October 22, 2020

MEMORANDUM TO:	Honorable Mayor and City Council
THRU:	Charles P. Potucek City Manager Victoria Yarbrough, Assistant City Manager
FROM:	David Felix, Chief Financial Officer
SUBJECT:	REQUEST FOR AGENDA ITEM PLACEMENT RESOLUTION 2020-XXX, Adoption of the Development Fee Schedule that corresponds to the Land Use Assumptions and Infrastructure Improvement Plans in Accordance with A.R.S. 9-463, and City Code 154.10-20

RECOMMENDATION

The City Manager recommends approval of the attached Development Fees corresponding to the Land Use Assumptions and Infrastructure Improvement Plan approved by City Council on September 10, 2020.

BACKGROUND

Arizona Revised Statute 9-463 specifies the process by which the City Council updates its development (impact) fees. A draft copy of the Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP) and Development Fee report was uploaded onto the City's website in early January to advertise the City's intent to begin the process. In the following months, staff continued to work with the City's consultant, TischlerBise, to finalize required documents. On June 11th, Council held the required public hearing on the LUA and IIP and subsequently approved the documents on September 11, 2020. On October 22, 2020, Council held the required public hearing on the proposed development fees. On December 10th, Council will vote on the corresponding development fees and the new construction tax rate decrease. According to the City's Code of Ordinances, 154.10 - 154.20, the Council may adopt by resolution the updated LUA, IIP and development fees. The final step of the process will be Council's approval of the Ordinance in January, 30 days after the adoption of the fees. If approved, the new fees will go into effect on March 1, 2021.

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City Council Public Hearing: Proposed Rates

Sierra Vista, Arizona
October 22, 2020

Bethesda, MD | 301.320.6900
TischlerBise.com

IIP Summary

Description	Total Cost	Remaining	Growth Share
Fire Station Cost Recovery	$8,560,534	$766,052	$592,940
Fire Apparatus Cost Recovery	$3,951,016	$568,136	$439,749
Park Improvement Cost Recovery	$13,694,175	$3,346,352	$3,104,227
Police Station Cost Recovery	$8,560,534	$917,421	$920,582
Arterials	$599,911	$599,911	$599,911
Improved Intersections	$300,000	$300,000	$300,000
Development Fee Study	$59,850	$59,850	$59,850
Total	$35,726,021	$6,557,722	$6,017,259

Development Fee Fund	Balance	10-Yr Revenue
Fire Development Fees	($1,334,188)	$1,044,659
Park Development Fees	($3,346,352)	$3,119,190
Police Development Fees	($917,421)	$932,552
Street Development Fees	$123,159	$920,858
Total	($5,474,802)	$6,017,259

Land Use Assumptions Summary

Projections based on recent development and projects in the development process.

Sierra Vista, Arizona	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	10-Year
	Base Year	1	2	3	4	5	6	7	8	9	10	Increase
Population	**45,527**	**45,696**	**45,907**	**46,119**	**46,331**	**46,543**	**46,755**	**46,967**	**47,179**	**47,391**	**47,603**	**2,076**
Housing Units												
Single Family	15,808	15,879	15,950	16,021	16,092	16,163	16,234	16,305	16,376	16,447	16,518	710
Multi-Family	5,101	5,101	5,135	5,168	5,201	5,235	5,268	5,301	5,335	5,368	5,401	300
All Other Units	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	0
Total Housing Units	**22,236**	**22,307**	**22,412**	**22,516**	**22,620**	**22,725**	**22,829**	**22,933**	**23,038**	**23,142**	**23,246**	**1,010**
Employment												
Industrial	1,754	1,765	1,776	1,787	1,797	1,808	1,819	1,830	1,841	1,852	1,863	109
Commercial	5,633	5,670	5,708	5,746	5,783	5,821	5,859	5,896	5,934	5,972	6,009	377
Office & Other Services	10,769	10,859	10,950	11,040	11,130	11,220	11,311	11,401	11,491	11,581	11,672	902
Total Employment	**18,156**	**18,295**	**18,433**	**18,572**	**18,711**	**18,850**	**18,989**	**19,127**	**19,266**	**19,405**	**19,544**	**1,388**
Nonres. Floor Area (x1,000)												
Industrial	899	906	913	919	926	933	939	946	953	959	966	67
Commercial	3,404	3,420	3,437	3,453	3,469	3,485	3,501	3,517	3,533	3,549	3,565	161
Office & Other Services	6,351	6,381	6,412	6,442	6,473	6,503	6,533	6,564	6,594	6,625	6,655	304
Total Nonres. Floor Area	**10,655**	**10,708**	**10,761**	**10,814**	**10,867**	**10,920**	**10,974**	**11,027**	**11,080**	**11,133**	**11,186**	**532**

New development includes:
2,076 people in 1,010 new housing units
1,388 jobs in 532,000 square feet of new nonresidential development.

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Proposed Single Family Fee Comparison

Classification	2006	2006 in 2019 dollars	Current (100%)	Proposed
Parks	$ 1,804	$ 2,434	$ 624	$ 3,353
Library	$ 553	$ 746	$ -	$ -
Police	$ 615	$ 830	$ 479	$ 529
Fire	$ 529	$ 714	$ 351	$ 745
Infrastructure	$ 1,853	$ 2,500	$ 2,641	$ 746
Total Single Family	$ 5,354	$ 7,223	$ 4,095	$ 5,373

Estimated tax savings on a $325,000 house from removing excess construction sales tax: $1,056

Timeline

- **11 June 2020**
  - Public Hearing on IIP & LAU
- **11 September 2020**
  - Council votes to Adopt IIP & LUA
- **22 October 2020**
  - Public Hearing on proposed fees
- **10 December 2020**
  - Council votes on proposed fees
  - Council votes on proposed new tax rate
- **1 March 2021**
  - New fees and tax rate go into effect

RESOLUTION 2020-XXX

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA; APPROVING THE DEVELOPMENT FEE SCHEDULE THAT CORRESPONDS TO THE LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLANS APPROVED BY CITY COUNCIL ON SEPTEMBER 10, 2020 IN ACCORDANCE WITH A.R.S. 9-463, AND CITY CODE 154.10-20; AND AUTHORIZING AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.

WHEREAS, the City of Sierra Vista assesses development fees to offset costs to the City associated with providing necessary public services to a development, as specified in Chapter 154 of the City Code of Ordinances; and

WHEREAS, Arizona Revised Statue §9-463 and City Code Chapter 154 specifies the procedure by which the City must follow in order to update its fees to reflect current growth patterns and anticipated new construction; and

WHEREAS, in accordance with state law, two public hearings were held on June 11, 2020 regarding the Land Use Assumptions and Infrastructure Improvement Plan, as well as the corresponding Development Fee schedule on October 22, 2020; and

WHEREAS, the Council approved the Land Use Assumptions and Infrastructure Improvement Plan on September 10, 2020 as the first step toward setting the revised development fees; and

WHEREAS, the new development fee schedule offsets infrastructure costs to the City for necessary public services and adoption of the revised development fee schedule is the last step in the process.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, AS FOLLOWS:

SECTION 1

That the settled policy of the City Council, supporting the assessment of Development Fees to offset the costs to the City associated with providing necessary public services to new development be, and hereby is, reaffirmed.

SECTION 2

That the City Council hereby approves the revised development fee schedule identified on Attachment A that corresponds to the Land Use Assumptions and Infrastructure Improvement Plan reports previously adopted by the elected body on September 10, 2020, said fees effective March 1, 2021 in accordance with state law.

SECTION 3

The City Manager, City Clerk, City Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this Resolution.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, THIS 10h DAY OF DECEMBER, 2020.

_____
FREDERICK W. MUELLER, II
Mayor

ATTEST:

_____
JILL ADAMS
CITY CLERK

APPROVED AS TO FORM:

_____
NATHAN WILLIAMS
City Attorney

ATTACHMENT A

Schedule of Proposed Development Fees, Effective March 1, 2021

Residential (per unit)

Type	Parks & Recreational	Police	Fire	Street	Proposed Fee	Current Fee	Difference
Single-Family Unit	$3,353	$529	$745	$746	$5,373	$3,227	$2,146
Multi-Family Unit	$1,853	$293	$412	$296	$2,854	$1,894	$960
All Other Types	$1,471	$232	$327	$260	$2,291	$2,003	$288

Nonresidential (per square foot)

Type	Parks & Recreational	Police	Fire	Street	Proposed Fee	Current Fee	Difference
Industrial	$0.23	$.33	$0.27	$.22	$1.05	$0.98	$0.07
Commercial	$0.34	$1.64	$1.38	$1.12	$4.48	$4.07	$0.41
Office & Other Services	$0.42	$.64	$0.54	$0.43	$2.03	$1.96	$0.07
Hotel (per room)	$83	$551	$463	$366	$1,463	$880	$583
Nursing Home (per bed)	$150	$202	$169	$134	$655	N/A	N/A