

IMPACT FEES – A STATUS UPDATE

Town Council Meeting

March 7, 2018

PURPOSE OF PRESENTATION

1. Finance Director's Perspective
2. Review Draft Fees
3. Discuss Parks and Recreation Level of Service
4. Discuss Calendar

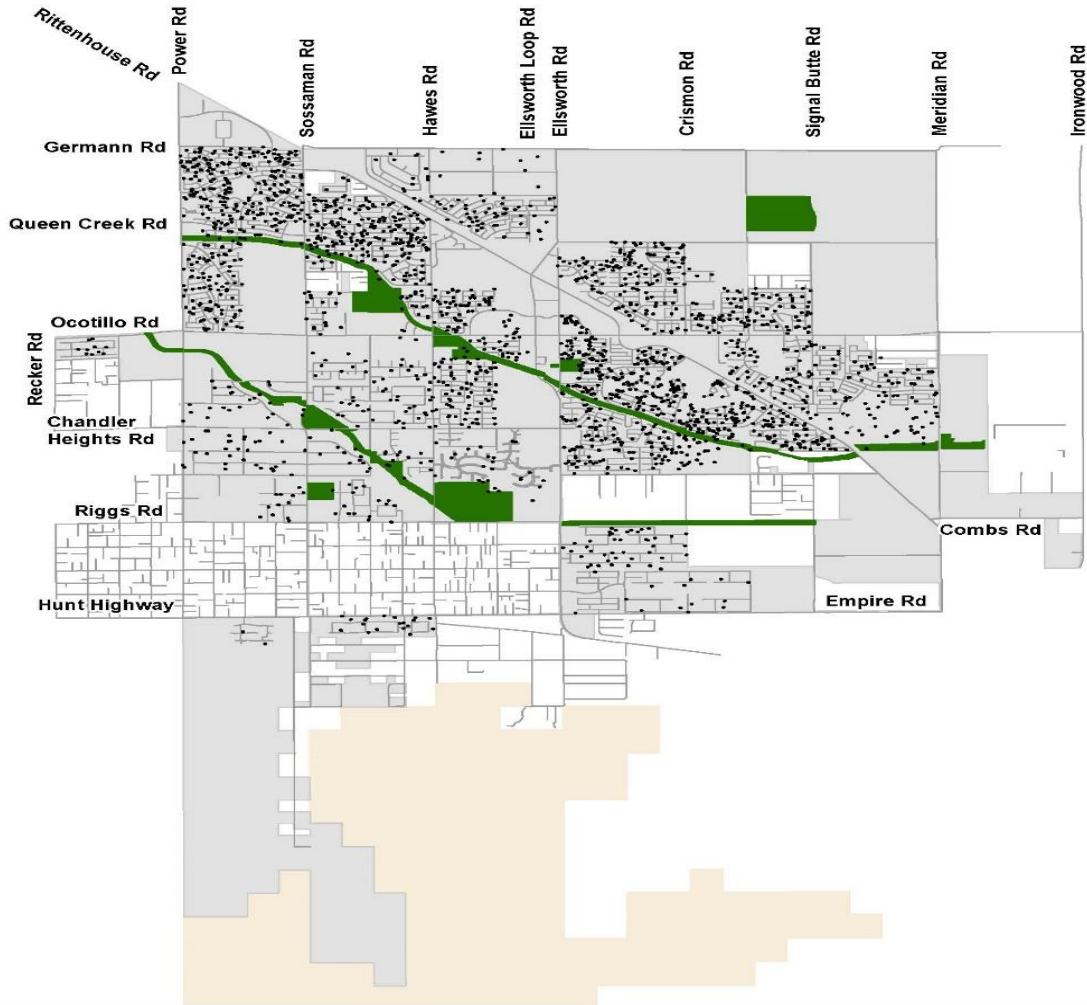




1. FINANCE DIRECTOR'S PERSPECTIVE

QC'S IMPACT / CAPACITY FEES (CURRENT)

Fee Type	Single-Family Home Fee	% of Fee Amount	FY 16-17 Annual Revenue (Unaudited)
1.Wastewater	\$5,082	32%	\$5.1M
2.Water	\$4,014	25%	\$4.6M
3.Parks and Recreation	\$3,681	23%	\$4.2 M
4.Transportation	\$1,263	8%	\$1.6 M
5. Library	\$723	5%	\$0.8 M
6. Fire	\$490	3%	\$1.5 M
7. Town Facilities	\$470	3%	\$1.7 M
8. Public Safety	<u>\$167</u>	<u>1%</u>	<u>\$0.2 M</u>
TOTAL	\$15,890	100%	\$19.7M



Population

Estimated Population: July 1, 2017

• 1 Dot = 20 People

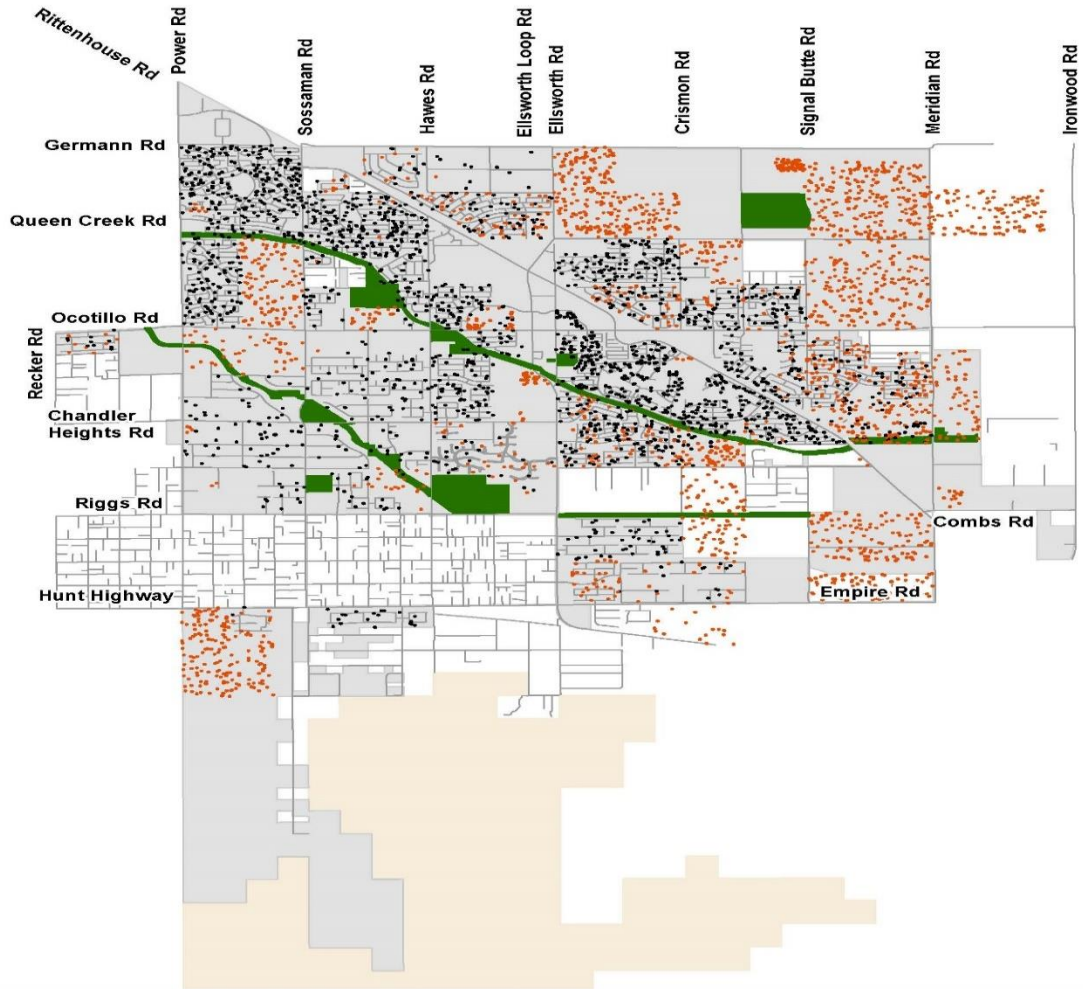
Town Parks and Wash Trails (Existing and Future)

Town Limits

San Tan Regional Park

42K
Population
Today





Population

Estimated Population: July 1, 2027

- 1 Dot = 20 Current People
- 1 Dot = 20 Future People
- Town Parks and Wash Trails (Existing and Future)
- Town Limits
- San Tan Regional Park

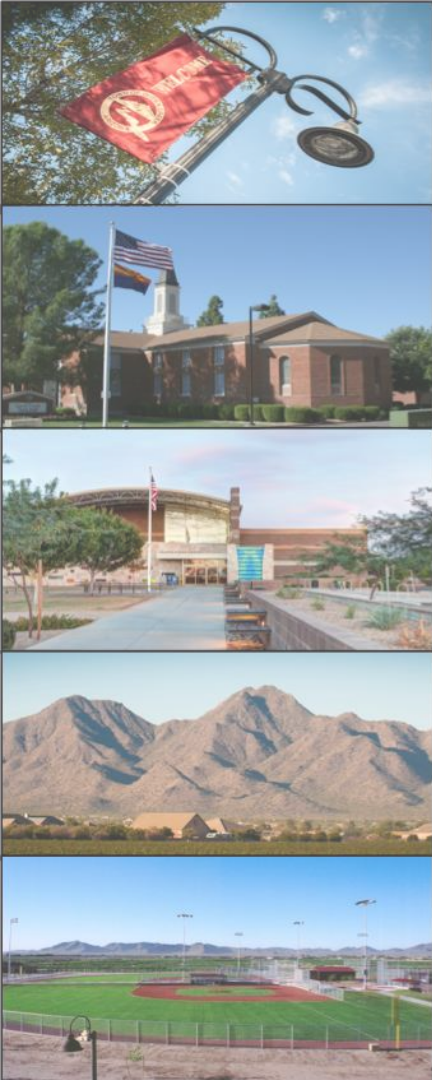
88K
Population



FINANCE DIRECTOR'S PERSPECTIVE

- “Playing Catch Up” with Infrastructure Given Recent Growth and Expected Growth
- Some Infrastructure Has Dedicated Funding Sources (In Addition to Impact Fees), Others Do Not



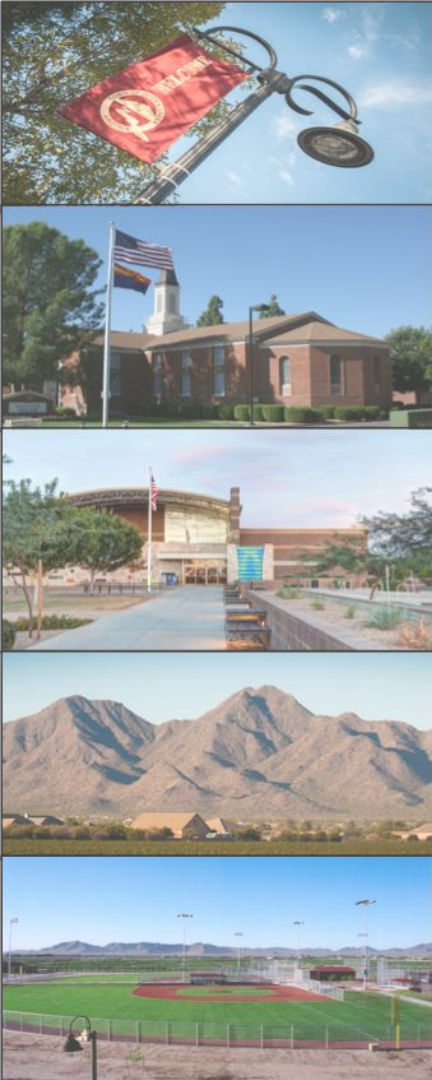


FINANCE DIRECTOR'S PERSPECTIVE (CONTINUED)

- The Town Council Must Prioritize the Construction of Infrastructure Because of Limited Resources
 - Public Safety
 - Fire
 - Transportation
 - Parks and Recreation

FINANCE DIRECTOR'S PERSPECTIVE (CONCLUDED)

- There is a Limit to the Amount of Impact Fees that Can be Charged Before the Market is Adversely Effected





2. REVIEW DRAFT FEES

QC'S IMPACT / CAPACITY FEES

SINGLE FAMILY HOME

Fee Type	Current	Draft	\$ Change	% Change
1.Wastewater	\$5,082	Pending		
2.Water	\$4,014			
3.Parks and Recreation	\$3,681			
4.Transportation	\$1,263	\$2,350	\$1,087	86%
5. Library	\$723	\$123	(\$600)	(83%)
6. Fire	\$490	\$1,128	\$638	130%
7. Town Facilities	\$470	\$27	(\$443)	(94%)
8. Public Safety	<u>\$167</u>	<u>\$329</u>	<u>\$162</u>	<u>97%</u>
TOTAL	\$15,890	\$3,957	\$844	5%

DRAFT IMPACT FEES

Fee Type	Current	Draft	\$ Change	% Change	% of Costs Paid by Growth
Transportation	\$1,263	\$2,350	\$1,087	86%	52%
Fire	\$490	\$1,128	\$638	130%	82%
Public Safety	\$167	\$329	\$162	97%	49%
Library	\$723	\$123	(\$600)	(83%)	51%
Town Facilities	<u>\$470</u>	<u>\$27</u>	<u>(\$443)</u>	<u>(94%)</u>	51%
TOTAL	\$3,113	\$3,957	\$844	27%	

SIGNIFICANT FACTORS

1. Refinanced Outstanding Debt (Lower Annual Payments)
2. Included Beginning (Adjusted) Cash Balances Resulting in a Lower Amount Needed from Impact Fees
3. Increased Population and Growth Projections
4. Comprehensive Project Lists



SIGNIFICANT FACTORS

(CONCLUDED)



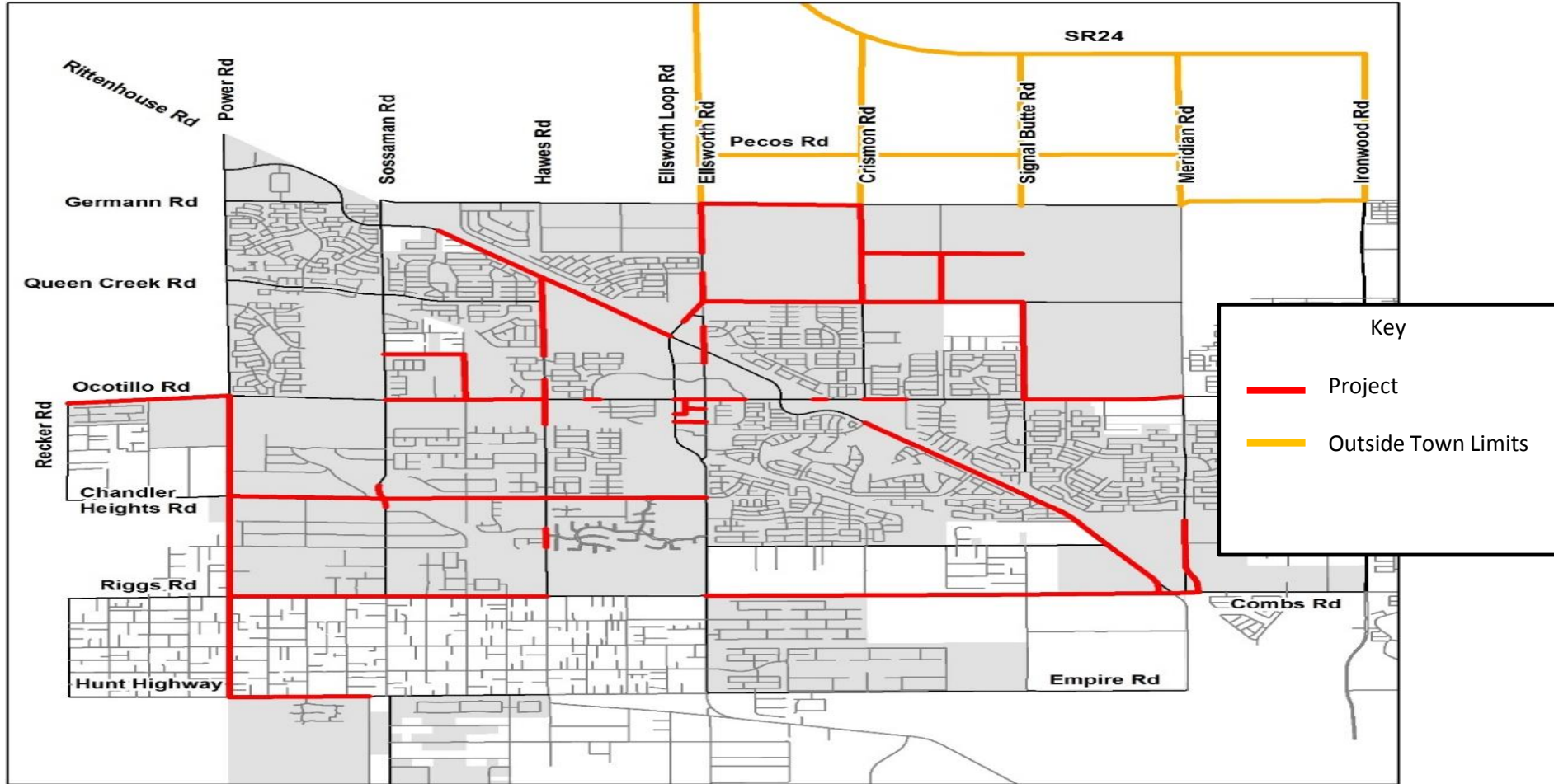
5. Used Functional Population Which Results in a Lower Use of Infrastructure Capacity
6. Used Regional Data for Employees per 1,000 SF for Non-Residential Fee Categories
 - Results in a Lower Use of Infrastructure Capacity



TRANSPORTATI ON

\$195M 10-Year Project List

New Lane Miles: 84
Number of Projects: 36



TRANSPORTATION COST SUMMARY

	Amount
10-Year Project List	\$195M
Less Current IIP	<u>(\$18M)</u>
New IIP	\$177M
Less Developer Cash-In-Lieu (\$10M) / Other Governmental Entity Participation (\$20M)	<u>(\$30M)</u>
Projects to be Funded	\$147M

TRANSPORTATION SUMMARY

	Amount	%
Dedicated Construction Sales Tax	\$24 M	16%
Developer Half Street Improvements	\$20 M	14%
Impact Fees	<u>\$32 M</u>	<u>22%</u>
Growth Total	\$76 M	52%
Non-Growth (Placeholder)	<u>\$71 M</u>	<u>48%</u>
Projects to be Funded	\$147 M	100%

TRANSPORTATION FEE OVERVIEW



- Maturity of System
 - Percent Complete Now: 50%
 - Percent Complete In 10 Years: 85%
- 10-Year Impact Fee Revenues: \$32M
 - Residential (88%), Non-Residential (12%)
 - Current Plan: \$6.5M Revenues
- Growth Allocation: 52%
- Cost per Home: \$2,350

DRAFT IMPACT FEE

All Fee Categories Increased

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$1,263	\$2,350	\$1,087	86%
Multi-Family	\$882	\$1,641	\$759	86%
Retail (per 1K SF)	\$1,569	\$2,919	\$1,350	86%
Office (per 1K SF)	\$679	\$1,263	\$584	86%
Industrial (per 1K SF)	\$429	\$798	\$369	86%

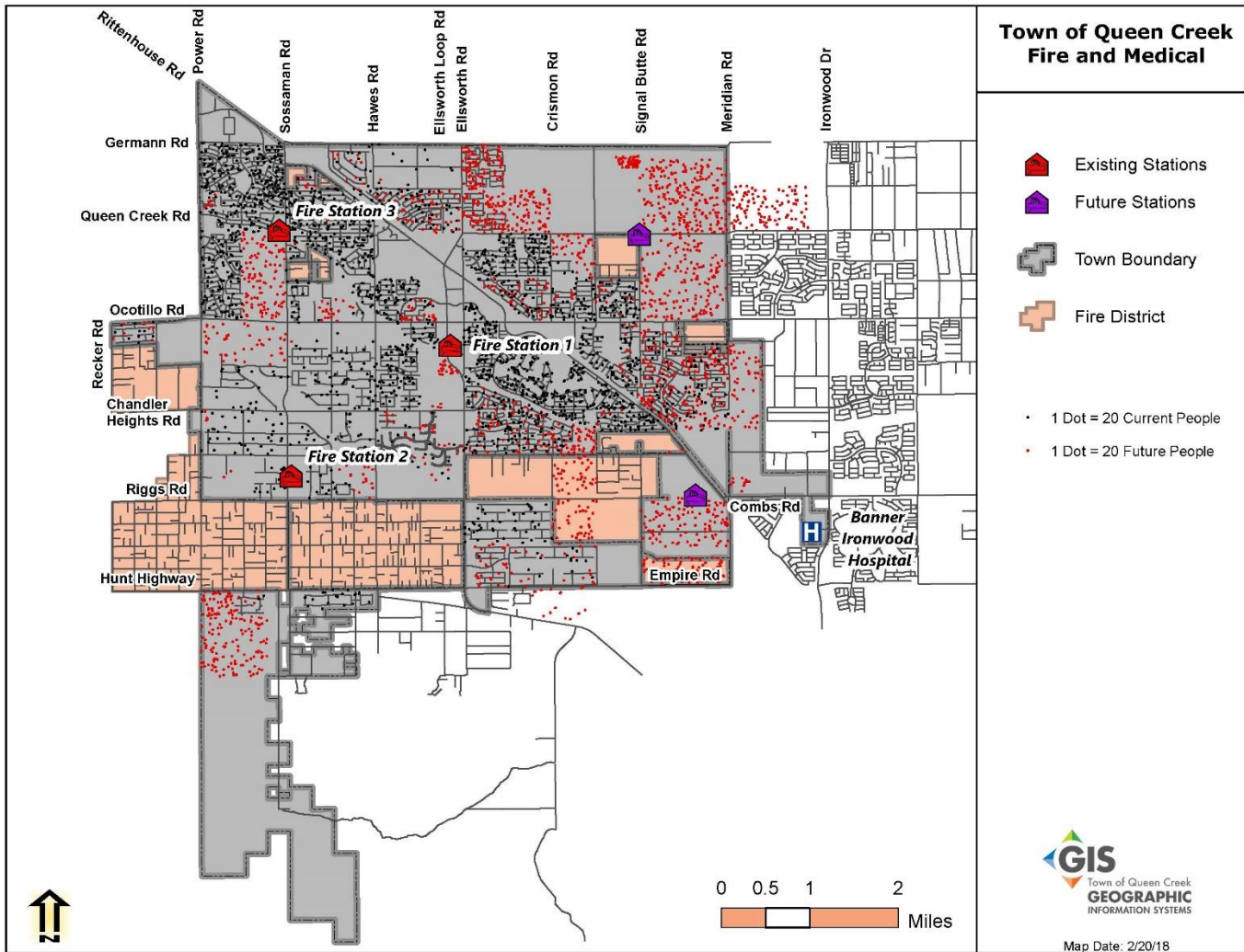
WHY DID THE FEE INCREASE?

KEY ELEMENTS INCREASED

Key Elements	Estimated Fee	Current Fee
New Projects Costs Paid from Impact Fees	\$32 M	\$6.5 M
Population Increase	42K	20K
New Vehicle Miles Traveled	912K	510K
New Lane Miles	84	7



FIRE



FIRE FEE OVERVIEW



- Maturity of System
 - Percent Complete Now: 40%
 - Percent Complete In 10 Years: 100%
- 10-Year Impact Fee Revenues: \$14.5M
 - Residential (94%), Non-Residential (6%)
 - Current Plan: \$3.8M Revenues
- Growth Allocation: 82%
- Cost per Home: \$1,128

DRAFT IMPACT FEE

4 Fee Categories Increased
1 Fee Category Decreased

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$490	\$1,128	\$638	130%
Multi-Family	\$361	\$811	\$450	125%
Retail (per 1K SF)	\$290	\$1,002	\$712	245%
Office (per 1K SF)	\$285	\$348	\$63	22%
Industrial (per 1K SF)	\$335	\$144	(\$191)	(57%)



PUBLIC SAFETY

PUBLIC SAFETY FEE OVERVIEW



- Maturity of System
 - Percent Complete Now: 100%
 - Percent Complete In 10 Years: 100%
- 10-Year Impact Fee Revenues: \$4.2M
 - Residential (94%), Non-Residential (6%)
 - Current Plan: \$1.3M Revenues
- Growth Allocation: 49%
- Cost per Home: \$329

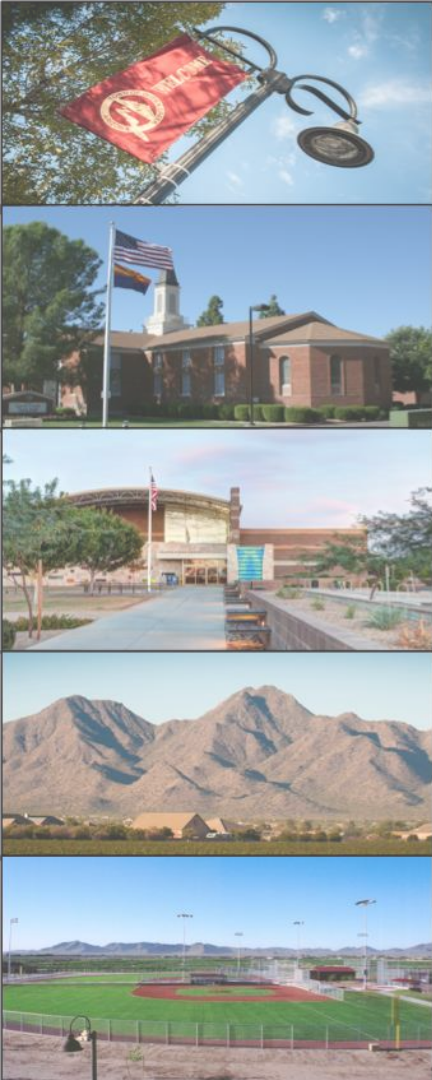
DRAFT IMPACT FEE

3 Fee Categories Increased
2 Fee Categories Decreased

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$167	\$329	\$162	97%
Multi-Family	\$123	\$237	\$114	93%
Retail (per 1K SF)	\$56	\$293	\$237	422%
Office (per 1K SF)	\$229	\$102	(\$127)	(56%)
Industrial (per 1K SF)	\$90	\$42	(\$48)	(53%)



LIBRARY



LIBRARY FEE OVERVIEW

- Maturity of System
 - Percent Complete Now: 100%
 - Percent Complete In 10 Years: 100%
- 10-Year Impact Fee Revenues: \$1.6M
 - Residential (98%), Non-Residential (2%)
 - Current Plan: \$4.9M Revenues
- Growth Allocation: 51%
- Cost per Home: \$123

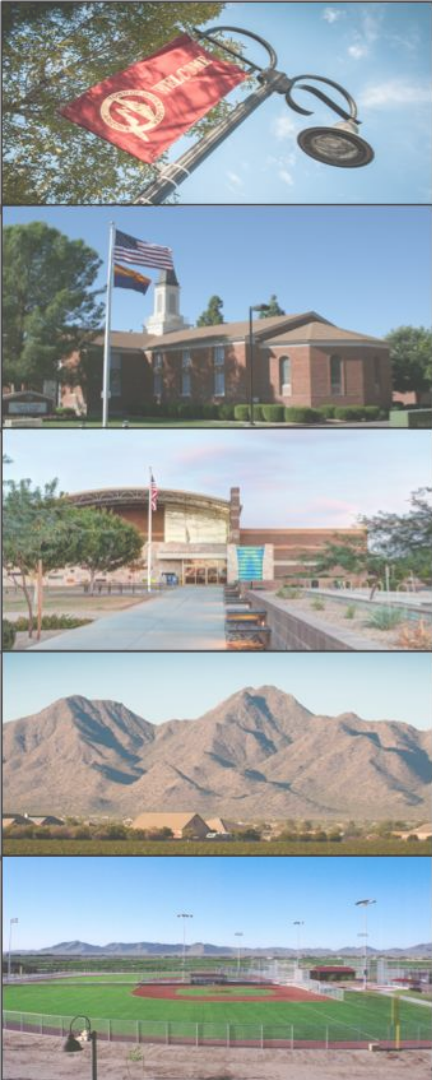
DRAFT IMPACT FEE

Fee Decreases Significantly

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$723	\$123	(\$600)	(83%)
Multi-Family	\$532	\$88	(\$444)	(83%)
Retail (per 1K SF)	\$111	\$20	(\$91)	(82%)
Office (per 1K SF)	\$109	\$18	(\$91)	(84%)
Industrial (per 1K SF)	\$128	\$7	(\$121)	(94%)



TOWN FACILITIES



FACILITIES FEE OVERVIEW

- Maturity of System
 - Percent Complete Now: 100%
 - Percent Complete In 10 Years: 100%
- 10-Year Impact Fee Revenues: \$0.3M
 - Residential (98%), Non-Residential (2%)
 - Current Plan: \$3.5M Revenues
- Growth Allocation: 51%
- Cost per Home: \$27

DRAFT IMPACT FEE

Fee Decreases Significantly

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$470	\$27	(\$443)	(94%)
Multi-Family	\$346	\$19	(\$327)	(94%)
Retail (per 1K SF)	\$292	\$4	(\$288)	(98%)
Office (per 1K SF)	\$286	\$4	(\$282)	(99%)
Industrial (per 1K SF)	\$338	\$2	(\$336)	(99%)

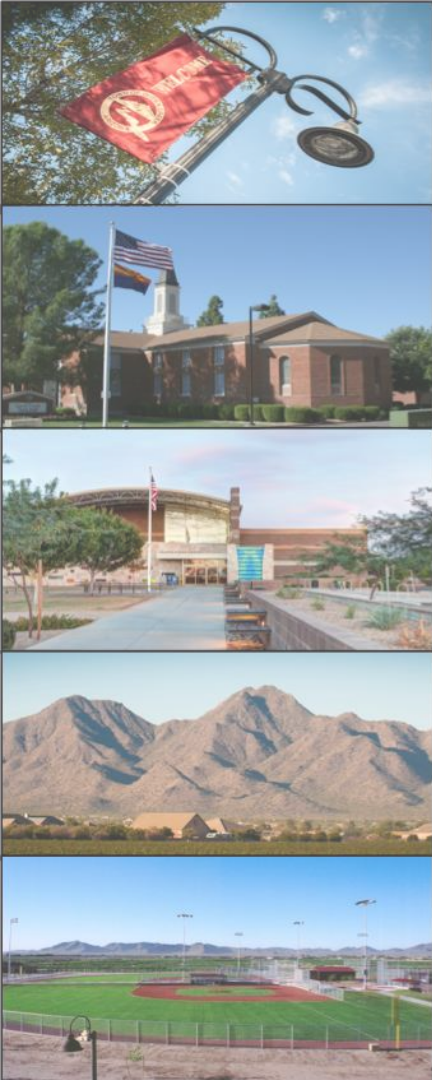


3. DISCUSS PARKS AND RECREATION LEVEL OF



FINANCE DIRECTOR'S PERSPECTIVE

- Only Dedicated Funding Source are Impact Fees
- Legislation Has Restricted the Infrastructure that Can be Built with Parks Impact Fees
 - Parks Up to 30 Acres
 - Buildings Up to 3K Square Feet
 - No Aquatic Centers



FINANCE DIRECTOR PERSPECTIVE (CONCLUDED)

- Parks and Recreation LOS is More Subjective Relative to the Other Fees Because Some Amenities and Services are Provided by Private Sector – Which is Not the Case with All Other Infrastructure
 - Barney Sports Complex, HOA Amenities, School Facilities, etc.

TOTAL ACRES CURRENTLY OWNED: 350*

Park	Improved	Unimproved
Desert Mountain	29	
Founders	11	
Pocket Park for Pups	1	
Mansel Carter Oasis Park	<u>48</u>	13
Eagle Park (Old Landfill)		90
QC Sports Complex		91
Sossaman Cloud		22
Desert Wells		30
San Marquis		<u>15</u>
Total	89	261

*Excludes HPEC (38 Acres)

LOS VARIES . . .

Source	Improved Acres per 10K Population	Improved Acres Today (42K Population)
Existing Master Plan	61	
Proposed Master Plan	51	215
Current	21	89

PARKS IMPACT FEE LOS SCENARIOS (EXCLUDES TRAILS)

Scenarios	Total Amount	Growth Amount	Non Growth Portion
A. Proposed Master Plan (LOS 51, Improving 360 Acres)	\$121M	\$34M	\$87M
B. Improve Owned Acres (LOS 40, Improving 261 Acres)	\$68M	\$34M	\$34M
C. QC Sports Complex Only (LOS 21, Improving 91 Acres)	\$43M	\$14M	\$29M

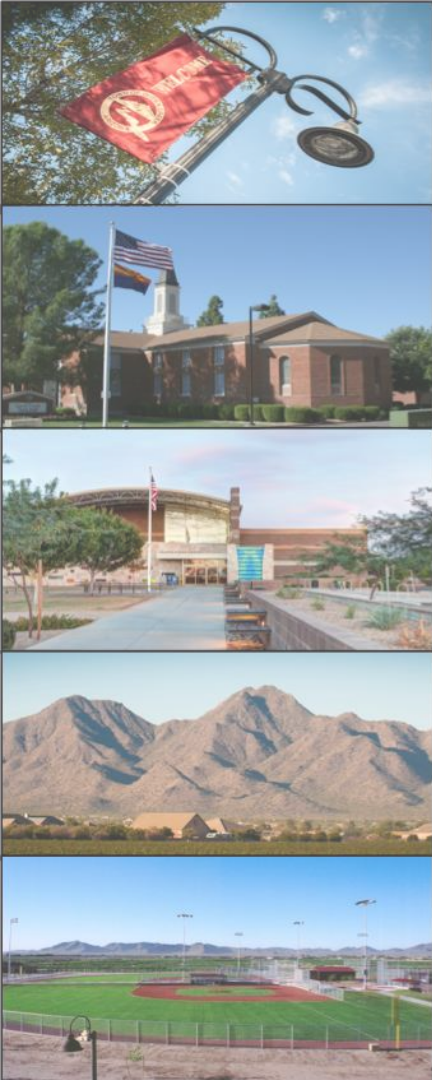
PARKS IMPACT FEE (ESTIMATES)

Scenarios	Improved Parks	Existing Debt	Trails	Estimated Fee
A. Proposed Master Plan (LOS 51, Improving 360 Acres)	\$2,500	\$300	\$200	\$3,000
B. Improve Owned Acres (LOS 40, Improving 261 Acres)	\$2,500	\$300	\$200	\$3,000
C. QC Sports Complex Only (LOS 21, Improving 91 Acres)	\$1,000	\$300	\$200	\$1,500
CURRENT FEE	\$2,214	\$942	\$525	\$3,681



PARKS FINANCING OPTIONS

- Create Capacity in Operating Budget (Like Transportation)
- Earmark Excess Operating Budget Reserves
- Create a Dedicated Revenue
 - Voter Approved Property Tax
 - Dedicated Sales Tax
- Re-Purpose Dedicated Transportation Sales Tax (When Done)



PRAC DISCUSSIONS

- Ultimate Goal is 51 Acres LOS
- Staff Working on “Transitional Approach” for the Next 10 Years
- Additional Information Requested
 - Maturity of Parks System: 16%



FOCUS GROUP DISCUSSIONS

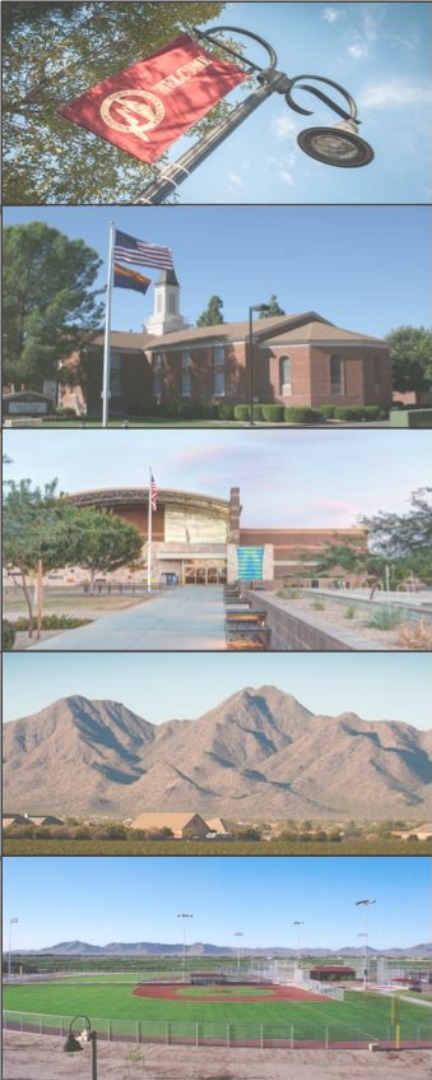
- What is the Additional Open Space Requirement in the Town?
- How do Subdivision Amenities Effect the Use of Town Amenities?



4. REMAINING CALENDAR

ADDITIONAL WORK REMAINS...

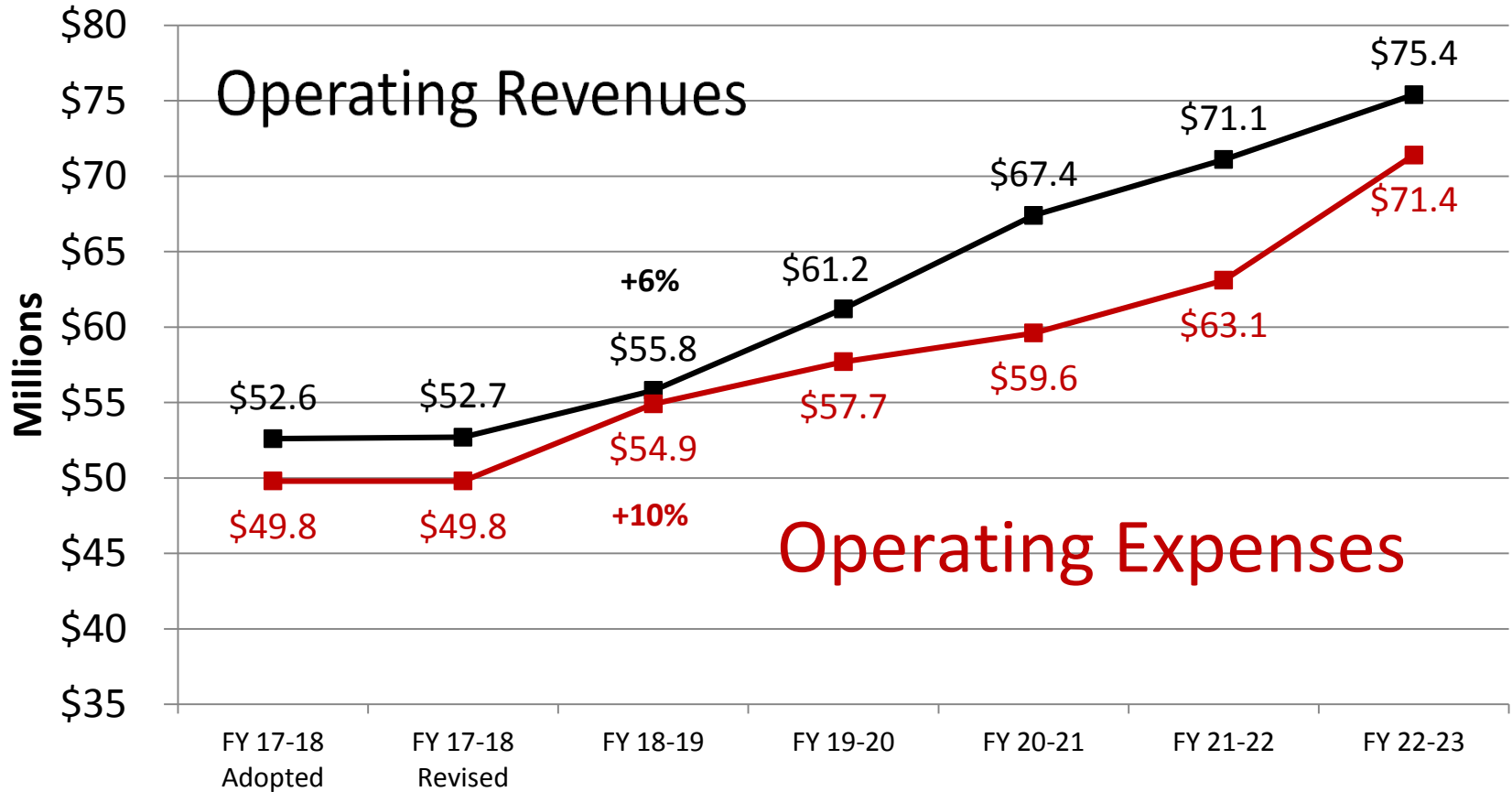
- Finalize By Year Growth Projections
- Finalize Comparable Information
- Town Council Approval of Cash Balance Adjustments
- Revenue Credit Analysis
- QC Fire District Revenue Calculation
- Town's Boards and Commissions Review





QUESTIONS AND COMMENTS

5 -Year Operating Budget Projection





Gilbert LOS

Current Population: 226,436
Current Developed Park Acres: 585
Current Acres per 10,000 residents: 25.9

Build out Population: 330,000
Build out Developed Park Acres: 1,483
Build out Acres per 10,000 residents: 45.0

Chandler LOS

Current Population: 256,101
Current Developed Park Acres: 1,267
Current Acres per 10,000 residents: 49.5

Build out Population: 285,000
Build out Developed Park Acres: 1,566
Build out Acres per 10,000 residents: 54.9

According to the Trust for Public Land

<u>City</u>	<u>LOS*</u>
Chandler	60
Gilbert	55
Mesa	54

*LOS is measured as park acres per 10,000 residents