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New state impact-fee law presents planning challenges for Prescott

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PRESCOTT - Planning for future fire stations, police expansions, street projects, and water improvements has taken on a whole new level of complexity under a state impact-fee law that is set to go into effect later this year.

Among the points of the 2011 state law is a requirement that proposed impact-fee projects be included in an infrastructure improvement plan that lays out the need for the project, as well as the entity's ability to pay for operation of the new facility.

The money collected through impact fees must then be used within 10 years for most projects, or within 15 years for water and wastewater projects.

According to Prescott officials, that makes it difficult for smaller communities to plan for and accumulate enough impact-fee revenue to deal with the growth-related needs that could arise.

Impact fees - the one-time charges that new home builders pay when they get their building permits - have helped to pay for a number of city projects over the years, including the new Adult Center building, public-safety radio equipment, the City Hall parking lot, street improvements on Copper Basin and Iron Springs roads, a number of water- and sewer-line improvements, and recent improvements to the Goldwater Lake park.

The [Prescott City Council](#) conducted a public hearing Tuesday on the required land-use assumptions and infrastructure improvements plan - the latest in a series of discussions that the city has conducted to comply with the state law, which puts the changes into effect by Aug. 1, 2014.

"With the new legislation, there's been a lot of changes," Budget and Finance Director Mark Woodfill told the City Council this week. "It limited the time to a 10-year timeframe for most projects, 15 for water and wastewater. By doing that in a small community, it really affects our capacity to be able to save up for those projects."

Mayor Marlin Kuykendall raised a question about the follow-through with projects, if the city does charge the impact fees.

"When we charge an impact fee, are we going to tell the person who pays that that there's a possibility that (the project) might never be built?" Kuykendall asked. "Are we going to be on the hook if we take the fee? Are we guaranteeing that we're going to build that?"

Woodfill responded that some of those questions likely would come up in the next phase of discussions - when the council considers the fee amounts.

City Manager Craig McConnell added: "At the time of fee adoption, there should be a comfort level that the projects in the infrastructure improvement plan are projects which we really do believe are feasible; that there will be a need for them in that 10-year period."

He brought up the fire department plan, which lists the need for three new fire stations, at a total cost of about \$6.3 million.

"We questioned whether we could afford, financially, three new fire stations," McConnell said. "So the question was, should we put them in for the purposes of seeing what happens to the impact fees? Because if we don't put them in, then the impact fees would not reflect the possibility of those projects."

Even though the city has the ability to update its plan periodically, McConnell noted, "I don't think any of us want to be going through this exhaustive process every three to five years."

Along with the proposed addition of the fire stations, proposed improvements include projects in other departments, including police, streets, water, and wastewater. The plan breaks down the costs to determine how much of the total would be attributed to growth, and how much would be the responsibility of the city's general fund.

The draft infrastructure improvement plan and land use assumptions is available on the city's website at www.cityofprescott.net.