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Impact fee consideration continues for Prescott City Council

New business license also up for comments

By Cindy Barks

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PRESCOTT - Impact fee increases and a possible new business license will be among the issues the [Prescott City Council](#) will deal with this week.

The council will conduct two meetings on Tuesday - a 1 p.m. workshop, at which it will discuss the business license matter; and a 3 p.m. voting session, which will include discussion of proposed increases in water and sewer impact fees, as well as a request to close to vehicular traffic an alley parallel to Grove Avenue.

Both meetings will take place at Prescott City Hall, 201 S. Cortez St.

At the 3 p.m. meeting, the council will continue the discussion that has been under way for months on a possible increase of about \$2,235 in the amount the city charges new homes for water and sewer impact fees. (The hike would raise the current fees from about \$11,841 to \$14,076 per new home.)

The rate increases were the recommendation of a Development Impact Fee Study that consulting firm Economists.com conducted for the city early this year.

While the original rate adoption schedule called for council members to decide the matter this past summer, they agreed in August to a delay to allow the construction industry time to propose alternatives.

That led to formation of a committee, and ultimately, to an independent review of the Economist.com study by another firm, Development Planning & Financing Group, Inc. (DPFG).

Sponsors for the independent review included: the Yavapai County Contractors Association; the [Prescott Chamber of Commerce](#); the Central Arizona Partnership; and Prescott Area Habitat for Humanity.

The independent review brings up questions about a number of the Economists.com study's premises.

For instance, the review maintains that inconsistencies exist in Economists.com's estimates of growth-related capital improvement needs.

Quoting the state statute - "The amount of any development fees...must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to the development," DPFG's review suggests that the Economists.com study overestimates the cost of growth-related projects by including things such as "repair," "replacement," and "rehabilitation."

But in a written response, Economists.com maintains that DPF's review is "riddled with misstatements of fact, incorrect assumptions, erroneous comparisons and fundamentally flawed analysis."

To come up with its recommendations, Economists.com notes that it spent months conferring with city officials to compile a "line by line allocation of the more than 200 separate projects comprising the city's \$385 million (capital improvement plan)."

Because the proposed fee increases "are tied to the capital improvement program," City Manager Steve Norwood said any further delays in a decision by the council could open the study up to questions about its continuing validity.

In other action, the council will discuss the long-considered plan for a business license in Prescott.

Norwood said Tuesday's 1 p.m. workshop would be an opportunity for the council to give direction on the matter.

"We can't get any input from the public until we can decide what we want to throw out there," he said of the business license plan.

In previous discussions, city staff has suggested an annual license fee of \$45, although Norwood said the details of the license fee are still up for discussion.

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