

**CITY OF GOODYEAR
COUNCIL ACTION REPORT**

SUBJECT: Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP) Update	STAFF PRESENTER: Lauri Wingenroth, Finance Manager-Budget and Research CASE NUMBER: None OTHER PRESENTER: None
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PROPOSED ACTION:

The Council will receive an update on the draft Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP) that is proposed for approval on October 22, 2018. The update will provide information on the outcome of changes made to the South Area Wastewater to incorporate odor control at the Rainbow Valley facility and to Streets following further in depth analysis of the traffic study provided by others. In addition, comparisons of the calculated fees that would be needed to support this plan with existing fees in benchmark cities are being provided.

BACKGROUND AND PREVIOUS ACTIONS:

Arizona Revised Statute 9-463.05 provides for the imposition of development impact fees. One requirement is a review of existing land use assumptions (LUA) and infrastructure improvement plan (IIP) at least every five years. The current fees became effective in August 2014 for which the underlying land use and infrastructure plans were approved in February 2014.

The required consultant services were originally funded in the FY2017 budget and Raftelis Financial Consultants, Inc. was selected to perform the update. Staff from several departments worked with the consultant over seven months to develop ten year growth assumptions, assess current infrastructure service levels, and then to identify and prepare costs for the infrastructure needs associated with growth projections.

The initial timeline targeted updated fees effective January 1, 2019 which was ahead of the five year mark. Deficiencies in the current plan such as not including inflation, cost and scope challenges being experienced in capital projects, and/or not providing for all growth justified infrastructure as well as differences in actual versus planned growth spurred early movement on this update. Changes in utilities infrastructure to remove lines now required of development and incorporating the surface water project in lieu of prior water supply and treatment facilities were other actions supporting update.

Council policy direction of growth pays for growth was used to develop the initial infrastructure plan. The result was more infrastructure and types of costs which lead to higher costs and fees compared to the current plans and fees.

The draft LUA and IIP were reviewed with City Council in a Work Session on February 26, 2018 and consistent with the initial timeline and discussion, the related draft report was posted on March 21, 2018 for public inspection.

As anticipated, stakeholder interest is high primarily due to the significant fee increases that were calculated based on the draft LUA and IIP. A series of eight stakeholder meetings have been held to date. Due to the collaborative process with our stakeholders the plan being presented at this time has been refined and more accurately represents and clearly states the needs of the community. At the most recent stakeholder meeting held on September 19, 2018, the stakeholders were asked to provide any feedback on the September 17 Work Session. They were also advised there would not be a Work Session on October 1 as previously announced. A representative of the industrial community identified the cities of Tolleson, Buckeye, and Glendale (specifically the Glendale 303 area) as direct competitors. As a result, Tolleson data has been added to the benchmark cities comparisons for this purpose.

Finally, a document outlining implementation of the statutory 24-month moratorium was provided to the stakeholders. In general, beyond the basic concept of any fee increase being unwanted and the concerns for the high increase in the industrial sector, there was no feedback that caused staff a sense that the plan could not move forward for Council action.

STAFF ANALYSIS:

State law provides for the type of infrastructure that can be included, how plans and fees are to be developed, how fees are applied and when, and a specific set of steps and timelines for adoption. There are also audit and reporting provisions.

In general, two directly linked processes are involved:

Develop and adopt a LUA and IIP

- forecast 10-year growth by land use to create the LUA
- determine current infrastructure service levels at the land use level
- forecast and cost the new infrastructure required by the 10-year growth for all the land uses to create an IIP
- adopt the LUA and IIP

Adopt development impact fees

- establish fees based on the same land use and service levels in the adopted IIP and LUA

Fee adoption is to follow the LUA and IIP which proportionately allocates the cost of growth required infrastructure to each land use type.

The draft LUA and IIP posted in March was the first step in the lengthy statutory adoption processes. The statute calls for at least a 60 day window of opportunity for public inspection prior to holding a public hearing on the LUA and IIP. Due to increased stakeholder

involvement, the public inspection and input period was extended from two (2) to five (5) months prior to the public hearing. Extending the public input phase to include additional stakeholder meetings, deferred the earliest effective date for the revised fees from January to April 2019.

The public hearing on August 27, 2018 began the statutory timeline of 30 to 60 days to adopt the LUA and IIP. The adoption of these plans must occur on or before October 22, 2018 City Council meeting. Failure to adopt the plan on this date will require a reposting of the IIP and LUA restarting the statutorily required timelines.

The following table summarizes the next steps to adopting the plans, fees and fee implementation.

Date(s)	Activity
October 22	Adopt LUA and IIP
October 23, 2018 – April 1, 2019	Various fee adoption steps per statute (posting, public hearing, adoption, waiting period)
April 1, 2019 – March 21, 2021	Moratorium period in which development by development fee increases may be applied; any fee reductions apply on April 1, 2019

FISCAL ANALYSIS:

This is a step in a process that will ultimately establish infrastructure requirements and the development impact fees to support growth related portions of that infrastructure. Once adopted, the IIP projects will be incorporated into the Capital Improvement Program (CIP) update process for full funding, financing as needed, and inclusion in the five-year CIP.

RECOMMENDATION:

Staff will respond to questions and receive input on the LUA and IIP that will be presented for Council action on October 22, 2018.

ATTACHMENTS:

None