

AGENDA ITEM #: _____

DATE: January 23, 2017

COAC #: 17-5989

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: First Amendment to Development and Fire Services Agreement between the City of Goodyear, NNP III-Estrella Mountain Ranch, LLC, and AV Homes of Arizona.	STAFF PRESENTERS: Christopher Baker and Chief Luizzi CASE NUMBER: N/A OTHER PRESENTER: N/A
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RECOMMENDATION:

ADOPT RESOLUTION NO. 17-1783 AUTHORIZING AND DIRECTING THE EXECUTION OF THE FIRST AMENDMENT TO THE DEVELOPMENT AND FIRE SERVICES AGREEMENT; PROVIDING AUTHORIZATION AND DIRECTION TO TAKE ACTIONS AND EXECUTE DOCUMENTS NECESSARY TO CARRY OUT INTENT OF RESOLUTION AND FIRST AMENDMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

PURPOSE:

To formalize contractual obligations between the City of Goodyear, Estrella, and AV Homes (as successor-in-interest to TOUSA Homes Inc.) with regard to providing fire service; identifying capital (including fire trucks), operations and maintenance, land, and equipment contributions. The agreement establishes protocols for requiring and timing of payments as well as impact fee credits to off-set the up-front funding and land contributions.

BACKGROUND AND PREVIOUS ACTIONS:

In 2006, the City entered into a Development and Fire Services Agreement with TOUSA Homes Inc., and NNP III –Estrella Mountain Ranch, LLC, which detailed obligations regarding contributions by the developers toward the construction of a second fire station in the Estrella community. Subsequent to entering that Agreement, the City began the initial design of the fire station, the developers provided approximately 4 acres of land to the City for the construction of that fire station. Shortly thereafter, the “Great Recession” occurred which significantly impacted ongoing development in Arizona, as well as City revenues, and the fire station project was discontinued.

Over the last several years, there has been a significant increase in growth in the Estrella community, especially in the Canta Mia age restricted community within Estrella. On February 24, 2014 during the City Council work session, Fire Chief Paul Luizzi presented changes being made for new fire station triggers and thresholds and provided updates on the fire department’s response to two of the city’s growth areas. Previous to these discussions, the Sonoran Valley Public Safety Master Plan (2008) portrayed a more aggressive growth pattern occurring in the city, however due to the recession, the rate of growth contemplated in that plan has not materialized. The new triggers and thresholds took into account calls for service, actual growth

of the city, setting more realistic response time goals, and the distance new development will likely occur from existing stations.

On January 25, 2016 and February 29, 2016 the City Council participated in a work session regarding the status of Fire Service Agreements in the Estrella Community. During these presentations Development Services and Fire briefed the City Council on the status of development in Estrella, the history of the previous Fire Service Agreements, status of the previously contemplated Fire Station on Willis Rd. in Estrella, the 2014 Fire Station Triggers and Thresholds, response times, and an overview of CIP fire station programs.

In August 2016, the City entered into a contract with Operational Research in Health (ORH) to conduct a fire station study. ORH collected incident data; analyzed current demand; reviewed historical trends; made site visits and assessed other factors to formulate the recommendations found in the 2016 Fire Station Study. The report was presented to the City Council on December 12, 2016.

The City Council has previously approved development in Estrella (south of the Ray Rd. alignment)

- 947 (05) ORD – Developments within Estrella Mountain Ranch, Phase II PAD – Council Date: 06/13/2005
 - 257 (88) ORD – Council Date: 07/25/1988
 - 14-5418 Canta Mia Phases II & III – Council Date: 12/15/2014
 - 15-5675 Canta Mia Pod Ph2-3 – Council Date: 11/09/2015
 - 04-2221 EMR Phll.Westar Dr. – Council Date: 10/12/2004
- 977 (06) ORD – Supporting documentation – Council Date: 01/09/2006
- 0590-06 Touse Homes Engle Dev&Fire – Village 7,8,9 & 10. – Council Date: 05/22/2006
 - 1041 (06) RES – Council Date: 05/22/2006
 - Village 10 (EMR) – Fire Station 186 –Date: 09/10/2007

The City Council approved a Development and Fire Services Agreement on May 22, 2006 (COAC 06-2877)

The Council received triggers and thresholds for development of new fire stations on February 24, 2014 (COAC 14-5168)

CURRENT POLICY:

The existing 2006 Fire Service Agreement between City of Goodyear, Estrella, and AV Homes currently put the construction of a Fire Station in Estrella under the City's direction and sole control. The 2006 agreement contemplated that the fire station would be complete in 2008 and fully manned in 2009. However, due to the downturn in the economy, by mutual consent, the construction of the station was put on hold in 2008.

STAFF ANALYSIS:

The proposed Amendment to the Development and Fire Services will have a term of 10 years or until the last O & M payment is made.

The proposed Amendment requires Capital Funding:

1. The Amendment requires a total of \$5,870,000 in capital funding from Estrella and AV Homes toward the cost of the construction and equipping (including fire truck) of the new fire station.
2. The Amendment recognizes the previously contributed \$841,826.11.
3. The Amendment recognizes that the City previously spent \$177,000.00 on initial work for the fire station originally contemplated on Willis Road.
4. The agreement recognizes that there is a pre-payment of \$664,826.11 and that the City can use these funds at its discretion to fund design work for the next Fire Station.
5. The City will give notice to the parties 180 days prior to the commencement of the design of the next Fire Station.
6. The capital funding is payable as follows:
 - a. The cost of a fire truck within 45 days of the City placing the order.
 - b. ½ of the of the remaining capital funding shall be payable to the City within 45 days of the notice to proceed on the construction of the next Fire Station.
 - c. All remaining Capital Funding shall be payable to the City at the 50% completion point of the construction of the next Fire Station.
7. The Amendment recognizes that the Fire Station near the intersection of Estrella Pkwy and Willis Road in conformity with the optimal location map from the ORH Fire Station Study will be the next Station constructed within Estrella.
8. The next Fire Station land will be valued at \$80,000 per acre, the land will be deeded to the City, and credit applied to the capital funding obligation based on the final acreage of the site.
9. The City will re-convey the original site contemplated on Willis Road in Estrella.

The proposed Amendment requires Operation and Maintenance (O&M) Funding:

1. O&M payments are required at the start of the 1st calendar quarter after the building permits have been issued for the next Fire Station.
2. The quarterly payments shall be made for 19 successive quarters.
3. O&M payments are \$452,000.00/quarter.
4. O&M payments shall be adjusted based on the consumer price index.

FISCAL ANALYSIS:

See above

ATTACHMENTS:

Estrella Fire Services Resolution

First Amendment to Development and Fire Services Agreement between the City of Goodyear,
NNP III-Estrella Mountain Ranch, LLC, and AV Homes of Arizona.

Previously Deeded Fire Station Site

2016 Fire Station Study Optimal Location Map

Fire Station One Time and Operational Costs