health Care, Administration & Support (office jobs), and Professional/Scientific/Technical Services.

In Figure C8, gray shading indicates four nonresidential development prototypes used by TischlerBise to estimate floor area in San Luis.

**Figure C8 - Employee and Building Area Ratios**

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit*	Wkdy Trip Ends Per Employee*	Emp Per Dmd Unit**	Sq Ft Per Emp
<b>Commercial / Shopping Center</b>						
<b>820</b>	<b>Shopping Center (avg size)</b>	<b>1,000 Sq Ft</b>	<b>42.70</b>	<b>na</b>	<b>2.00</b>	<b>500</b>
<b>General Office</b>						
<b>710</b>	<b>General Office (avg size)</b>	<b>1,000 Sq Ft</b>	<b>11.03</b>	<b>3.32</b>	<b>3.32</b>	<b>301</b>
<b>Other Nonresidential</b>						
770	Business Park***	1,000 Sq Ft	12.44	4.04	3.08	325
760	Research & Dev Center	1,000 Sq Ft	8.11	2.77	2.93	342
610	Hospital	1,000 Sq Ft	13.22	4.50	2.94	340
565	Day Care	student	4.38	26.73	0.16	na
550	University/College	student	1.71	8.96	0.19	na
540	Community College	student	1.23	15.55	0.08	na
530	High School	1,000 Sq Ft	12.89	19.74	0.65	1,531
<b>520</b>	<b>Elementary School</b>	<b>1,000 Sq Ft</b>	<b>15.43</b>	<b>15.71</b>	<b>0.98</b>	<b>1,018</b>
254	Assisted Living	bed	2.66	3.93	0.68	na
620	Nursing Home	1,000 Sq Ft	7.60	3.26	2.33	429
320	Motel	room	5.63	12.81	0.44	na
<b>110</b>	<b>Light Industrial</b>	<b>1,000 Sq Ft</b>	<b>6.97</b>	<b>3.02</b>	<b>2.31</b>	<b>433</b>
130	Industrial Park	1,000 Sq Ft	6.83	3.34	2.04	489
140	Manufacturing	1,000 Sq Ft	3.82	2.13	1.79	558
150	Warehousing	1,000 Sq Ft	3.56	3.89	0.92	1,093

\* Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).

\*\* Employees per demand unit calculated from trip rates, except for Shopping Center data, which are derived from Development Handbook and Dollars and Cents of Shopping Centers, published by the Urban Land Institute.

\*\*\* According to ITE, a Business Park is a group of flex-type buildings served by a common roadway system. The tenant space includes a variety of uses with an average mix of 20-30% office/commercial and 70-80% industrial/warehousing.

### DETAILED DEVELOPMENT PROJECTIONS

Demographic data shown in Figure C9 provides key inputs for updating development fees in the City of San Luis. Cumulative data are shown at the top and projected annual increases by type of development are shown at the bottom of the table. As discussed earlier, TischlerBise recommends the use of persons per housing unit to derive impact fees. Therefore, vacancy rates and number of households are not essential to the demographic analysis.

**Figure C9 - Annual Demographic Data**

	2013	2014	2015	2016	2017	2018	2023	2033	
	Base Yr	1	2	3	4	5	10	20	
Year-Round Population	29,817	30,844	31,906	33,005	34,142	35,318	41,834	58,696	
Jobs	5,760	5,905	6,054	6,207	6,364	6,525	7,392	9,488	
Housing Units	7,628	7,891	8,163	8,444	8,735	9,035	10,703	15,016	
Single Unit	7,094	7,339	7,592	7,853	8,124	8,403	9,954	13,965	
2+ Units	534	552	571	591	611	632	749	1,051	
Jobs to Housing Ratio	0.76	0.75	0.74	0.74	0.73	0.72	0.69	0.63	
Persons per Hsg Unit	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	
<u>Nonres Sq Ft in thousands (KSF)</u>									
Industrial	300	300	310	320	330	340	380	490	
Commercial	570	590	600	620	630	650	730	940	
Institutional	2,510	2,580	2,640	2,710	2,780	2,850	3,230	4,140	
Office & Other Services	430	440	450	460	470	490	550	710	
<b>Total</b>	<b>3,810</b>	<b>3,910</b>	<b>4,000</b>	<b>4,110</b>	<b>4,210</b>	<b>4,330</b>	<b>4,890</b>	<b>6,280</b>	
Avg Sq Ft Per Job	662	662	661	662	662	664	661	662	
<b>Annual Increase</b>	12-13	13-14	14-15	15-16	16-17	17-18	22-23	32-33	<b>2013-33 Avg Annual</b>
Population	993	1,027	1,062	1,099	1,137	1,176	1,393	1,954	1,375
Jobs	142	146	149	153	157	161	182	234	178
Housing Units	254	263	272	281	291	300	357	500	352
Industrial KSF	10	0	10	10	10	10	10	10	9
Commercial	10	20	10	20	10	20	10	20	18
Institutional KSF	60	70	60	70	70	70	80	100	78
Office & Other Services KSF	10	10	10	10	10	20	10	20	13
<b>Total KSF</b>	<b>90</b>	<b>100</b>	<b>90</b>	<b>110</b>	<b>100</b>	<b>120</b>	<b>110</b>	<b>150</b>	<b>118</b>

**Infrastructure Improvements Advisory Committee**

**3.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Janet Taylor, Legal Secretary, Attorney's Office

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**ITEM:**

**EXECUTIVE SESSION**

**MOTION TO HOLD AN EXECUTIVE SESSION PURSUANT TO A.R.S. §§38-431.03(A)(3)**

Discussion and possible action to hold an Executive Session pursuant to the authority of A.R.S. §38-431.03(A) subsection (3) for discussion or consultation for legal advice with the attorney or attorneys of the San Luis City Attorney's Office regarding the advisory role and duties of the Committee, and the provisions of A.R.S. §9-463.05; and the statutory scheme for imposition, collection, and expenditure fees. **(Kay Marion Macuil, City Attorney and Assistant City Attorney Glenn J. Gimbut)**

**SUMMARY:**

Discussion or consultation with the City Attorney as set-out in the agenda item.

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO GO INTO EXECUTIVE SESSION AS DESCRIBED IN THE AGENDA ITEM.**

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**Infrastructure Improvements Advisory Committee**

**5.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Kay Macuil, City Attorney, Attorney's Office

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**ITEM:**

Discussion and possible action on any and all matters regarding adoption of Committee Reports. **(Kay Marion Macuil, City Attorney and Glenn J. Gimbut, Assistant City Attorney)**

**SUMMARY:**

The attached are the collection and expenditures of development fees the City has previously reported in its annual financial report and are presented to the Committee for adoption.

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO APPROVE AND ADOPT COMMITTEE REPORTS AS PRESENTED.**

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**Attachments**

Committee Reports

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## SAN LUIS DEVELOPMENT FEE ADVISORY COMMITTEE REPORT FOR FISCAL YEAR 2014/2015

The City of San Luis adopted its current development fee ordinance, ordinance no. 327 on May 28, 2014 and it became effective on August 1, 2014. This report will cover all fees collected and spent pursuant to that ordinance during fiscal year 2014/2015 and the Infrastructure and Improvement Plan ("IIP") developed by the consultant TischlerBice for the City of San Luis, dated May 14, 2014, upon which ordinance no. 327 was based.

The San Luis Advisory Committee finds and reports as follows:

1. The collection of development fees for fiscal year 2014/2015 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit A hereto, which by this reference is incorporated as though fully set forth again in full.
2. The expenditure of development fees for fiscal year 2014/2015 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit B hereto, which by this reference is incorporated as though fully set forth again in full.
3. As this is the first year the fees have been implemented, there are no perceived inequities in either the IIP or the imposition of fees. There are no recommendations regarding the development or implementation of the IIP at this time.

CITY OF SAN LUIS - IMPACT FEES EXPENDITURES

Department / Project	Total / Project	Total / Department	Total Fiscal Year
<b>Admin</b>			
2015 Chevrolet Suburban #3937	41,245.64		
Website Upgrade	34,305.00		
Master Seal Pavement Preservation at City Hall	12,816.75		
Agenda quick Software	7,608.00		
		<b>95,975.39</b>	
<b>Parks</b>			
2006 JLG 40-50 ft Boom Lift #4152	26,059.07		
2007 Skyjack Scissor Lift #1461	6,514.77		
2010 Trencher RT 12 #0469	6,281.07		
Land pride Seeder #1757	7,410.51		
Tractor Kubota #1664	15,209.28		
Tractor Kubota #4166	15,209.28		
Playground Equipment at Comite 9B	80,417.01		
Dump Traller #0826	8,131.50		
Fence	5,639.00		
Concrete Curb Machine	4,100.00		
Pump Motor	3,311.00		
Retention Basln Los Alamos	14,726.21		
Joe Orduno Parking Lot Pavement Southwest Corner	252,140.32		
Joe Orduno Retaining Wall 280 ft. SW Corner	20,153.14		
		<b>465,302.16</b>	
<b>Police</b>			
Cameras for Police Department Building	12,996.86		
		<b>12,996.86</b>	
<b>Fire</b>			
Computers and monitors	2,966.31		
		<b>2,966.31</b>	
<b>Water Fund</b>			
2015 Chevrolet Silverado #6243	32,961.77		
PVC Water Line County 25th	232,279.68		
		<b>265,241.45</b>	
<b>Wastewater Fund</b>			
Bobcat Compact Track Loader	47,814.03		
Lakin Lift station Upgrade	18,193.07		
APS Service at Lakin Lift station	17,130.55		
Deslgn East WWTP Basln Coating Specification	4,446.50		
		<b>87,584.15</b>	
		<b>Total FY 2015</b>	<b>930,066.32</b>

City of San Luis  
 Impact Fees Revenues & Expenditures  
 As of: 6/30/2016

	Impact Fees					Impact Fees			TOTAL Impact Fees	Impact Fees		
	INTEREST	ADMIN	PARKS	POLICE	FIRE	Public Safety	WATER	Waste Water		WATER	Waste Water	
Revenues:		0.20	0.46	0.13	0.03	0.13						
2004		73,252.00	200,213.00	67,640.00	42,295.00				383,400.00			
2005	8,314.16	2,064.00	5,840.00	1,904.00	1,182.00			260,000.00	277,114.16		260,000.00	
2006	42,546.89	78,294.00	216,695.00	75,649.00	45,251.00		105,417.00	73,033.00	643,885.80	105,417.00	73,033.00	
2007	101,517.08	73,998.00	202,311.00	81,988.00	48,403.00		87,205.00	74,294.00	670,024.08	87,205.00	74,294.00	
2008	29,397.00	57,802.00	142,883.00	52,822.00	31,863.00		82,088.00	89,128.00	466,783.00	82,088.00	89,128.00	
	180,375.33	286,410.00	767,742.00	280,961.60	170,004.00	-	275,510.00	481,365.00	2,441,207.13			
Interest / Fund Balance transfer								2009-3221	(756,875.00)	275,510.00	481,365.00	
								2009-3222	(70,233.55)	29,551.48	40,678.06	
Adjusted Fund Balance 2009									1,614,092.58	365,071.43	622,043.06	
2009	1,268.01	67,152.00	179,804.00	66,886.00	41,316.00				356,226.01			
2010	1,592.91	47,208.00	129,278.00	44,427.00	27,382.00				249,587.91	142,496.00	132,052.00	
2011	1,877.68	18,172.00	52,632.00	21,638.00	10,468.00				104,847.88	78,337.00	73,725.00	
2012	2,233.01	21,468.00	58,686.00	22,806.00	13,446.00				118,639.01	67,256.00	63,274.00	
2013	2,354.43	30,540.00	83,454.00	28,387.00	17,726.00				162,461.43	83,857.00	85,514.00	
2014	1,595.64	29,622.00	80,956.72	28,947.69	17,777.12				158,889.26	90,657.00	84,910.00	
2015	1,380.79	58,708.00	115,905.00	7,816.00	4,768.00	115,316.00			319,883.79	119,761.00	22,040.00	223,351.00
2016	2,377.54	30,144.52	123,157.95			152,636.00			358,206.00	158,407.88		278,284.00
2017	2,689.48	152,740.12	211,126.88			262,287.81			628,823.09	270,476.03		439,834.23
Interest Allocation	(137,544.82)	40,237.21	90,420.66	25,102.88	15,191.16	28,592.91			-			
Total Revenues	-	842,301.33	1,633,262.22	525,613.57	318,078.28	556,812.52	-	-	2,451,936.39	548,644.91	799,144.49	1,363,667.25
Expenditures 2005		146,524.32	129,821.35	3,411.04	128,056.96				414,323.67		17,099.57	148,339.00
Expenditures 2010		450,574.38	238,205.05	167,336.97					856,216.40			
Expenditures 2011		-	-	-	-				-			
Expenditures 2012		93,888.51	50,657.57	62,103.48	28,220.05				240,669.61			
Expenditures 2013		3,850.39	45,962.98	154,305.63	50,227.67				285,366.57			
Expenditures 2014		399.27	80,909.14	425.03	250.75				81,984.20	55,169.03	11,340.46	
Expenditures 2015		95,975.39	465,302.16	12,996.86	2,966.31				577,240.72	59,913.01	289,244.15	
Expenditures 2016		27,112.32	222,416.83	6,339.59	7,339.58				263,408.33	265,241.45	57,584.15	
Expenditures 2017		1,216.91	151,451.22	31,858.74	1,142.88				185,669.73	283,781.10	167,708.88	
Expenditures 2018		-	-	-	-				-	305,205.07	82,856.37	156,099.10
Total Expenditures	-	820,051.49	1,393,846.30	444,977.34	246,204.20	-	-	-	2,905,079.33	568,965.17	699,233.12	721,313.75
Revenues over Expenditures	-	22,450.44	499,415.92	80,636.23	71,874.08	556,812.52	-	-	1,231,189.19	(20,341.26)	99,881.37	1,161,733.54
Total Expenditures		820,051.49	1,393,846.30	444,977.34	246,204.20	-	-	-	2,905,079.33	568,965.17	699,233.12	721,313.75
Uses From Revenues												
2004		(73,252.00)	(200,213.00)	(67,640.00)	(42,295.00)							
2005		(2,064.00)	(5,840.00)	(1,904.00)	(1,182.00)							(280,000.00)
2006		(78,294.00)	(216,695.00)	(75,649.00)	(45,251.00)					(105,417.00)	(73,033.00)	
2007		(73,998.00)	(202,311.00)	(81,988.00)	(48,403.00)					(87,205.00)	(74,294.00)	
2008		(57,802.00)	(142,883.00)	(52,822.00)	(31,863.00)					(82,088.00)	(89,128.00)	
2009		(67,152.00)	(179,804.00)	(66,886.00)	(41,316.00)					(29,561.48)	(40,678.06)	
2010		(47,208.00)	(129,278.00)	(44,427.00)	(27,382.00)					(142,496.00)	(132,052.00)	
2011		(18,172.00)	(52,632.00)	(21,638.00)	(7,592.20)					(78,337.00)	(73,725.00)	
2012		(21,468.00)	(58,686.00)	(22,806.00)						(67,256.00)	(63,274.00)	
2013		(30,540.00)	(83,454.00)	(3,417.34)						(93,857.00)		
2014		(29,622.00)	(80,956.72)							(14,585.63)		
2015		(58,708.00)	(41,233.58)									
2016		(30,144.52)								(119,761.00)		
2017		(152,740.12)								(158,407.88)		
2017		(17,786.77)								(290,817.28)		
Interest		0.00	-	0.00	(0.00)	-	-	-			(2,370.00)	47,814.03
First in First Out 2004 - 2010		-	-	-	-	-	-	-				
2011		-	-	-	2,965.80	-	-	-				54,320.34
2012		-	-	-	13,446.00	-	-	-				63,274.00
2013		-	-	18,969.66	17,726.00	-	-	-				86,514.60
2014		-	-	28,947.69	17,777.12	-	-	-				84,910.00
2015		-	74,671.42	7,816.00	4,768.00	115,316.00	-	-			75,471.37	84,910.00
2016		-	123,157.95	-	-	152,636.00	-	-			22,040.00	223,351.00
2017		-	211,126.98	-	-	262,287.81	-	-				278,264.00
Interest		22,450.44	90,420.66	25,102.88	15,191.16	26,592.91	-	-		(20,341.26)		439,834.23
FIFO Balance		22,450.44	499,415.92	80,636.23	71,874.08	556,812.52	-	-		(20,341.26)	97,511.37	1,228,567.57

## SAN LUIS DEVELOPMENT FEE ADVISORY COMMITTEE REPORT FOR FISCAL YEAR 2015/2016

The City of San Luis adopted its current development fee ordinance, ordinance no. 327 on May 28, 2014 and it became effective on August 1, 2014. This report will cover all fees collected and spent pursuant to that ordinance during municipal fiscal year 2015/2016 and the Infrastructure and Improvement Plan ("IIP") developed by the consultant TischlerBice for the City of San Luis, dated May 14, 2014, upon which ordinance no. 327 was based.

The San Luis Advisory Committee finds and reports as follows:

1. The collection of development fees for fiscal year 2015/2016 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit A hereto, which by this reference is incorporated as though fully set forth again in full.
2. The expenditure of development fees for fiscal year 2015/2016 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit B hereto, which by this reference is incorporated as though fully set forth again in full.
3. As this is the second year the fees have been implemented, there are no perceived inequities in either the IIP or the imposition of fees. There are no recommendations regarding the development or implementation of the IIP at this time.

CITY OF SAN LUIS - IMPACT FEES EXPENDITURES

Department / Project	Total / Project	Total / Department	Total Fiscal Year
<b>Admin</b>			
2016 Ford Explorer #3844	27,112.32		
		<b>27,112.32</b>	
<b>Parks</b>			
Guard Rail at Joe Orduno Park	14,315.00		
Pump Motor and Chemical Control @ Aquatic Center	8,991.48		
Artificial Turf Futsal Field	137,473.58		
2014 Ford Truck #1912	25,825.83		
2016 Ford Truck #3031	35,810.94		
		<b>222,416.83</b>	
<b>Police</b>			
Water Softener at PD Building	6,539.59		
		<b>6,539.59</b>	
<b>Fire</b>			
Water Softener at FPD Building	7,339.59		
		<b>7,339.59</b>	
<b>Highway Users</b>			
Traffic Study	21,744.23		
4th Ave / 1st Ave Road Improvements - Juan Sanchez Blvd.	242,036.87		
		<b>263,781.10</b>	
<b>Water Fund</b>			
Coating WS#4 Water Tank 500K Gal	117,185.72		
Coating WS#3 Water Tank 300K Gal	91,768.97		
		<b>208,954.69</b>	
<b>Wastewater Fund</b>			
East WWTP Basin Improvement & Pipe Relocation	107,706.89		
		<b>107,706.89</b>	
		<b>Total FY 2016</b>	<b>843,851.01</b>

City of San Luis  
 Impact Fees: Revenues & Expenditures  
 As of: 8/30/2016

		Impact Fees					Impact Fees			TOTAL Impact Fees	Impact Fees		
		INTEREST	ADMIN	PARKS	POLICE	FIRE	Public Safety	WATER	Waste Water		HURF	WATER	Waste Water
		0.20	0.46	0.13	0.08	0.13							
Revenues	2004		73,252.00	200,213.00	67,640.00	42,295.00				389,400.00			
	2005	6,314.16	2,064.00	5,840.00	1,904.00	1,192.00			280,000.00	277,114.16			280,000.00
	2006	42,546.89	79,294.00	216,695.00	75,849.00	46,251.00			78,033.00	643,585.89	105,417.00		78,033.00
	2007	101,917.00	72,998.00	202,311.00	81,986.00	48,403.00			87,205.00	878,024.00	87,205.00		74,284.00
	2008	29,397.00	57,902.00	142,883.00	52,822.00	31,893.00			82,586.00	68,123.00	82,586.00		69,128.00
		160,175.15	286,410.00	767,742.00	290,981.00	179,694.00	-		275,510.00	481,365.00	2,441,297.33		275,510.00
Interest / Fund Balance transfer									2009-3221	(756,875.00)			275,510.00
									2009-3222	(70,209.85)			29,581.46
Adjusted Fund Balance 2009										1,614,092.58			305,071.46
													422,043.06
2009	1,268.01	87,152.00	179,804.00	66,688.00	41,316.00					356,228.01			
2010	1,592.91	47,308.00	129,278.00	44,427.00	27,382.00					249,987.91			142,486.00
2011	1,877.88	10,172.00	52,692.00	21,598.00	10,485.00					104,847.88			78,337.00
2012	2,233.01	21,468.00	58,686.00	22,806.00	13,446.00					118,639.01			67,256.00
2013	2,354.43	30,540.00	83,454.00	28,397.00	17,726.00					162,461.43			93,957.00
2014	1,595.64	29,622.00	80,956.72	28,947.69	17,777.12					158,899.25			90,057.00
2015	1,380.76	65,708.00	115,905.00	7,916.00	4,768.00	115,316.00				313,683.78	119,781.00		22,040.00
2016	2,377.54	80,144.52	123,197.56			152,636.00				358,356.02	158,407.88		278,264.00
2017	2,689.48	152,740.12	211,125.58			262,267.61				628,823.09	270,476.03		439,834.23
Interest Allocation	(197,544.82)	40,237.21	90,420.66	25,102.88	15,191.16	26,592.91				-			-
Total Revenues		842,501.53	1,893,262.22	525,613.67	318,078.28	556,912.52	-	-	-	2,451,936.29	643,644.91	798,114.49	1,903,067.21
Expenditures 2009		148,504.32	129,821.35	5,411.04	128,056.96					414,223.67			17,099.57
Expenditures 2010		450,574.38	238,205.05	187,336.97						856,216.40			149,339.00
Expenditures 2011		-	-	-	-	-				-			-
Expenditures 2012		93,888.51	58,657.57	62,103.48	28,228.05					240,869.61			-
Expenditures 2013		3,850.39	46,982.99	154,305.63	80,227.67					285,366.67			65,169.03
Expenditures 2014		399.27	80,909.14	425.03	250.76					81,584.20			59,919.01
Expenditures 2015		85,975.39	465,302.16	12,996.86	2,965.31					577,240.72			265,241.45
Expenditures 2016		27,112.32	222,418.83	6,539.59	7,398.59					263,468.33	265,781.10		208,954.89
Expenditures 2017		1,216.91	151,451.22	31,858.74	1,142.86					185,669.73	305,205.07		82,858.37
Expenditures 2018		-	-	-	-	-				-			156,099.10
Total Expenditures		820,051.49	1,393,846.30	444,977.34	246,204.20	-	-	-	-	2,905,079.33	568,986.17	699,233.12	721,313.75
Revenues over Expenditures		22,450.44	499,415.92	80,636.23	71,874.08	556,812.52	-	-	-	1,231,369.19	(20,341.26)	98,881.37	1,181,753.54
Total Expenditures		820,051.49	1,393,846.30	444,977.34	246,204.20	-	-	-	-	2,905,079.33	568,986.17	699,233.12	721,313.75
Uses From Revenues													
2004		(73,252.00)	(200,213.00)	(67,640.00)	(42,295.00)	-	-	-	-	-	-	-	-
2005		(2,064.00)	(5,840.00)	(1,904.00)	(1,192.00)	-	-	-	-	-	-	-	(280,000.00)
2006		(79,294.00)	(216,695.00)	(75,849.00)	(46,251.00)	-	-	-	-	-	(105,417.00)	-	(78,033.00)
2007		(73,988.00)	(202,311.00)	(81,986.00)	(48,403.00)	-	-	-	-	-	(87,205.00)	-	(74,284.00)
2008		(57,802.00)	(142,883.00)	(52,822.00)	(31,893.00)	-	-	-	-	-	(82,888.00)	-	(69,128.00)
2009		(67,152.00)	(179,804.00)	(66,688.00)	(41,316.00)	-	-	-	-	-	(29,561.49)	-	(40,879.00)
2010		(47,308.00)	(129,278.00)	(44,427.00)	(27,382.00)	-	-	-	-	-	(142,486.00)	-	(132,052.00)
2011		(10,172.00)	(52,692.00)	(21,598.00)	(7,502.20)	-	-	-	-	-	(78,337.00)	-	(19,404.68)
2012		(21,468.00)	(58,686.00)	(22,806.00)	-	-	-	-	-	-	(67,256.00)	-	-
2013		(30,540.00)	(83,454.00)	(9,417.34)	-	-	-	-	-	-	(93,857.00)	-	-
2014		(29,622.00)	(80,956.72)	-	-	-	-	-	-	-	(14,595.63)	-	-
2015		(65,708.00)	(41,233.50)	-	-	-	-	-	-	-	(119,781.00)	-	-
2016		(80,144.52)	-	-	-	-	-	-	-	-	(158,407.88)	-	-
2017		(152,740.12)	-	-	-	-	-	-	-	-	(290,817.29)	-	-
Interest		(17,788.77)	-	-	-	-	-	-	-	-	-	-	-
Fires in First Out		0.00	-	0.00	(0.00)	-	-	-	-	-	-	-	(2,370.00)
2004 - 2010		-	-	-	-	-	-	-	-	-	-	-	47,514.03
2011		-	-	-	2,983.80	-	-	-	-	-	-	-	54,320.34
2012		-	-	-	13,446.00	-	-	-	-	-	-	-	83,274.00
2013		-	-	18,969.66	17,726.00	-	-	-	-	-	-	-	88,514.00
2014		-	-	28,947.69	17,777.12	-	-	-	-	-	-	-	86,514.00
2015		-	74,671.42	7,816.00	4,769.00	115,316.00	-	-	-	-	75,471.37	-	84,010.00
2016		-	123,197.96	-	-	152,636.00	-	-	-	-	22,040.00	-	223,351.00
2017		-	211,125.88	-	-	262,267.61	-	-	-	-	-	-	278,264.00
Interest		22,450.44	90,420.66	25,102.88	15,191.16	26,592.91	-	-	-	-	(20,341.26)	-	439,834.23
FIFO Balance		22,450.44	499,415.92	80,636.23	71,874.08	556,812.52	-	-	-	1,231,369.19	(20,341.26)	97,511.37	1,229,567.57

## SAN LUIS DEVELOPMENT FEE ADVISORY COMMITTEE REPORT FOR FISCAL YEAR 2016/2017

The City of San Luis adopted its development fee ordinance, ordinance no. 327 on May 28, 2014 and it became effective on August 1, 2014. This report will cover all fees collected and spent under that ordinance during municipal fiscal year 2016/2017 and the Infrastructure and Improvement Plan ("IIP") developed by the consultant TischlerBice for the City of San Luis, dated May 14, 2014, upon which ordinance no. 327 was based.

The San Luis Advisory Committee finds and reports:

1. The collection of development fees for fiscal year 2016/2017 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit A, which by this reference is incorporated as though set forth again in full.
2. The expenditure of development fees for fiscal year 2016/2017 are reflected in the report of the Finance Department of the City of San Luis as attached as exhibit B, which by this reference is incorporated as though set forth again in full.
3. As this is the third year the fees have been implemented, there are no perceived inequities in either the IIP or the imposition of fees. However, there are recommendations. First, the City should consider administrative amendments to the IIP under A.R.S. §9-463.05.D.10 to allow collected fees to be spent for needed infrastructure or other capital items not currently listed in the 2014 IIP because apparently, the projects listed may not get developed or constructed within the time statutorily allowed, and yet the needs of the City of San Luis to provide services because of new growth are greater than currently listed in the IIP. The committee encourages staff to develop alternatives for amendment to the IIP and present them to the committee for its recommendation to the City Council. Second, the Committee encourages the City Manager to develop a plan to spend the funds accumulated within the statutory timeframe, and to show either development of the projects contained in the current IIP or significant progress of actual development prior to adoption of a new IIP required by August 1, 2019. Third, the Committee notes the City of San Luis has not had a regular program of consideration or adoption of an annual capital improvements plan, like many municipalities, and would encourage the City Council and city administration to do so as a regular business habit as part of its process for annual budgeting. The committee notes that City management has been developing a current capital improvements plan, and that it is in progress. The committee wishes to encourage this to be a regular ongoing annual business practice. While a capital improvement plan is not an infrastructure improvement plan, the two are closely related. It is felt this will allow the city to gauge for itself regarding its progress on the projects in the IIP, and whether adjustments or amendments should need to be made. It will also allow this committee to be able to have an informational base upon which to make its recommendations.

**CITY OF SAN LUIS - IMPACT FEES EXPENDITURES**

<b>Department / Project</b>	<b>Total / Project</b>	<b>Total / Department</b>	<b>Total Fiscal Year</b>
<b>2017</b>			
Admin			
Impact Fee Audit	1,216.91		
		<b>1,216.91</b>	
Parks			
Impact Fee Audit	1,142.86		
Sidewalk at Cultural Center	5,390.76		
		<b>6,533.62</b>	
Police			
Impact Fee Audit	1,142.86		
2017 Ford Explorer	51,809.77		
2017 Ford Truck	49,419.17		
Cameras, Monitors and Servers for PD Building	43,688.66		
		<b>146,060.46</b>	
Fire			
Impact Fee Audit	1,142.86		
Washer and Dryer at Fire Station	3,936.82		
16' Parking Shades	26,779.06		
		<b>31,858.74</b>	
Highway Users			
4th Ave / 1st Ave Road Improvements - Juan Sanchez Blvd.	241,337.57		
Design Union Street Paving Project	14,224.00		
Juan Sanchez Blvd Reconstruction Project	49,643.50		
		<b>305,205.07</b>	
Water Fund			
Impact Fee Audit	1,142.86		
Coating WS#3 & WS#4 Water Tanks	81,713.51		
		<b>82,856.37</b>	
Wastewater Fund			
Impact Fee Audit	1,142.86		
2017 Dump Truck #3155	154,956.25		
		<b>156,099.11</b>	
		<b>Total FY 2017</b>	<b>729,830.28</b>
		<b>Grant Total</b>	<b>\$ 4,894,612.38</b>

City of San Luis  
 Impact Fees Revenues & Expenditures  
 As of: 6/30/2016

	Impact Fees					Impact Fees			TOTAL Impact Fees	Impact Fees		
	INTEREST	ADMIN	PARKS	POLICE	FIRE	Public Safety	WATER	Waste Water		HURF	WATER	Waste Water
Revenues		4.29	0.46	0.13	0.88	0.13						
2004		73,252.00	200,213.00	67,640.00	42,295.00				383,400.00			
2005	5,314.15	2,064.00	5,640.00	1,904.00	1,192.00			260,000.00	277,114.16		260,000.00	
2006	42,546.89	79,294.00	216,695.00	75,649.00	46,251.00		105,417.00	78,033.00	643,885.99	105,417.00	78,033.00	
2007	101,917.08	73,998.00	202,311.00	81,986.00	48,403.00		87,205.00	74,204.00	670,624.08	87,205.00	74,204.00	
2008	29,297.00	57,602.00	142,893.00	52,822.00	31,663.00		82,888.00	63,128.00	466,783.00	82,888.00	63,128.00	
	180,175.13	286,418.80	767,742.60	280,051.60	170,604.60	-	275,518.00	481,388.00	2,441,207.13	275,518.00	481,388.00	
Interest / Fund Balance transfer								2089-3221	(754,875.00)	275,918.00	481,385.08	
								2089-3222	(70,239.55)	29,561.49	48,678.06	
Adjusted Fund balance 2009									1,814,092.58	395,071.49	522,043.06	
2009	1,268.01	57,152.00	179,804.00	66,586.00	41,316.00				356,228.01			
2010	1,592.91	47,308.00	129,278.00	44,427.00	27,382.00				249,987.91	142,496.00	132,052.00	
2011	1,677.68	16,172.00	52,892.00	21,638.00	10,468.00				104,847.88	78,337.00	73,725.00	
2012	2,233.01	21,468.00	58,686.00	22,806.00	13,446.00				118,639.01	67,256.00	63,274.00	
2013	2,354.43	30,540.00	83,454.00	28,387.00	17,726.00				162,481.63	93,657.00	86,514.00	
2014	1,595.64	29,622.08	80,956.72	28,547.69	17,777.12				158,889.25	90,057.00	84,018.00	
2015	1,380.79	68,708.00	115,905.00	7,616.00	4,788.00	115,316.00			313,693.79	119,761.00	22,040.00	223,351.00
2016	2,377.54	80,144.52	123,197.86			152,636.00			358,236.02	158,407.88		278,264.00
2017	2,888.48	152,740.12	211,125.85			262,267.61			628,823.89	270,476.09		439,634.23
Interest Allocation	(197,544.82)	40,237.21	30,420.69	25,102.88	15,191.16	26,592.91			-	-	-	-
Total Revenues	-	342,501.53	1,893,262.22	526,613.57	318,076.28	656,812.52	-	-	2,451,316.38	548,644.91	799,114.49	1,903,067.29
Expenditures 2009		149,934.32	129,921.33	3,411.04	128,056.96				414,323.67			
Expenditures 2010		450,674.38	238,205.05	167,338.97					856,216.40	17,098.57	149,339.00	
Expenditures 2011		-	-	-	-	-	-	-	-	-	-	-
Expenditures 2012		93,889.51	58,657.57	62,103.48	26,220.05				240,869.61			
Expenditures 2013		3,850.29	48,982.98	154,305.63	80,227.67				285,266.67	65,188.00	11,340.46	
Expenditures 2014		389.27	80,909.14	425.03	250.76				81,984.28	59,913.01	209,244.19	
Expenditures 2015		95,975.39	469,302.16	12,966.06	2,966.31				577,240.72	265,241.45	87,584.15	
Expenditures 2016		27,112.32	222,416.53	5,589.59	7,339.59				263,458.33	268,954.69	107,706.89	
Expenditures 2017		1,246.91	151,454.22	31,858.74	1,142.86				185,669.73	305,205.97	82,856.37	156,099.10
Expenditures 2018		-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	820,051.49	1,399,846.30	444,977.34	246,294.20	-	-	-	2,505,079.33	568,986.17	699,233.12	721,313.75
Revenues over Expenditures	-	22,450.44	493,415.92	80,636.23	71,874.08	556,812.52	-	-	1,231,169.19	(20,341.26)	99,881.37	1,181,753.54
Total Expenditures	829,051.49	1,393,846.30	444,977.34	246,294.20	-	-	-	-	568,986.17	699,233.12	721,313.75	
Uses From Revenues												
2004	(73,252.00)	(200,213.00)	(67,646.00)	(42,295.00)	-	-	-	-	-	-	-	-
2005	(2,064.00)	(5,640.00)	(1,904.00)	(1,192.00)	-	-	-	-	-	-	(260,000.00)	-
2006	(79,294.00)	(216,695.00)	(75,649.00)	(46,251.00)	-	-	-	-	(105,417.00)	(78,033.00)	-	-
2007	(73,998.00)	(202,311.00)	(81,986.00)	(48,403.00)	-	-	-	-	(87,205.00)	(74,204.00)	-	-
2008	(57,602.00)	(142,893.00)	(52,822.00)	(31,663.00)	-	-	-	-	(82,888.00)	(63,128.00)	-	-
2009	(67,152.00)	(179,804.00)	(66,586.00)	(41,316.00)	-	-	-	-	(29,561.49)	(40,678.06)	-	-
2010	(47,308.00)	(129,278.00)	(44,427.00)	(27,382.00)	-	-	-	-	(142,496.00)	(132,052.00)	-	-
2011	(1,677.68)	(52,892.00)	(21,638.00)	(7,502.20)	-	-	-	-	(78,337.00)	(15,404.60)	-	-
2012	(21,468.00)	(58,686.00)	(22,806.00)	-	-	-	-	-	(67,256.00)	-	-	-
2013	(30,540.00)	(83,454.00)	(3,417.34)	-	-	-	-	-	(93,857.00)	-	-	-
2014	(29,622.08)	(80,956.72)	-	-	-	-	-	-	(14,585.63)	-	-	-
2015	(68,708.00)	(115,905.00)	-	-	-	-	-	-	(119,761.00)	-	-	-
2016	(80,144.52)	(123,197.86)	-	-	-	-	-	-	(158,407.88)	-	-	-
2017	(152,740.12)	(211,125.85)	-	-	-	-	-	-	(280,817.29)	-	-	-
Interest	(17,788.77)	-	-	-	-	-	-	-	-	-	-	-
First In First Out 2004 - 2010	-	-	-	-	-	-	-	-	-	(2,970.00)	47,814.03	-
2011	-	-	-	2,985.90	-	-	-	-	-	-	54,320.34	-
2012	-	-	-	13,446.00	-	-	-	-	-	-	63,274.00	-
2013	-	-	18,969.66	17,726.00	-	-	-	-	-	-	86,514.00	-
2014	-	-	28,347.69	17,777.12	-	-	-	-	-	75,471.37	84,018.00	-
2015	-	74,671.42	7,616.00	4,788.00	115,316.00	-	-	-	-	22,040.00	223,351.00	-
2016	-	123,197.86	-	-	152,636.00	-	-	-	-	-	278,264.00	-
2017	-	211,125.85	-	-	262,267.61	-	-	-	-	-	439,634.23	-
Interest	22,450.44	80,420.69	25,102.88	15,191.16	26,592.91	-	-	-	(20,341.26)	-	-	-
FIFO Balance	22,450.44	489,468.92	80,636.23	71,874.08	556,812.52	-	-	-	(20,341.26)	97,511.37	1,239,567.57	-

**Infrastructure Improvements Advisory Committee**

**6.**

**Meeting Date:** 01/11/2018

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Kay Macuil, City Attorney, Attorney's Office

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**ITEM:**

Discussion and possible action on any and all matters regarding scheduling of future meetings. **(Kay Marion Macuil, City Attorney)**

**SUMMARY:**

The Committee choose to meet in the next month or so because of 2 deadlines.

(1) The Capital Improvement Plan will need to be decided for the upcoming budget. The City's fiscal year is July 1 through June 30. The City has already had one work session on the Capital Improvement Plan. The City Staff usually has a proposed Capital Improvement Plan ready for Council to review in April. The Capital Improvement Plan is separate from the Infrastructure Improvement Plan, but the two plans should work together and not conflict.

(2) The Current Infrastructure Improvement Plan expires in May of 2019. The sooner the process is started the better.

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO MEET ON \_\_\_\_\_ AT \_\_\_\_\_.**

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