

Land Use Assumptions, Infrastructure Improvements Plan, and Development Fee Update

Prepared for:
Town of Florence, Arizona

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EXECUTIVE SUMMARY

The Town of Florence hired TischlerBise to document land use assumptions, prepare an Infrastructure Improvements Plan (hereinafter referred to as the “IIP”), and update development fees pursuant to Arizona Revised Statutes (“ARS”) § 9-436.05 (hereinafter referred to as the “Enabling Legislation”). Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions. The IIPs for each type of infrastructure are located in each infrastructure type’s corresponding section, and the Land Use Assumptions can be found in Appendix A. The proposed development fees are displayed in the Development Fee Report chapter.

Development fees are one-time payments collected from new construction at the time a building permit is issued for the purpose of constructing system improvements needed to accommodate new development. The fee represents new growth’s proportionate share of capital facility needs. Development fees do have limitations and should not be regarded as the total solution for infrastructure funding. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies.

The updated Infrastructure Improvements Plan and associated development fees include the following necessary public services:

- Parks and Recreation
- Police
- Fire and Rescue
- Water and Wastewater
- Streets

Based on discussions with Town staff, the decision was made to eliminate Library infrastructure from the development fee study. This plan also includes all necessary elements required to be in full compliance with SB 1525.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

The Enabling Legislation governs how development fees are calculated for municipalities in Arizona.

Necessary Public Services

Under the requirements of the Enabling Legislation, development fees may only be used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, drainage, flood control, library, streets, fire and police, and neighborhood parks and recreation. Additionally, a necessary public service includes any facility, not included in the aforementioned categories (e.g., general government facilities), that was financed before June 1, 2011 and that meets the following requirements:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an IIP. For each necessary public service that is the subject of a development fee, by law, the IIP shall include the following seven elements:

- A description of the existing necessary public services in the service area and the costs to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
- An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
- A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
- A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
- The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.

- The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
- A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

Qualified Professionals

The IIP must be developed by qualified professionals using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure financing analyses, user fee/cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 900 development fee studies over the past 40 years for local governments across the United States.

Conceptual Development Fee Calculation

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire service area (usually referred to as system improvements). The first step is to determine an appropriate demand indicator for the particular type of infrastructure. The demand indicator measures the number of service units for each unit of development. For example, an appropriate indicator of the demand for parks is population growth and the increase in population can be estimated from the average number of persons per housing unit. The second step in the development fee formula is to determine infrastructure improvement units per service unit, typically called level-of-service (LOS) standards. In keeping with the park example, a common LOS standard is improved park acres per thousand people. The third step in the development fee formula is the cost of various infrastructure units. To complete the park example, this part of the formula would establish a cost per acre for land acquisition and/ or park improvements.

Evaluation of Offsets

Regardless of the methodology, a consideration of “offsets” is integral to the development of a legally defensible development fee. There are two types of “offset” that should be addressed in development fee studies and ordinances. The first is a revenue offsets due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of offset is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific offset or developer reimbursement for dedication of land or construction of system improvements. This type of offset is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

DEVELOPMENT FEE REPORT

METHODOLOGY

General Methods

There are three general methods for calculating development fees. The choice of a particular method depends primarily on the timing of infrastructure construction (past, concurrent, or future) and service characteristics of the facility type being addressed. Each method has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss basic methods for calculating development fees and how those methods can be applied.

- **Cost Recovery (past improvements)** - The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.
- **Incremental Expansion (concurrent improvements)** - The incremental expansion method documents current level-of-service (LOS) standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.
- **Plan-Based (future improvements)** - The plan-based method allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

Updated Development Fees Methods and Cost Components

Figure 1 summarizes service areas, methodology, and infrastructure cost components for each development fee. The Town of Florence is home to an estimated 16,400 persons housed in group quarters (correctional facilities, medical care facilities, residential treatment centers, college residence halls,

military barracks). Police and Fire and Rescue infrastructure serves the group quarters population, while Parks and Open Space infrastructure does not. As such, the demand units and cost allocation vary by development fee component.

Figure 1: Proposed Development Fee Service Areas, Methods, and Cost Components

<i>Development Fee Category</i>	<i>Service Area</i>	<i>Incremental Expansion</i>	<i>Plan-Based</i>	<i>Cost Recovery</i>	<i>Cost Allocation</i>
Police	Town-wide	Station & Vehicles	N/A	N/A	Peak HH Population & Nonres. Vehicle Trips
Fire and Rescue	Town-wide	Station & Vehicles	N/A	N/A	Peak HH Population & Jobs
Parks and Open Space	Town-wide	Land & Improvements	N/A	N/A	Peak HH Population & Jobs
Water	N & S Service Areas	N/A	Transmission, Supply and Storage	N/A	Gallons
Wastewater	N & S Service Areas	N/A	Collection and Treatment	N/A	Gallons
Roads	Town-wide	Arterial Improvements	N/A	N/A	Vehicle Miles of Travel

Proposed Development Fee Schedules: Town of Florence

Development fees for residential development will be assessed per dwelling unit, based on the type of unit. Nonresidential development fees will be assessed per square foot of floor area, according to three general types of development. Utility development fees, which will be assessed by meter size. The fees shown in Figures 2 and 3 represent the maximum allowable fees – development fees fund 100 percent of growth-related infrastructure. Florence may adopt fees that are less than the amounts shown; however, a reduction in development fee revenue will necessitate an increase in other revenues, a decrease in planned capital improvements and/or a decrease in Florence’s LOS standards. All costs in the development fee study are in current dollars with no assumed inflation rate over time. If cost estimates change significantly over time, development fees should be recalculated.

Figure 2: Schedule of Maximum Allowable Development Fees (non-utility)

Residential (per unit)

<i>Type</i>	<i>Police</i>	<i>Fire and Rescue</i>	<i>Parks and Open Space</i>	<i>Roads</i>	<i>Proposed Fee</i>	<i>Current Fee</i>	<i>Difference</i>
Single-Family	\$754	\$955	\$1,934	\$2,250	\$5,892	\$5,027	\$865
Multi-Family	\$560	\$710	\$1,437	\$1,560	\$4,267	\$3,696	\$571

Nonresidential (per 1,000 square feet)

<i>Type</i>	<i>Police</i>	<i>Fire and Rescue</i>	<i>Parks and Open Space</i>	<i>Roads</i>	<i>Proposed Fee</i>	<i>Current Fee</i>	<i>Difference</i>
Commercial/Retail	\$1,465	\$694	\$148	\$3,900	\$6,206	\$5,423	\$783
Industrial	\$292	\$482	\$102	\$850	\$1,726	\$464	\$1,262
Office/Other Services	\$292	\$880	\$187	\$1,680	\$3,038	\$2,937	\$101

Figure 3: Schedule of Maximum Allowable Development Fees (Utilities)

Meter Size (inches)	Meter Type	Proposed Water Fee	Current Fee	\$ Change	Proposed Wastewater Fee	Current Fee	\$ Change
0.625	Displacement	\$1,065	\$1,980	(\$915)	\$2,400	\$2,140	\$260
0.750	Displacement	\$1,597	\$4,950	(\$3,353)	\$3,600	\$2,782	\$818
1.000	Displacement	\$2,662	\$4,950	(\$2,288)	\$6,001	\$7,062	(\$1,061)
1.500	Displacement	\$5,324	\$9,900	(\$4,576)	\$12,002	\$14,338	(\$2,336)
2.000	Displacement	\$8,518	\$15,840	(\$7,322)	\$19,202	\$22,898	(\$3,696)
3.000	Displacement	\$17,037	\$31,680	(\$14,643)	\$38,405	\$45,582	(\$7,177)
3.000	Compound	\$17,037	\$31,680	(\$14,643)	\$38,405	\$45,852	(\$7,447)
3.000	Turbine	\$18,635	\$34,650	(\$16,015)	\$42,005	\$49,862	(\$7,857)
4.000	Compound	\$26,621	\$49,500	(\$22,879)	\$60,008	\$71,262	(\$11,254)
4.000	Turbine	\$33,543	\$59,400	(\$25,857)	\$75,610	\$85,600	(\$9,990)
6.000	Compound	\$53,243	\$99,000	(\$45,757)	\$120,015	\$142,738	(\$22,723)
6.000	Turbine	\$69,216	\$123,750	(\$54,534)	\$156,020	\$178,262	(\$22,242)
8.000	Compound	\$85,189	\$178,200	(\$93,011)	\$192,025	\$0	\$192,025
8.000	Turbine	\$149,082	\$178,200	(\$29,118)	\$336,043	\$256,800	\$79,243
10.000	Turbine	\$223,623	\$287,100	(\$63,477)	\$504,065	\$413,662	\$90,403
12.000	Turbine	\$282,191	\$425,700	(\$143,509)	\$636,082	\$613,538	\$22,544

PARKS AND RECREATIONAL INFRASTRUCTURE IMPROVEMENTS PLAN

Parks and Recreational Facilities are one of the infrastructure categories allowed under Arizona law. ARS § 9-463.05 (T)(7)(g) defines the facilities and assets which can be included in the Parks and Recreational Facilities IIP:

“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”

The Parks and Recreational Facilities IIP includes components for park land, park improvements and the cost of preparing the Parks and Recreational Facilities IIP and related Development Fee Report.

SERVICE AREA

The Town of Florence plans to provide a uniform level-of-service and equal access to Parks and Recreational Facilities throughout the Town. Therefore, a citywide service area is recommended for the Parks and Recreational IIP.

METHODOLOGY

The incremental expansion methodology, based on current levels of service, is used to calculate the land and improvements components. A plan-based approach is used for the Development Fee Study. Capital costs are allocated to residential development based on peak household population, and nonresidential development based on number of jobs. This methodology allows Florence to maintain the current LOS standard as growth occurs. Development fee revenue collected using this methodology may not be used to replace or rehabilitate existing improvements.

Proportionate Share

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. As shown in Figure P1, TischlerBise recommends daytime population as a reasonable indicator of the potential demand for Parks and Recreational Facilities from residential and nonresidential development. According to the U.S. Census Bureau web application OnTheMap, there were 4,941 inflow commuters in 2016, which is the number of persons who have jobs in Florence but live outside the Town. The proportionate share is based on cumulative impact hour per year with the number of residents potentially impacting Parks and Recreational Facilities 365 days per year, 12 hours a day. Inflow commuters potentially impact Parks and Recreational Facilities 250 days per year (5 days per week multiplied by 50 weeks a year), 2 hours a day.

The resulting residential share of parks and open space infrastructure is 96 percent, while the resulting nonresidential share is 4 percent.

Figure P1. Parks and Open Space Daytime Population

Jurisdiction	Residents**	Inflow Commuters*	Cumulative Impact Hours per Year			Cost Allocation for	
			Residential**	Nonresidential***	Total	Residential	Nonresidential
Florence	14,480	4,941	63,424,021	2,470,500	65,894,521	96%	4%

* U.S. Census Bureau, OnTheMap Web Application, LEHD Origin-Destination Employment Statistics.

**Peak population in households

** Days per Year = 365
Hours per Year (12 hours a day) 4380

250 *** 5 Days per Week x 50 Weeks per Year
500 Hours per Year (2 hours a day)

RATIO OF SERVICE UNITS TO DEVELOPMENT UNITS

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial/retail, industrial, and office/institutional.”

Figure P2 displays the level of service of each Parks and Recreational Facilities element compared to residential and nonresidential land use. The residential development table displays the persons per household for single-family (or single unit) and multifamily units. The nonresidential development table displays the number of employees per thousand square feet for three different types of nonresidential development.

Figure P2: Parks and Recreational Facilities Ratio of Service Unit to Development Unit

Residential Development	
Land Use	Persons per Household
Single-Family	2.42
Multifamily	1.80

Source: TischlerBise Land Use Assumptions.

Nonresidential Development per KSF	
Land Use	Employees per KSF
Commercial/Retail	2.34
Office/Institutional	2.97
Industrial/Flex	1.63

Source: Institute of Transportation Engineers, 2017.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Parks and Open Space

The definition of necessary public services defined in the Arizona Revised Statutes excludes wetlands and includes “parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development.” For this reason, only 30 acres of the Poston Butte site are considered in the development fee calculation. Figure P3 details the existing inventory of parks and open space land in the Town of Florence, along with current replacement costs. Florence has a total of 124.52 acres of park and open space land with a total replacement value of \$1,245,200. The replacement cost is based on a \$10,000 per acre cost factor provided by Town of Florence staff.

Based on the current inventory of parks and open space acreage and the current peak household population, the residential level of service is 0.0083 acres per person ((124.52 acres x 96 percent residential proportionate share) / 14,480 persons). Using peak household population considers the impact seasonal population has on parks and open space infrastructure. Based on the current inventory of parks and open space acreage and current number of jobs, the nonresidential level of service is 0.0007 acres per job ((124.52 acres x 4 percent nonresidential proportionate share) / 7,626 jobs). The average cost per acre, as provided by Town staff, is \$10,000. When the residential and nonresidential levels of service (0.0083 acres per person and 0.0007 per job) are compared to the cost per acre (\$10,000), the resulting cost per demand units are \$82.55 per person and \$6.53 per job.

Figure P3. Parks and Open Space Level of Service and Cost Allocation

<i>Park</i>	<i>Land Area (Acres)*</i>	<i>Total Replacement Cost*</i>
Heritage	25.17	\$251,700
Little League	2.00	\$20,000
Jacques Square	0.22	\$2,200
Arriola Square	0.18	\$1,800
Padilla Park	0.75	\$7,500
Territory Square	6.20	\$62,000
Aero Modeler Park	30.00	\$300,000
Rodeo Grounds	30.00	\$300,000
Poston Butte	30.00	\$300,000
TOTAL	124.52	\$1,245,200

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Jobs in 2018	7,626
Residential Share	96%
Nonresidential Share	4%
LOS: Acres per Person	0.0083
LOS: Acres per Job	0.0007

Cost Analysis

Average Cost per Acre*	\$10,000
Cost per Person	\$82.55
Cost per Job	\$6.53

*Source: Town of Florence.

Parks and Open Space Improvements

To provide capacity for new development throughout the Town, the Town of Florence plans to maintain its current (2018) level of service for developed (improved) parks. Florence's existing park improvements inventory, shown in Figure P4, includes 908 improvements with a total value of \$10,682,400. This equates to an average cost per improvement of \$11,765.

Based on the existing inventory of parks and open space improvements and current peak household population (14,480), the residential level of service for improvements is 0.060 improvements per person (908 improvements x 96 percent residential proportionate share / 14,480). For nonresidential development, the level of service for parks and opens space improvements is 0.005 improvements per job (908 improvements x 4 percent nonresidential proportionate share / 7,626). When the residential and nonresidential levels of service (0.060 improvements per person and 0.005 per job) are compared to the cost per improvement (\$11,765), the resulting cost per demand units are \$708.21 per person and \$56.03 per job.

Figure P4. Parks and Open Space Improvements Level of Service and Cost Allocation

<i>Improvements</i>	<i>Units</i>	<i>Unit Cost*</i>	<i>Total Replacement Cost</i>
Parking Spaces	767	\$1,000	\$767,000
Restrooms	13	\$250,000	\$3,250,000
Basketball Courts	2	\$60,000	\$120,000
Picnic Ramadas	9	\$36,000	\$324,000
Picnic Tables	53	\$950	\$50,350
Volleyball Courts	1	\$40,000	\$40,000
Softball Fields	3	\$200,000	\$600,000
Baseball Fields	1	\$200,000	\$200,000
Soccer Fields	2	\$175,000	\$350,000
Play Structures	4	\$150,000	\$600,000
Park Benches	15	\$450	\$6,750
Bleachers	22	\$5,800	\$127,600
Dugouts	8	\$8,750	\$70,000
Scoreboards	1	\$6,700	\$6,700
Tennis Courts	2	\$60,000	\$120,000
Pickleball Courts	2	\$15,000	\$30,000
Splash Pad	1	\$20,000	\$20,000
Competition Pool	1	\$2,000,000	\$2,000,000
Play Pool	1	\$2,000,000	\$2,000,000
TOTAL	908	\$11,765	\$10,682,400

*Source: Town of Florence.

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Jobs in 2018	7,626
Residential Share	96%
Nonresidential Share	4%
LOS: Improvements per Person	0.060
LOS: Improvements per Job	0.005

Cost Analysis

Average Cost per Improvement	\$11,765
Cost per Person	\$708.21
Cost per Job	\$56.03

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

"The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria."

As shown in Figure P5, the Land Use Assumptions projects an additional 4,433 persons and 3,719 jobs over the next ten years.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

When applied to the existing LOS, new development will demand approximately 39 additional acres of parks and open space $((0.0083 \text{ LOS} \times (4,433 \text{ peak hh population increase})) + (0.0007 \text{ LOS} \times (3,719 \text{ jobs increase})) = 39)$. Based on the average cost per acre of \$10,000, the growth-related expenditure on park and open space land is approximately \$390,000. Based on the average cost per improvement of \$11,765, the growth-related expenditure on park and open space improvements is approximately \$3.3 million $(285 \text{ improvements} \times \$11,765)$. The total projected growth-related expenditure on parks and open space infrastructure is \$3.7 million.

Figure P5: Projected Demand for Parks and Recreational Facilities Infrastructure

Type of Infrastructure	Level of Service		Demand Unit	Average Cost
Land	Residential	0.0083	per Person	\$10,000 per Acre
	Nonresidential	0.0007	per Job	
Improvements	Residential	0.060	per Person	\$11,765 per Unit
	Nonresidential	0.005	per Job	

Need for Park Infrastructure					
	Year	Peak HH Population	Jobs	Acres	Improvements
Base	2018	14,480	7,626	125	908
Year 1	2019	14,926	7,902	128	936
Year 2	2020	15,369	8,188	132	964
Year 3	2021	15,812	8,484	136	992
Year 4	2022	16,255	8,791	140	1,020
Year 5	2023	16,698	9,172	144	1,049
Year 6	2024	17,141	9,571	148	1,077
Year 7	2025	17,584	9,987	152	1,106
Year 8	2026	18,027	10,420	156	1,135
Year 9	2027	18,470	10,873	160	1,164
Year 10	2028	18,913	11,345	164	1,193
Ten-Yr Increase		4,433	3,719	39	285
Growth-Related Expenditures =>				\$390,208	\$3,347,543
Total Growth-Related Expenditures					\$3,737,751

IIP AND DEVELOPMENT FEE REPORT

The cost to prepare the Parks and Recreational Facilities IIP and related Development Fee Report totals \$16,607. Florence plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new development from the *Land Use Assumptions*, the cost per person is \$7.19 and the cost per job is \$0.43.

Figure P6: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Parks and Open Space	\$16,607	Residential	96%	Peak HH Population	14,480	16,698	2,218	\$7.19
		Nonresidential	4%	Jobs	7,626	9,172	1,546	\$0.43

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Revenue Offset

A revenue offset is not necessary for the Park and Recreational Facilities development fees, as there is no outstanding debt on existing parks.

Proposed Parks and Recreational Facilities Development Fees

Figure P7 provides a summary of the costs per demand unit used to calculate the Parks and Recreational Facilities development fees. As previously discussed, Parks and Recreational Facilities development fees are calculated for residential and nonresidential land uses. The total cost per residential demand unit is \$897.39 per person and \$70.86 per job. The proposed fee for a single-family unit is \$1,934 (\$797.95 x 2.42 persons per household) and represents an increase of \$517 compared to the current single-family fee. The proposed fee for a square foot of commercial/retail development is \$.15 (\$62.99 x 2.34 jobs per square foot / 1,000) and is the same as the present commercial/retail fee. Similar calculations follow for the other nonresidential categories.

Figure P7: Schedule of Parks and Recreational Facilities Development Fees

<i>Fee Component</i>	<i>Cost per Person</i>	<i>Cost per Job</i>
Park Land	\$82.55	\$6.53
Park Improvements	\$708.21	\$56.03
Development Fee Study	\$7.19	\$0.43
TOTAL	\$797.95	\$62.99

Residential (per unit)

<i>Development Type</i>	<i>Persons per Household</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Single-Family	2.42	\$1,934	\$1,417	\$517
Multifamily	1.80	\$1,437	\$1,148	\$289

Nonresidential (per square foot)

<i>Development Type</i>	<i>Jobs per 1,000 Sq. Ft.</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Commercial/Retail	2.34	\$0.15	\$0.17	(\$0.02)
Office/Institutional	2.97	\$0.19	\$0.20	(\$0.01)
Industrial/Flex	1.63	\$0.10	\$0.13	(\$0.03)

PROJECTED PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE

In accordance with state law, this report includes an IIP for Parks and Recreational Facilities infrastructure needed to accommodate new development. Projected fee revenue shown in Figure P8 is based on the development projections in the *Land Use Assumptions* (Appendix A) and the updated development fees for parks. To the extent these assumptions change, the projected fee revenue will change accordingly. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than is projected, the demand for infrastructure will also decrease, along with development fee revenue.

Anticipated development fee revenue over the next ten years is approximately \$3.97 million, which almost equals the estimated growth cost for Parks and Recreation infrastructure over the same time period. Because this IIP includes only Parks and Recreational Facilities infrastructure demanded by future development, there is no cost to existing development.

Figure P8: Projected Parks and Recreational Facilities Development Fee Revenue

	Growth Cost
Parks and Open Space Land	\$390,208
Parks and Open Space Improvements	\$3,347,543
Development Impact Fee Study	\$16,607
TOTAL	\$3,754,358

		Single-Family	Multifamily	Commercial / Retail	Office / Institutional	Industrial / Flex
		\$1,934 per Housing Unit	\$1,437 per Housing Unit	\$0.15 per Sq. Ft.	\$0.19 per Sq. Ft.	\$0.10 per Sq. Ft.
Year		Units	Units	KSF	KSF	KSF
Base	2018	5,715	817	271	2,305	93
Year 1	2019	5,890	842	281	2,388	97
Year 2	2020	6,064	868	291	2,475	100
Year 3	2021	6,239	893	301	2,564	104
Year 4	2022	6,414	918	312	2,657	108
Year 5	2023	6,589	943	326	2,773	112
Year 6	2024	6,764	968	340	2,893	117
Year 7	2025	6,939	993	355	3,019	122
Year 8	2026	7,114	1,018	370	3,150	128
Year 9	2027	7,289	1,043	386	3,287	133
Year 10	2028	7,464	1,068	403	3,429	139
Ten-Yr Increase		1,750	250	132	1,124	46
10-Year Projected Revenue		\$3,383,719	\$359,688	\$19,478	\$210,137	\$4,670
Projected Revenue =>						\$3,977,692

POLICE FACILITIES INFRASTRUCTURE IMPROVEMENTS PLAN

ARS § 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Police facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training police and firefighters from more than one station or substation.”

The Police Facilities IIP includes components for station space and vehicles and the cost of preparing the Police Facilities IIP and related Development Fee Report.

SERVICE AREA

The Town of Florence Police Department strives to provide a uniform response time townwide. Therefore, a townwide service area is recommended for the Police Facilities IIP.

METHODOLOGY

Police Facilities development fees use an incremental expansion methodology and allocate capital costs to residential development based on peak population, and nonresidential development based on nonresidential vehicle trip ends. This methodology allows Florence to maintain the current LOS standard as growth occurs. Development fee revenue collected using this methodology may not be used to replace or rehabilitate existing improvements.

Proportionate Share

ARS § 9-463.05.B.3 states the development fee shall not exceed a proportionate share of the cost of necessary public services needed to serve new development. In Florence, police infrastructure standards, projected needs, and development fees are based on both residential and nonresidential development. As shown in Figure PO1, functional population was used to allocate police infrastructure and costs to residential and nonresidential development. Functional population is similar to what the U.S. Census Bureau calls "daytime population" by accounting for people living and working in a jurisdiction. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Florence are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Florence are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2016 data sources, the cost allocation for residential development is 72% while nonresidential development accounts for 28% of the demand for public safety infrastructure.

Figure PO1: Public Safety Functional Population

Demand Units in 2016				
Residential			<i>Demand</i>	<i>Person</i>
Population ¹	12,401		<i>Hrs/Day</i>	<i>Hours</i>
Residents Not Working	9,257		20	185,140
Employed Residents	3,144			
Employed in Florence	477	14		6,678
Employed Outside Florence	2,667	14		37,338
	Residential Subtotal			229,156
	Residential Share =>			72%
Nonresidential				
Non-working Residents	9,257	4		37,028
Jobs Located in Florence	5,418			
Residents employed in Florence	477	10		4,770
Non-resident Workers (inflow commuters)	4,941	10		49,410
	Nonresidential Subtotal			91,208
	Nonresidential Share =>			28%
	TOTAL			320,364

Source: U.S. Census Bureau, OnTheMap Web Application, LEHD Origin-Destination Employment Statistics.

1. 2016 ACS Population estimate, less group quarters population.

RATIO OF SERVICE UNITS TO DEVELOPMENT UNITS

ARS § 9-463.05(E)(4) requires:

"A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial/retail, industrial, and office/other services."

Figure PO2 displays the ratio of a service unit to various types of land uses for residential and nonresidential development. The residential development table displays the persons per household for single-family (or single unit) and multifamily units.

Nonresidential development fees are calculated using trips as the service unit. TischlerBise recommends using nonresidential vehicle trips as the best demand indicator for police facilities and vehicles. Trip generation rates are used for nonresidential development because vehicle trips are highest for commercial/retail developments, such as shopping centers, and lowest for industrial development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent

with the relative demand for police from nonresidential development. Other possible nonresidential demand indicators, such as employment or floor area, will not accurately reflect the demand for service. For example, if employees per thousand square feet were used as the demand indicator, police development fees would be too high for office and institutional development because offices typically have more employees per 1,000 square feet than retail uses. If floor area were used as the demand indicator, police development fees would be too high for industrial development.

Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 10th Edition 2017). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate development fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%.

For commercial development, the trip adjustment factor is less than 50% because retail development and some services attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, the ITE data indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends. These factors are shown to derive inbound vehicle trips for each type of nonresidential land use.

Figure PO2: Police Facilities Ratio of Service Unit to Development Unit

Residential Development	
Land Use	Persons per Household
Single-Family	2.42
Multi-Family	1.80

Source: TischlerBise Land Use Assumptions.

Nonresidential Development per KSF			
Land Use	Weekday Trip Ends (a)	Trip Adjustment (b)	Inbound Vehicle Trips (a x b)
Commercial/Retail	37.75	33%	12.46
Office/Institutional	9.74	50%	4.87
Industrial/Flex	4.96	50%	2.48

Source: *Trip Generation*, Institute of Transportation Engineers, 2017. On an average weekday, half of all trip ends are inbound. Commercial/Retail development includes a 34% pass-by adjustment (i.e. 66% of trips are primary trips).

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Police Facilities

Police development fees contain a cost component for facilities, which are calculated using the incremental expansion method. The Town of Florence plans to increase square footage as demanded by growth in order to maintain the current level of service standard. As shown in Figure PO3, the Police Department currently uses three spaces totaling 14,016 square feet, with a total replacement cost of \$4,092,672. This is based on a replacement cost per square of \$292, provided by Town of Florence staff.

The current level of service is based on the residential and nonresidential proportionate shares of public safety demand, and 2018 peak household population (14,480) for residential development and 2018 nonresidential vehicle trips totaling 14,830 for nonresidential development. Based on these factors, the current residential level of service is 0.70 square feet per person (14,016 square feet x 72 percent residential proportionate share / 14,480 persons). The nonresidential level of service equals 0.26 square feet per nonresidential trip (14,016 square feet x 28 percent nonresidential proportionate share / 14,830 nonresidential trips). When the residential and nonresidential levels of service (0.70 square feet per person and 0.26 square feet per nonresidential trip) are compared to the cost per square foot (\$292), the resulting cost per demand units are \$203.50 per person and \$77.27 per nonresidential vehicle trip.

Figure PO3: Police Facilities Level of Service and Cost Allocation

Station	Floor Area (Sq. Ft.)	Replacement Cost
Station 1	8,400	\$2,452,800
Substation	1,200	\$350,400
Evidence Building	4,416	\$1,289,472
TOTAL	14,016	\$4,092,672

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Nonres. Vehicle Trip Ends in 2018	14,830
Residential Share	72%
Nonresidential Share	28%
LOS: Square Feet per Person	0.70
LOS: Square Feet per Vehicle Trip End	0.26

Cost Analysis

Cost per Square Foot*	\$292.00
Cost per Person	\$203.50
Cost per Vehicle Trip End	\$77.27

*Source: Town of Florence.

Police Vehicles

Development fees will be used to expand Florence's inventory of Police vehicles as demanded by new development. Figure PO4 lists the current vehicle inventory which totals 43 vehicles with a replacement value of \$2,053,000. This equates to a weighted average replacement cost per vehicle of \$47,444. As previously discussed, the public safety functional population is used to allocate service demand to residential and nonresidential development. The Town's existing LOS standard for residential development is 0.0021 vehicles per person (43 vehicles x 72 percent residential proportionate share / 14,458 peak population in households). The nonresidential LOS standard is 0.0008 vehicles per nonresidential vehicle trip (43 vehicles x 28 percent nonresidential proportionate share / 14,830 nonresidential vehicle trips). When the residential and nonresidential levels of service (0.0021 vehicles per person and 0.0008 vehicles per nonresidential trip) are compared to the weighted average replacement cost per vehicle (\$47,444), the resulting cost per demand units are \$102.08 per person and \$38.76 per nonresidential vehicle trip.

Figure PO4: Police Vehicles Level of Service and Cost Allocation

<i>Vehicle</i>	<i>Number</i>	<i>Unit Cost*</i>	<i>Total Replacement Cost</i>
Patrol Sedan (CV)	15	\$50,000.00	\$750,000
Chevrolet Tahoe	12	\$50,000.00	\$600,000
Pick-up Truck	4	\$45,000.00	\$180,000
Ford Expedition	5	\$50,000.00	\$250,000
Ford Explorer	4	\$47,000.00	\$188,000
Chevrolet Van	1	\$35,000.00	\$35,000
Ford Escape	1	\$25,000.00	\$25,000
Chevrolet Malibu	1	\$25,000.00	\$25,000
TOTAL	43	\$47,744	\$2,053,000

*Source: Town of Florence. Includes cost of equipment.

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Nonresidential Vehicle Trip Ends in 2018	14,830
Residential Share	72%
Nonresidential Share	28%
LOS: Vehicles per Person	0.0021
LOS: Vehicles per Vehicle Trip End	0.0008

Cost Analysis

Average Cost per Vehicle	\$47,744
Cost per Person	\$102.08
Cost per Vehicle Trip End	\$38.76

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

As shown in Figure PO5, the Land Use Assumptions projects an additional 4,433 persons and 7,233 trip ends over the next ten years.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

When applied to the existing LOS, future development is projected to generate demand for an additional 5,003 square feet of police facility space. Based on the average cost of \$292 per square foot, the growth-related expenditure on police space is approximately \$1.46 million. Based on these same development projections, future development will generate demand for approximately 15 additional police vehicles. The growth-related expenditure on police vehicles is approximately \$732,000.

Figure PO5: Projected Demand for Police Facilities Infrastructure

Type of Infrastructure	Level of Service		Demand Unit	Average Cost
Facilities	Residential	0.70	per Person	\$292 per SF
	Nonresidential	0.26	per Trip End	
Vehicles	Residential	0.0021	per Person	\$47,744 per Vehicle
	Nonresidential	0.0008	per Trip End	

Need for Police Infrastructure					
	Year	Peak HH Population	Trip Ends	Facilities (SF)	Vehicles
Base	2018	14,480	14,830	14,016	43
Year 1	2019	14,926	15,366	14,469	44
Year 2	2020	15,369	15,922	14,925	46
Year 3	2021	15,812	16,498	15,386	47
Year 4	2022	16,255	17,095	15,852	49
Year 5	2023	16,698	17,837	16,357	50
Year 6	2024	17,141	18,612	16,871	52
Year 7	2025	17,584	19,420	17,394	53
Year 8	2026	18,027	20,264	17,926	55
Year 9	2027	18,470	21,144	18,467	57
Year 10	2028	18,913	22,063	19,019	58
Ten-Yr Increase		4,433	7,233	5,003	15
Growth-Related Expenditures =>				\$1,460,893	\$732,825
Total Growth-Related Expenditures					\$2,193,718

IIP AND DEVELOPMENT FEE REPORT

The cost to prepare the Police Facilities IIP and related Development Fee Report totals \$16,670. Florence plans to update its report every five years. Based on this cost, proportionate shares, and five-year projections of new residential and nonresidential development from the *Land Use Assumptions*, the cost per person is \$5.39 and the cost per nonresidential vehicle trip is \$1.55.

Figure PO6: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Police	\$16,607	Residential	72%	Peak HH Population	14,480	16,698	2,218	\$5.39
		Nonresidential	28%	Vehicle Trips	14,830	17,837	3,007	\$1.55

POLICE FACILITIES DEVELOPMENT FEES

Revenue Offset

A revenue offset is not necessary for the Police Facilities development fees, as there is no outstanding debt on existing Police stations.

Proposed Police Facilities Development Fees

Infrastructure standards and cost factors for Police Facilities development fees are summarized in the upper portion of Figure PO7. Development fees for residential development are determined by type of housing unit. The cost per person is \$310.97, therefore the Police Facilities development fee for a single-family dwelling unit is \$754 (\$310.97 per person x 2.42 persons per household). Proposed development fees for single-family units increase by \$147 from the current fees while proposed fees for multifamily units increase by \$68 from the current fees.

Nonresidential Police Facilities development fees are calculated per square foot of floor area. The capital cost per nonresidential vehicle trip is \$117.58. To calculate the fee for nonresidential development, multiply the capital cost by the average weekday vehicle trip end factor and trip rate adjustment factor. This value is then divided by 1,000 because average weekday vehicle trip ends are based on 1,000 square feet while development fees are assessed per square foot. For example, the Police fee per square foot of commercial/retail development is \$1.46 (((\$117.58 cost per vehicle trip x 37.75 trips per 1,000 square feet of floor area x 0.33 trip adjustment) / 1,000). This represents an increase of \$1.03 over the current fees, while police fees for office/institutional and industrial/flex development increase by \$0.17 and \$0.16 respectively.

Figure PO7: Schedule of Police Facilities Development Fees

<i>Fee Component</i>	<i>Cost per Person</i>	<i>Cost per Vehicle Trip</i>
Police Facilities	\$203.50	\$77.27
Police Vehicles	\$102.08	\$38.76
Development Fee Study	\$5.39	\$1.55
TOTAL	\$310.97	\$117.58

Residential (per unit)

<i>Development Type</i>	<i>Persons per Household</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Single-Family	2.42	\$754	\$607	\$147
Multifamily	1.80	\$560	\$492	\$68

Nonresidential (per square foot)

<i>Development Type</i>	<i>Trips per 1,000 Sq. Ft.</i>	<i>Trip Rate Adjustment</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Commercial/Retail	37.75	33%	\$1.46	\$0.44	\$1.03
Office/Institutional	9.74	50%	\$0.57	\$0.40	\$0.17
Industrial/Flex	4.96	50%	\$0.29	\$0.13	\$0.16

PROJECTED POLICE FACILITIES DEVELOPMENT FEE REVENUE

Projected Police Facilities development fee revenue shown in Figure PO8 is based on the development projections in the *Land Use Assumptions* (see Appendix A) and the updated Police development fees (see Figure PO7). If development occurs at a faster rate than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs at a slower rate than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Anticipated development fee revenue is approximately \$2.29 million over the next ten years.

Figure PO8: Projected Revenue from Police Facilities Development Fees

	Growth Cost	Total Cost
Police Facilities	\$1,460,893	\$1,460,893
Police Vehicles	\$732,825	\$732,825
Development Impact Fee Study	\$16,607	\$16,607
TOTAL	\$2,210,325	\$2,210,325

Police Development Impact Fee Revenue

		Single-Family	Multifamily	Commercial / Retail	Office / Institutional	Industrial / Flex
		\$754 per Housing Unit	\$560 per Housing Unit	\$1.46 per Sq. Ft.	\$0.57 per Sq. Ft.	\$0.29 per Sq. Ft.
Year		Units	Units	KSF	KSF	KSF
Base	2017	5,715	817	271	2,305	93
Year 1	2018	5,890	842	281	2,388	97
Year 2	2019	6,064	868	291	2,475	100
Year 3	2020	6,239	893	301	2,564	104
Year 4	2021	6,414	918	312	2,657	108
Year 5	2022	6,589	943	326	2,773	112
Year 6	2023	6,764	968	340	2,893	117
Year 7	2024	6,939	993	355	3,019	122
Year 8	2025	7,114	1,018	370	3,150	128
Year 9	2026	7,289	1,043	386	3,287	133
Year 10	2027	7,464	1,068	403	3,429	139
Ten-Yr Increase		1,750	250	132	1,124	46
10-year projected revenue		\$1,318,665	\$140,173	\$193,398	\$643,753	\$13,295
Projected Revenue =>					\$2,290,092	

FIRE FACILITIES INFRASTRUCTURE IMPROVEMENTS PLAN

ARS § 9-463.05 (T)(7)(f) defines the facilities and assets which can be included in the Fire facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training police and firefighters from more than one station or substation.”

The Fire Facilities IIP includes components for facilities and apparatus/vehicles and the cost of preparing the Fire Facilities IIP and related Development Fee Report.

SERVICE AREA

The Town of Florence Fire Department strives to provide a uniform response time townwide, and its fire stations operate as an integrated network. Depending on the number and types of calls, apparatus can be dispatched townwide from any of the stations. Therefore, a townwide service area is recommended for the Fire Facilities IIP.

METHODOLOGY

Fire Facilities development fees use an incremental expansion methodology and allocate capital costs to residential development based on peak population, and nonresidential development based on number of jobs. This methodology allows the Town of Florence to maintain the current LOS standard as growth occurs. Development fee revenue collected using this methodology may not be used to replace or rehabilitate existing improvements.

Proportionate Share

ARS § 9-463.05.B.3 states the development fee shall not exceed a proportionate share of the cost of necessary public services needed to serve new development. In Florence, Fire Facilities infrastructure standards, projected needs, and development fees are based on both residential and nonresidential development. As shown in Figure F1, functional population was used to allocate Fire Facilities infrastructure and costs to residential and nonresidential development. Functional population is similar to what the U.S. Census Bureau calls "daytime population" by accounting for people living and working in a jurisdiction. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Florence are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Florence are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2016 data sources, the cost allocation for residential development is 72% while nonresidential development accounts for 28% of the demand for fire infrastructure.

Figure F1: Fire Facilities Functional Population

Demand Units in 2016				
Residential			<i>Demand</i>	<i>Person</i>
Population ¹	12,401		<i>Hrs/Day</i>	<i>Hours</i>
Residents Not Working	9,257		20	185,140
Employed Residents	3,144			
Employed in Florence	477	14		6,678
Employed Outside Florence	2,667	14		37,338
	Residential Subtotal			229,156
	Residential Share =>			72%
Nonresidential				
Non-working Residents	9,257	4		37,028
Jobs Located in Florence	5,418			
Residents employed in Florence	477	10		4,770
Non-resident Workers (inflow commuters)	4,941	10		49,410
	Nonresidential Subtotal			91,208
	Nonresidential Share =>			28%
	TOTAL			320,364

Source: U.S. Census Bureau, OnTheMap Web Application, LEHD Origin-Destination Employment Statistics.

1. 2016 ACS Population estimate, less group quarters population.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

"A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial/retail, industrial, and office/institutional."

Figure F2 displays the ratio of a service unit to various types of land uses for residential and nonresidential development. The residential development table displays the persons per household for single-family (or single unit) and multifamily units. The nonresidential development table displays the number of employees per thousand square feet for three different types of nonresidential development.

Figure F2: Fire Facilities Ratio of Service Unit to Development Unit

Residential Development	
Land Use	Persons per Household
Single-Family	2.42
Multifamily	1.80

Source: TischlerBise Land Use Assumptions.

Nonresidential Development per KSF	
Land Use	Employees per KSF
Commercial/Retail	2.34
Office/Institutional	2.97
Industrial/Flex	1.63

Source: Institute of Transportation Engineers, 2017.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Fire Facilities

The Fire Facilities IIP contain a cost component for facilities. The incremental expansion method is used for the Fire Facilities IIP, and the Town of Florence will increase square footage as growth demands, most likely for the planned station near the Monarch Development. As shown in Figure F3, Fire Facilities currently total 24,300 square feet, with an estimated replacement cost of \$5,005,800.

The current level of service is based on the residential and nonresidential proportionate shares of demand detailed in Figure F1, the 2018 peak household population of 14,480 for residential development, and the 2018 job level of 7,626 for nonresidential development. The current residential LOS is 1.21 square feet per person (24,300 square feet x 72 percent residential share / 14,480 peak household population). The nonresidential level of service equals 0.89 square feet per job (24,300 square feet x 28 percent

nonresidential share / 7,626 jobs). Based on current level of service standards and the development projections detailed in Appendix A *Land Use Assumptions*, the cost per person is \$248.90 and the cost per job is \$183.80.

Figure F3: Fire Facilities Inventory

<i>Station</i>	<i>Floor Area (Sq. Ft.)</i>	<i>Replacement Cost/SF*</i>	<i>Replacement Cost</i>
Station 1: Central	12,500	\$206	\$2,575,000
Station 2: Anthem ¹	11,800	\$206	\$2,430,800
TOTAL	24,300	\$206	\$5,005,800

1. Less the 1,200 square foot police substation located inside the Fire Station.

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Jobs in 2018	7,626
Residential Share	72%
Nonresidential Share	28%
LOS: Square Feet per Person	1.21
LOS: Square Feet per Job	0.89

Cost Analysis

Cost per Square Foot*	\$206
Cost per Person	\$248.90
Cost per Job	\$183.80

*Based on the cost of the Anthem Fire Station

Fire Apparatus

Fire Facilities development fees will be used to expand Florence's inventory of fire apparatus as growth demands. Figure F4 lists the current apparatus inventory which totals 11 vehicles with a replacement value of \$5,515,000. This equates to a weighted average replacement cost per apparatus of \$501,364. As previously discussed, the fire and emergency medical services functional population is used to allocate service demand to residential and nonresidential development. The Town's existing LOS standard for residential development is 0.0005 apparatus per person (11 apparatus x 72 percent residential proportionate share / 14,480 peak population in households). The nonresidential LOS standard is 0.0004 apparatus per job (12 apparatus x 28 percent nonresidential proportionate share / 7,626 jobs). When the residential and nonresidential levels of service are compared to the weighted average replacement cost per vehicle (\$501,364), the resulting cost per demand units are \$251.37 per person and \$185.62 per job.

Figure F4: Fire Apparatus Inventory

Vehicle	Year	Make	Replacement Cost*
75' Lance Ladder Truck #122	1998	Pierce	\$1,700,000.00
Contender Pumper #126	2002	Pierce	\$750,000.00
F-150 Truck #140	2008	Ford	\$45,000.00
Super Duty F-550 #131	2006	Ford	\$65,000.00
F-150 Truck #133	2004	Ford	\$45,000.00
F-150 FWD #136	2012	Ford	\$45,000.00
Water Tender #135	1987	Ford	\$260,000.00
F-150 FWD #137	2012	Ford	\$45,000.00
Velocity Pumper Fire Engine #138	2012	Pierce	\$750,000.00
Ambulance #134	2008	Ford	\$110,000.00
Velocity 100 Ft. Platform Ladder	2014	Pierce	\$1,700,000.00
TOTAL	11	\$501,364	\$5,515,000

*Source: Town of Florence.

Level-of-Service (LOS) Standards

Peak HH Population in 2018	14,480
Jobs in 2018	7,626
Residential Share	72%
Nonresidential Share	28%
LOS: Vehicles per Person	0.0005
LOS: Vehicles per Job	0.0004

Cost Analysis

Average Cost per Vehicle	\$459,583
Cost per Person	\$251.37
Cost per Job	\$185.62

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

As shown in Figure F5, the Land Use Assumptions projects an additional 4,455 persons and 3,719 jobs over the next ten years.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

Using the previously discussed level of service standards, future development will demand approximately 8,674 additional square feet of fire station space. Based on the average cost per square foot of \$292, the growth-related expenditure on facilities is approximately \$2.52 million). Future development will demand 4 additional apparatus, at a cost of approximately \$1.8 million.

Figure F5: Projected Demand for Fire Facilities Infrastructure

Type of Infrastructure	Level of Service		Demand Unit	Average Cost
Facilities	Residential	1.21	per Person	\$292 per SF
	Nonresidential	0.89	per Job	
Vehicles	Residential	0.0005	per Person	\$459,583 per Vehicle
	Nonresidential	0.0004	per Job	

Need for Fire Infrastructure					
	Year	Peak HH Population	Jobs	Facilities (SF)	Vehicles
Base	2018	14,480	7,626	24,300	11
Year 1	2019	14,926	7,902	25,085	11
Year 2	2020	15,369	8,188	25,875	12
Year 3	2021	15,812	8,484	26,675	12
Year 4	2022	16,255	8,791	27,484	12
Year 5	2023	16,698	9,172	28,359	13
Year 6	2024	17,141	9,571	29,250	13
Year 7	2025	17,584	9,987	30,156	14
Year 8	2026	18,027	10,420	31,078	14
Year 9	2027	18,470	10,873	32,017	14
Year 10	2028	18,913	11,345	32,974	15
Ten-Yr Increase		4,433	3,719	8,674	4
Growth-Related Expenditures =>				\$2,529,907	\$1,804,548
Total Growth-Related Expenditures					\$4,334,455

IIP AND DEVELOPMENT FEE REPORT

The cost to prepare the Fire Facilities IIP and related Development Fee Report totals \$16,670. The Town of Florence plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential development from the *Land Use Assumptions*, the cost per person is \$5.84 and per job is \$2.36.

Figure F6: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Fire and Rescue	\$16,607	Residential	78%	Peak Population	14,480	16,698	2,218	\$5.84
		Nonresidential	22%	Jobs	7,626	9,172	1,546	\$2.36

FIRE FACILITIES DEVELOPMENT FEES

Revenue Offset

It is likely that the Town of Florence will issue debt to construct future fire station construction. To ensure that new development does not “double pay” through the development fee and again through other revenue, an offset is included for principal payments on this future debt. An offset is not necessary for interest payments because interest costs are not included in the development fee calculation. However, since an incremental expansion method is used to determine the development fee, the exact year of the debt issuance is not known. For purposes of determining the principal payment offset, TischlerBise used the projected facility/apparatus needs and cost from Figure F5 (\$4.33 million) and assumed the debt is issued in year 1, with a 20-year term. As shown in Figure F7, the annual principal payments totaling \$4.33 million are divided by the projected increase in population and employment over a 20-year period to determine a per person and job offset. For example, in 2019 (Year 1), the annual principal payment (\$216,723) is multiplied by the residential proportionate share factor (72 percent) to determine a residential share of \$156,040, which is divided by projected peak household population in 2019 of 14,926 for a payment per person of \$10.45. A similar calculation is done for the nonresidential share. To account for the time value of money, annual payments per person and job are discounted using a net present value formula based on the projected interest rate of 4.5%. The total net present value of future principal payments per person is \$112.13 and \$75.38 per job. These amounts are subtracted from the gross capital cost per person and job to derive a net capital cost per person and job.

Figure F7: Principal Payment Offset

Year	Principal Payments	Residential Share (72%)	Projected Persons	Credit per Person	Nonresidential Share (28%)	Projected Demand	Credit per Job
1	\$216,723	\$156,040	14,926	\$10.45	\$60,682	7,902	\$7.68
2	\$216,723	\$156,040	15,369	\$10.15	\$60,682	8,188	\$7.41
3	\$216,723	\$156,040	15,812	\$9.87	\$60,682	8,484	\$7.15
4	\$216,723	\$156,040	16,255	\$9.60	\$60,682	8,791	\$6.90
5	\$216,723	\$156,040	16,698	\$9.34	\$60,682	9,172	\$6.62
6	\$216,723	\$156,040	17,141	\$9.10	\$60,682	9,571	\$6.34
7	\$216,723	\$156,040	17,584	\$8.87	\$60,682	9,987	\$6.08
8	\$216,723	\$156,040	18,027	\$8.66	\$60,682	10,420	\$5.82
9	\$216,723	\$156,040	18,470	\$8.45	\$60,682	10,873	\$5.58
10	\$216,723	\$156,040	18,913	\$8.25	\$60,682	11,345	\$5.35
11	\$216,723	\$156,040	19,312	\$8.08	\$60,682	11,744	\$5.17
12	\$216,723	\$156,040	19,711	\$7.92	\$60,682	12,143	\$5.00
13	\$216,723	\$156,040	20,110	\$7.76	\$60,682	12,542	\$4.84
14	\$216,723	\$156,040	20,509	\$7.61	\$60,682	12,941	\$4.69
15	\$216,723	\$156,040	20,908	\$7.46	\$60,682	13,340	\$4.55
16	\$216,723	\$156,040	21,307	\$7.32	\$60,682	13,739	\$4.42
17	\$216,723	\$156,040	21,706	\$7.19	\$60,682	14,138	\$4.29
18	\$216,723	\$156,040	22,105	\$7.06	\$60,682	14,537	\$4.17
19	\$216,723	\$156,040	22,504	\$6.93	\$60,682	14,936	\$4.06
20	\$216,723	\$156,040	22,903	\$6.81	\$60,682	15,335	\$3.96
Total	\$4,334,455	\$3,120,808	7,977		\$1,213,647		\$110.08
				Discount Rate		4.5%	
				Net Present Value		\$112.13	\$75.38

*Person and job projections from year 11-20 based on a straightline projection using the annual average from years 1-10

Proposed Fire Facilities Development Fees

Infrastructure standards and cost factors for Fire Facility development fees are summarized in the upper portion of Figure F8. The conversion of infrastructure costs per service unit into a cost per development unit is also shown in the table below. The net cost per person is \$393.98. Fire Facilities development fees for residential development are based on the type of housing unit and persons per household factors. For example, the fee for a single-family unit is \$955 based on a cost factor of \$393.98 per person and an average of 2.42 persons per household (\$393.98 x 2.42).

Nonresidential development fees are stated per square foot of floor area. The fire fee of \$0.48 per square foot of industrial development is derived from a capital cost of \$296.39 per job multiplied by 1.63 jobs per 1,000 square feet divided by 1,000 square feet.

Figure F8: Schedule of Fire Facilities Development Fees

<i>Fee Component</i>	<i>Cost per Person</i>	<i>Cost per Job</i>
Fire Facilities	\$248.90	\$183.80
Fire Vehicles	\$251.37	\$185.62
Development Fee Study	\$5.84	\$2.36
Credit	(\$112.13)	(\$75.38)
TOTAL	\$393.98	\$296.39

Residential (per unit)

<i>Development Type</i>	<i>Persons per Household</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Single-Family	2.42	\$955	\$917	\$38
Multifamily	1.80	\$710	\$743	(\$33)

Nonresidential (per square foot)

<i>Development Type</i>	<i>Jobs per 1,000 Sq. Ft.</i>	<i>Proposed Fees</i>	<i>Current Fee</i>	<i>Increase / Decrease</i>
Commercial/Retail	2.34	\$0.69	\$0.66	\$0.03
Office/Institutional	2.97	\$0.88	\$0.61	\$0.27
Industrial/Flex	1.63	\$0.48	\$0.20	\$0.28

PROJECTED FIRE FACILITIES DEVELOPMENT FEE REVENUE

Projected Facility Facilities development fee revenue shown in Figure F9 is based on the development projections in the *Land Use Assumptions* (see Appendix A) and the updated Fire Facilities development fees (see Figure F8). If development occurs at a faster rate than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs at a slower rate than projected, the demand for Fire Facilities infrastructure will decrease and development fee revenue will decrease at a similar rate. Anticipated development fee revenue is approximately \$2.86 million over the next ten years.

Figure F9: Projected Fire Facilities Development Fee Revenue

	Growth Cost	Total Cost
Fire Facilities	\$2,529,907	\$2,529,907
Fire Vehicles	\$1,804,548	\$1,804,548
Development Impact Fee Study	\$16,607	\$16,607
TOTAL	\$4,351,062	\$4,351,062

Fire Development Impact Fee Revenue

		Single-Family	Multifamily	Commercial / Retail	Office / Institutional	Industrial / Flex
		\$955 per Housing Unit	\$710 per Housing Unit	\$0.69 per Sq. Ft.	\$0.88 per Sq. Ft.	\$0.48 per Sq. Ft.
Year		Households	Households	KSF	KSF	KSF
Base	2017	5,437	778	271	2,305	93
Year 1	2018	5,607	802	281	2,388	97
Year 2	2019	5,773	826	291	2,475	100
Year 3	2020	5,940	850	301	2,564	104
Year 4	2021	6,107	874	312	2,657	108
Year 5	2022	6,273	897	326	2,773	112
Year 6	2023	6,440	921	340	2,893	117
Year 7	2024	6,606	945	355	3,019	122
Year 8	2025	6,773	969	370	3,150	128
Year 9	2026	6,939	993	386	3,287	133
Year 10	2027	7,106	1,017	403	3,429	139
Ten-Yr Increase		1,669	239	132	1,124	46
10-year projected revenue		\$1,593,578	\$169,397	\$91,646	\$988,737	\$21,972
Projected Revenue =>						\$2,865,330

STREET FACILITIES INFRASTRUCTURE IMPROVEMENTS PLAN

ARS § 9-463.05 (T)(7)(e) defines the facilities and assets which can be included in the Street Facilities IIP:

“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”

The Street Facilities IIP includes components for arterial street improvements and the cost of preparing the Street Facilities IIP and related Development Fee Report.

SERVICE AREA

The Town of Florence arterial street network is designed to efficiently move traffic throughout the Town. However, the Town recently negotiated a development agreement with developers in the Merrill Ranch Community Facilities District. In recognition of the roadway infrastructure constructed by the developers, the Town and developers agreed to a reduction in the street development fee calculated as part of this study.

METHODOLOGY

Street Facility development fees use a hybrid of the plan-based and incremental expansion methodologies and allocate capital costs to residential and nonresidential development based on vehicle miles of travel using average weekday vehicle trip ends and average trip lengths. This methodology allows Florence to maintain the current LOS standard as growth occurs. Street Facilities development fee revenue collected using this methodology may not be used to replace or rehabilitate existing improvements.

Proportionate Share

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development. Trip length, trip generation rates and trip adjustment factors are used to determine the proportionate impact of residential, commercial, office, and industrial land uses on the Town’s streets network.

RATIO OF SERVICE UNITS TO LAND USE

Service Units

The appropriate service unit for the Street Facilities development impact fees is vehicle miles of travel (VMT). VMT creates the link between supply (roadway capacity) and demand (traffic generated by new development). Components used to determine VMT include: trip generation rates, adjustments for commuting patterns and pass-by trips, and trip length weighting factors, are discussed further in this section.

Figure S1: Street Facilities Ratio of Service Unit to Development Unit

<i>Development Type</i>	<i>ITE Code</i>	<i>Weekday VTE</i>	<i>Development Unit</i>	<i>Trip Adj</i>	<i>Trip Length Wt Factor</i>
Single Family	210	6.20	HU	63%	121%
Multi-Family	220	4.30	HU	63%	121%
Commercial/Retail	820	37.75	KSF	33%	66%
Office/Institutional	710	9.74	KSF	50%	73%
Industrial/Flex	110	4.96	KSF	50%	73%

Trip Generation Rates

For nonresidential development the trip generation rates are from the 10th edition of the reference book *Trip Generation* published by the Institute of Transportation Engineers (2017). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). As an alternative to using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip generation rates using local demographic data. This is explained in more detail in Appendix A: Land Use Assumptions.

Adjustments for Commuting Patterns and Pass-By Trips

To calculate Street Facilities development fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%. As discussed further below, the development fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

Residential development has a larger trip adjustment factor of 63% to account for commuters leaving Florence for work. According to the 2009 National Household Travel Survey, weekday work trips are typically 31% of production trips (i.e., all out-bound trips, which are 50% of all trip ends). As shown in Figure S2, the Census Bureau's web application OnTheMap indicates that 85% of resident workers traveled outside the city for work in 2015. In combination, these factors ($0.31 \times 0.50 \times 0.85 = .13$) support the additional 13% allocation of trips to residential development.

Figure S2: Inflow/Outflow Analysis

Trip Adjustment Factors for Commuters¹	
Employed Residents	3,144
Residents Working and Living in Florence	477
Residents Commuting Outside Florence for Work	2,667
Percent Commuting out of Florence	85%

Additional Production Trips²	13%
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Residential Trip Adjustment Factor	63%
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1. U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2015.

2. According to the National Household Travel Survey (2009), home-based work trips are typically 30.99% of "production" trips, in other words, out-bound trips (which are 50% of all trip ends). Also, LED OnTheMap data from 2015 indicate that 85% of Florence's workers travel outside the town for work. In combination, these factors ($0.3099 \times 0.50 \times 0.848$) account for 13% of additional production trips. The total adjustment factor for residential trips includes attraction trips (50% of trip ends) plus the journey-to-work commuting adjustment (13% of production trips) for a total of 63%.

<http://nhts.ornl.gov/publications.shtml>; Summary of Travel Trends - Table 30.

For commercial development, the trip adjustment factor is less than 50% because retail development and some services attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, the ITE data indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends. These factors are shown to derive inbound vehicle trips for each type of nonresidential land use.

Trip Length Weighting Factor by Type of Land Use

The Street Facilities development fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 6 of the 2009 National Household Travel Survey, vehicle trips from residential development are approximately 121% of the average trip length. The residential trip length adjustment factor includes data on home-base work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 66% of the average trip length while other nonresidential development typically accounts for trips that are 73% of the average for all trips.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

As shown in Figure S3, the Town of Florence operates principal arterials totaling 48.84 lane miles, minor arterials totaling 27.42 lane miles and principal collectors totaling 10.08 lane miles. The total lane miles operated by the Town is 86.34. Generally, the Town’s transportation network operates at a level of service C.

Figure S3: Town of Florence Road Inventory

Classification	Lane Miles
Principal Arterial	48.84
Minor Arterial	27.42
Principal Collector	10.08
TOTAL	86.34

Source: Town of Florence.

Figure S4 contains a list of potential road projects the Town may construct over the next ten years. The total estimated cost of these projects was used to determine the weighted average cost per lane mile of \$1,105,582. The estimated costs per lane mile by classification are shown in Figure S4, based on planned projects in the Town of Florence.

Figure S4: Potential Street Facilities Development Fee Projects and Projected Cost per Lane Mile

Improvement	Segment	New Lanes	Miles	Lane Miles	Func Class	Per lane mile	Project Cost
Florence Heights Drive	SR 79 to SR 79B	2	1	2	Minor Arterial	\$915,000	\$1,830,000
Adamsville Road	3/4 Mile Extension to Plant Road	2	3	6	Principal Arterial	\$1,013,000	\$6,078,000
Butte Avenue	Main to Plant	2	1	2	Major Collector	\$757,000	\$1,514,000
Plant Road	Butte to River	2	0.6	1.2	Minor Arterial	\$915,000	\$1,098,000
Diversion Dam Road	SR79 to Bowling	2	0.5	1	Minor Arterial	\$915,000	\$915,000
Main Street Extension	1st to 79th	2	1	2	Minor Arterial	\$915,000	\$1,830,000
River Road	N/S Corridor to Main	4	1.5	6	Principal Arterial	\$1,013,000	\$6,078,000
Hunt Highway	SR79 to Town Limits	2	4.25	8.5	Principal Arterial	\$1,013,000	\$8,610,500
Hunt Highway	Franklin to Hiller	2	1	2	Principal Arterial	\$1,013,000	\$2,026,000
Attaway Road	Palmer to Hunt	2	1	2	Principal Arterial	\$1,013,000	\$2,026,000
Felix Road	Copper Basin to AZ Farms	2	2	4	Principal Arterial	\$1,013,000	\$4,052,000
Arizona Farms Road	Copper Basin to Hersoth	2	4.5	9	Principal Arterial	\$1,013,000	\$9,117,000
Attaway Road	AZ Farms to Judd	2	2	4	Principal Arterial	\$1,013,000	\$4,052,000
N/S Corridor Alignment	287 to N. Town Limits	4	13	52	Az Parkway	\$1,215,600	\$63,211,200
				101.7		\$1,105,582	\$112,437,700

Source: Town of Florence.

Figure S5 documents major and minor arterials for which traffic counts exist. Lane capacities for each segment are also shown, which were provided by the Town of Florence. As Figure S5 illustrates, traffic

counts exist for 70 of the Town's 76.26 major/minor arterial network. For the roads with traffic counts, there is 338,356 miles of capacity but only 55,858 vehicle miles of travel. In the aggregate, VMT is the product of vehicle trips multiplied by the average trip length¹. This means there is excess capacity totaling 83.5% in the network.

Figure S5: Existing Major Road Network Capacity

Road	From - To	Class	Miles	Lanes	Capacity	Vehicle Miles of Capacity	Avg. Daily Traffic Counts	Vehicle Miles of Travel	Lane Miles
Adamsville Road	Main Street - WTL	Minor A	2.64	2	9,000	23,760	351	927	5.28
Arizona Farms Road	ETL - Railroad tracks	Major A	4.72	2	9,000	42,480	1,695	8,002	9.44
Attaway Road	Arizona Farms - Judd Road	Major A	2.00	2	9,000	18,000	1,512	3,024	4.00
Ataway Road	Palmer Road - Hunt Highway	Major A	1.07	2	9,000	9,630	4,278	4,577	2.14
Butte Avenue	Main Street - Old FK Highway	Minor A	1.98	2	9,000	17,820	1,946	3,853	3.96
Constitution Way	American Way - MRP	Major A	0.34	2	9,000	3,060	1,028	350	0.68
Cooper Road*	Magma Raod - Judd Road	Major C	1.00	2	9,000	9,000	417	417	2.00
Felix Road	Heritage - Arizona Farms Road	Major A	1.00	2	9,000	9,000	1,117	1,117	2.00
Florence Heights Drive	Main Street - SR 79	Minor A	0.56	2	9,000	5,040	2,807	1,572	1.12
Florence - Kelvin Highway	SR 79 - TL	Major A	1.44	2	9,000	12,960	667	960	2.88
Hunt Highway	SR 79 - TL	Major A	5.90	2	9,000	53,100	2,246	13,251	11.8
Hunt Highway	TL - S end 6 lane	Major A	0.20	2	9,000	1,800	2,246	449	0.4
Hunt Highway	S end 6 lane - N end 6 lane	Major A	1.52	6	35,700	54,264	4,899	7,446	9.12
Hunt Highway	N end 6 lane - TL	Major A	1.42	2	9,000	12,780	2,179	3,094	2.84
Judd Road	Quail Run - CAP Canal	Minor A	1.54	2	9,000	13,860	2,764	4,257	3.08
Merrill Ranch Parkway	Hunt Highway - Felix Road	Minor A	2.06	4	22,700	46,762	1,175	2,421	8.24
Plant Road	Adamsville - Butte Avenue	Major A	0.56	2	9,000	5,040	251	141	1.12
						338,356		55,858	70.1

*Traffic counts for this segment come from 2014 Pinal County traffic count data.

% of VMT to VMC: 16.5%

Average Trip Length

Figure S6 shows the calibration of existing development to Florence's current major/minor arterial network. Knowing the current number of arterial (73.6) TischlerBise can determine that the weighted-average miles per trip on the current network is 17.03 miles.

The methodology for calculating the weighted-average miles per trip in Florence is as follows:

- With an existing inventory of 73.6 lane miles of major/minor arterials, and an average daily lane capacity standard of 9,000 vehicles per lane, the network can accommodate 667,088 vehicle miles of travel (i.e. 39,422 vehicles per day traveling the entire 73.6 lane miles).
- The difference between the 55,858 vehicle miles of travel shown above in Figure S5 and the 667,088 vehicle miles of travel shown in Figure S6 below are as follows. First, Figure S1 shows actual travel on the major/minor arterial network. Also, the travel is undercounted, as the data does not include all road segments. The 667,088 vehicle miles of travel shown in Figure S6 can be

¹ Typical VMT calculations for development-specific traffic studies, along with most transportation models of an entire urban area, are derived from traffic counts on particular road segments multiplied by the length of that road segment. For the purpose of development fees, VMT calculations are based on attraction (inbound) trips to development located in the service area, with the trip lengths calibrated to the road network considered to be system improvements. This refinement eliminates pass-through or external- external trips, and travel on roads that are not system improvements (e.g. interstate highways).

viewed as *travel potential*, based on optimization of the network. In other words, the actual average trip length is much less than 17.03.

- The national average trip length for a single family unit was 9.16 in the 2009 National Household Travel Survey, published by the US Department of Transportation. Duncan Associates, in their *Town of Florence Land Use Assumptions, Infrastructure Improvements Plan and Impact Fee Study (2013)*, prepared a similar analysis of the transportation network and determined an average trip length for 3.82 for a single family unit. Given what we know about the Town and its transportation network, we feel this is an accurate trip length factor for the development fee calculation, as will be documented in the next section.

Figure S6: Existing Major Road Network Capacity

<i>Development Type</i>	<i>ITE Code</i>	<i>Weekday VTE</i>	<i>Development Unit</i>	<i>Trip Adj</i>	<i>Trip Length Wt Factor</i>
Single Family	210	6.20	HU	63%	121%
Multi-Family	220	4.30	HU	63%	121%
Commercial/Retail	820	37.75	KSF	33%	66%
Office/Institutional	710	9.74	KSF	50%	73%
Industrial/Flex	110	4.96	KSF	50%	73%
Avg Trip Length (miles)	17.03				
Vehicle Capacity Per Lane	9,000				

	<i>Base 2018</i>
Single Family Units	5,715
Multi-Family Units	817
Commercial/Retail KSF	271
Office/Institutional KSF	2,305
Industrial/flex KSF	93
<i>Single Family Trips</i>	22,372
<i>Multi-Family Trips</i>	2,220
<i>Commercial/Retail Trips</i>	3,372
<i>Office/Institutional Trips</i>	11,226
<i>Industrial/Flex Trips</i>	232
Total Vehicle Trips	39,422
Vehicle Miles of Travel (VMT)	687,088

PROJECTED SERVICE UNITS, DEMAND, AND COSTS FOR SERVICES

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

TischlerBise created an aggregate travel model to convert development units within the Town of Florence to vehicle trips and vehicle miles of travel. This includes the factors discussed above, as well as average trip length, which is shown in Figure S7.

Travel Demand Model

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

The daily lane capacity used in this analysis is 9,000, which was provided by the Town of Florence. Projected development in Florence over the next 10 years, and the corresponding need for additional lane miles is shown in Figure S7. Trip generation rates and trip adjustment factors convert project development into average weekday vehicle trips. As shown in Figure S7, new development in Florence will generate 14,762 trips.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

The travel demand model inputs above are used to derive level of service in Vehicle Miles of Travel and future needs of lane miles. A Vehicle Mile of Travel (VMT) is a measurement unit equal to one vehicle traveling one mile. As discussed above in Figure S6, the weighted average trip that could occur on the arterial network is 17.03 miles. As shown in Figure S7, based on the existing network and available capacity, the Town of Florence would need to construct an additional 27.1 lane miles of arterials to accommodate projected development over the next ten years (shown in blue). However, as discussed above, excess capacity exists in the network. As shown in Figure S5, there is excess capacity totaling 83.5% on arterial segments that have traffic counts. It was also determined that the average trip length calculated for Florence by Duncan Associates in 2013 is an accurate reflection of current conditions.

As shown in Figure S7, when the average trip length of 3.82 is applied to existing travel demand in 2018, there is excess capacity of 77.6% (154,121 vehicle miles of travel compared to 687,088 vehicle miles of capacity). Between our travel demand model and the analysis of Town arterials that have traffic counts, it is clear there is significant travel capacity available in the road network. However, that does not negate the need for additional road improvements. Rather, this analysis is to determine the appropriate level of road needs. As shown in the orange shading, when the model is recalibrated to the actual average trip length, the growth-related lane miles needed as a result of new development is reduced from 27.1 to 6.1.

Figure S7: Projected Travel Demand Model

Development Type	ITE Code	Weekday VTE	Development Unit	Trip Adj	Trip Length Wt Factor
Single Family*	210	6.20	HU	63%	121%
Multi-Family*	220	4.30	HU	63%	121%
Industrial / Flex	110	4.96	KSF	50%	73%
Commercial / Retail	820	37.75	KSF	33%	66%
Office / Institutional	710	9.74	KSF	50%	73%

*Custom residential trip ends calculated for Florence. See Figure A11.

Avg Trip Length (miles)	17.03
Excess Capacity Reduction	77.6%
Avg Trip Length (miles)	3.82
Vehicle Capacity Per Lane	9,000

		Base	1	2	3	4	5	10	10-Year
		2018	2019	2020	2021	2022	2023	2028	Increase
Development	Single Family Units	5,715	5,890	6,064	6,239	6,414	6,589	7,464	1,750
	Multi-Family Units	817	842	868	893	918	943	1,068	250
	Industrial / Flex KSF	93	97	100	104	108	112	139	46
	Commercial / Retail KSF	271	281	291	301	312	326	403	132
	Office / Institutional KSF	2,305	2,388	2,475	2,564	2,657	2,773	3,429	1,124
Avg Weekday Vehicle Trips	Single Family Trips	22,372	23,057	23,742	24,427	25,112	25,797	29,222	6,850
	Multi-Family Trips	2,220	2,288	2,355	2,423	2,491	2,559	2,899	680
	Residential Trips	24,592	25,345	26,098	26,850	27,603	28,356	32,121	7,530
	Industrial / Flex Trips	232	240	249	258	267	279	345	113
	Commercial / Retail Trips	3,372	3,494	3,621	3,752	3,887	4,056	5,017	1,645
	Office / Institutional Trips	11,226	11,632	12,052	12,488	12,940	13,502	16,701	5,475
	Nonresidential Trips	14,830	15,366	15,922	16,498	17,095	17,837	22,063	7,233
	Total Vehicle Trips	39,422	40,711	42,020	43,349	44,698	46,194	54,184	14,762
VMC	Vehicle Miles of Capacity (VMC)	687,088	709,126	731,400	753,919	776,691	801,236	930,200	243,112
	Annual Increase		22,038	22,274	22,519	22,772	24,546	26,685	
VMT	Vehicle Miles of Travel (VMT)	154,121	159,064	164,060	169,112	174,220	179,725	208,653	54,532
	Annual Increase		4,943	4,996	5,051	5,108	5,506	5,986	
Demand	Arterial Lane Miles Needed	76.3	78.8	81.3	83.8	86.3	89.0	103.4	27.1
	Based on Capacity	100%							
	Arterial Lane Miles Needed Based on Travel Demand	17.1	17.7	18.2	18.8	19.4	20.0	23.2	6.1

ARS § 9-463.05(E)(3) requires:

“A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Multiplying the increase in number of lane miles (6.1) by the cost per lane mile (\$1,105,582) results in a 10-year cost of approximately \$6.74 million attributed to arterial lane miles and \$3.028 million attributed to collector lane miles.

IIP AND DEVELOPMENT FEE REPORT

The cost to prepare the Street Facilities IIP and related Development Fee Report totals \$16,607. The Town of Florence plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential development from the *Land Use Assumptions*, the cost per VMT is \$0.65.

Figure S8: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Roads	\$16,607	Residential Nonresidential	100%	VMT	154,121	179,725	25,605	\$0.65

STREET FACILITIES DEVELOPMENT FEES

Revenue Offset

A revenue offset is not necessary for the Street Facilities development fees because 10-year growth costs exceed the amount of revenue that is projected to be generated by development fees according to the Land Use Assumptions.

Proposed Street Facilities Development Fees

The proposed Street Facilities development fees are shown in Figure S9. Infrastructure and cost factors for Street fees are summarized in the upper portion of Figure S9. Nonresidential development fees are stated per square foot of floor area. Attraction trips by type of development are multiplied by the capacity cost per average length vehicle trip to yield the Street Facilities development fees. To derive the commercial development fee of \$3.90 per square foot of floor area, multiply the following factors from Figure S10:

$$\begin{array}{r}
 37.75 \text{ weekday vehicle trip ends per 1,000 square feet} \\
 \times \\
 33 \text{ percent adjustment factor for inbound trips} \\
 \times \\
 3.82 \text{ average miles per trip} \\
 \times \\
 66 \text{ percent trip length adjustment factor for commercial development} \\
 \times \\
 \$124.32 \text{ total cost per VMT} \\
 \div \\
 1,000 \text{ square feet} \\
 = \\
 \mathbf{\$3.90 \text{ per square foot}}
 \end{array}$$

Given a cost factor of \$1,105,582 per lane mile, which is shared by a projected VMT increase of 54,532, the capital cost is \$123.67 per VMT. The Professional Services cost per VMT is \$0.65, for a total cost \$124.32 per VMT.

The input variables discussed above yield the proposed Street Facilities development fees shown in the lower section of Figure S9. For example, the Street Facilities development fee for a single-family unit (6.20 x 63% x 121% x 3.82 x (\$124.32) is \$2,250 per unit.

FigureS9: Proposed Street Facilities Development Fees

Average Miles per Trip =>	3.82
Cost per Additional Lane Mile =>	\$1,105,582
Planned Lane Miles Needed to Maintain LOS =>	6.10
Ten-Year Growth Cost Funded by Fees	\$6,744,051
VMT Increase Over Ten Years	54,532
Capital Cost per VMT#	\$124.32

Residential (per unit)

Development Type	Avg Wkdy Veh Trip Ends	Trip Rate Adjustment	Trip Length Adjustment	Proposed Fees	Current Fee	Increase / Decrease
Single-Family Unit	6.20	63%	121%	\$2,250	\$2,086	\$164
Multi-Family Unit	4.30	63%	121%	\$1,560	\$1,313	\$247

Nonresidential (per square foot)

Development Type	Avg Wkdy Veh Trip Ends	Trip Rate Adjustment	Trip Length Adjustment	Proposed Fees	Current Fee	Increase / Decrease
Commercial/Retail	37.75	33%	66%	\$3.90	\$3.14	\$0.76
Office/Institutional	9.74	50%	73%	\$1.68	\$1.73	(\$0.05)
Industrial/Flex	4.96	50%	73%	\$0.85	\$1.02	(\$0.17)

#Includes cost per VMT of \$0.65 for the development fee study

PROJECTED STREETS DEVELOPMENT FEE REVENUE

Projected Street Facilities development fee revenue shown in Figure S10 is based on the development projections in the *Land Use Assumptions* (see Appendix A) and the updated Street Facilities development fees (see Figure S9). If development occurs at a faster rate than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs at a slower rate than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Anticipated Street Facilities development fee revenue is approximately \$6.7 million over the next ten years, while expenditures are also estimated at \$6.7 million.

Figure S10: Projected Street Facilities Development Fee Revenue

	Growth Cost	Total Cost
Arterial Improvements	\$6,744,051	\$6,744,051
Development Impact Fee Study	\$16,607.00	\$16,607
TOTAL	\$6,760,658	\$6,760,658

Streets Impact Fee Revenue

		Single-Family	Multi-Family	Commercial / Retail	Office / Institutional	Industrial / Flex
		\$2,250 per Housing Unit	\$1,560 per Housing Unit	\$3.90 per Sq. Ft.	\$1.68 per Sq. Ft.	\$0.85 per Sq. Ft.
Year		Units	Units	KSF	KSF	KSF
Base	2017	5,715	817	271	2,305	93
Year 1	2018	5,890	842	281	2,388	97
Year 2	2019	6,064	868	291	2,475	100
Year 3	2020	6,239	893	301	2,564	104
Year 4	2021	6,414	918	312	2,657	108
Year 5	2022	6,589	943	326	2,773	112
Year 6	2023	6,764	968	340	2,893	117
Year 7	2024	6,939	993	355	3,019	122
Year 8	2025	7,114	1,018	370	3,150	128
Year 9	2026	7,289	1,043	386	3,287	133
Year 10	2027	7,464	1,068	403	3,429	139
Ten-Yr Increase		1,750	250	132	1,124	46
10-year projected revenue		\$3,936,207	\$390,517	\$514,918	\$1,888,649	\$38,752
Projected Revenue =>						\$6,769,043

WATER FACILITIES INFRASTRUCTURE IMPROVEMENTS PLAN

ARS § 9-463.05 (T)(7)(a) defines the facilities and assets which can be included in the Water Facilities IIP:

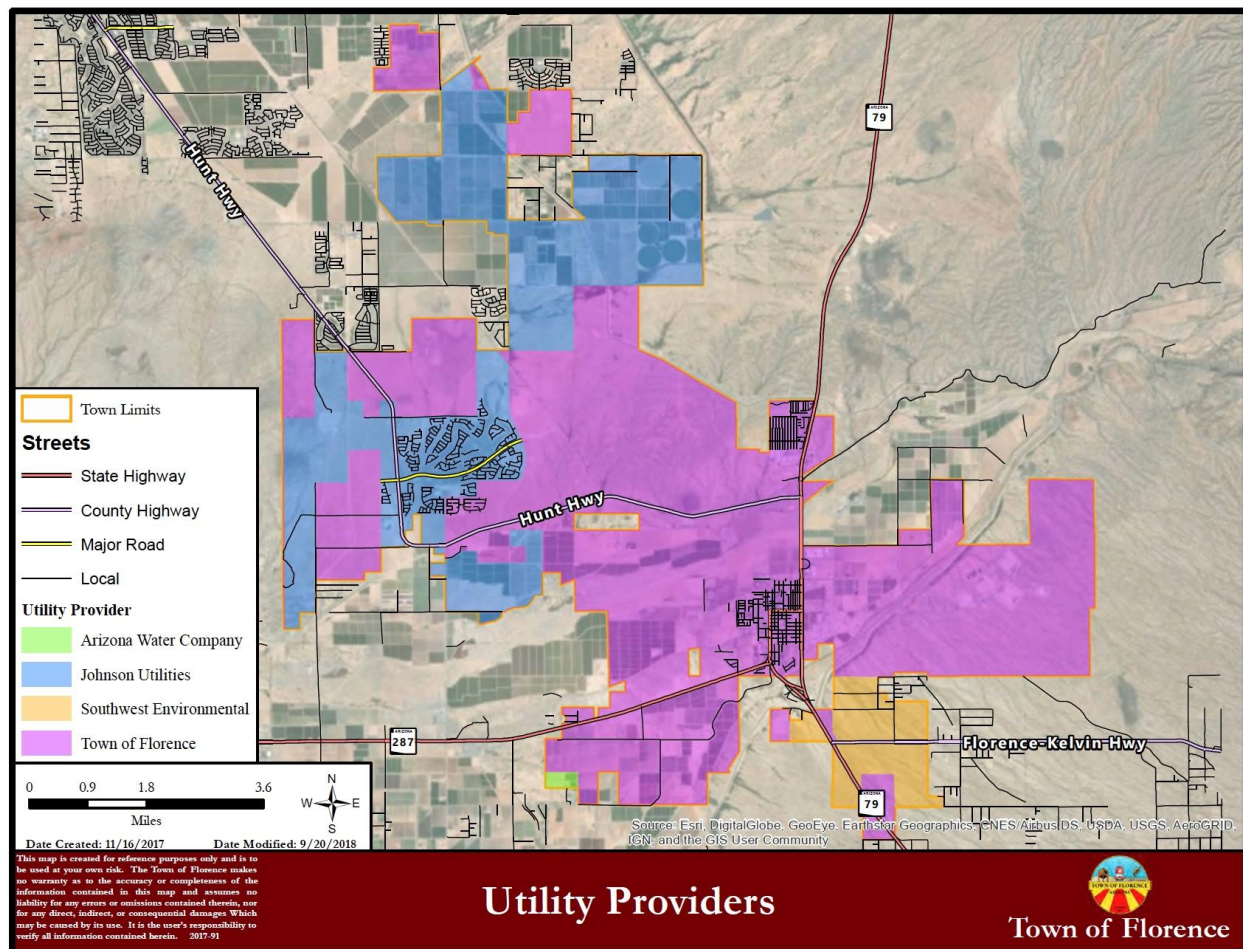
“Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities”

The Water Facilities IIP includes components for transmission, storage, supply, and the cost of professional services for preparing the Water Facilities IIP and related Development Fee Report.

Service Area

The Town’s Water Service Area is depicted in pink in Figure W1 below. The Town’s water system currently serves the downtown and surrounding “Old Florence” area, as well as the Florence Gardens area located north of the Gila River. The remainder of the Town is served by Johnson Utilities, Southwest Environmental and the Arizona Water Company. It is recommended that there should be four water service areas: Town Water Service Area, Johnson Utilities Service Area, Southwest Environmental and the Arizona Water Company Service Area.

Figure W1: Town of Florence Water Utility Providers Service Areas



Proportionate Share

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

The Water Facilities IIP and development fees are assessed on both residential and nonresidential development as both types of development create a burden for additional water facilities. Customers by land use are used to determine the proportionate share of this burden. In 2017, approximately 92% of water customers in Florence were residents, accounting for 28% of the average daily demand. Approximately 8% were nonresidential customers, accounting for 72% of the average daily demand.

ANALYSIS OF CAPACITY AND USAGE OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Existing Capacity and Usage

The Town’s water system consists of five wells, these wells provide 9.36 million gallons per day of supply. The Town currently has 3.2 million gallons of storage capacity.

Average Day Flows

The level of service for Water Facilities is based on average day flows per demand unit per day – per person for residential development and per job for nonresidential development. Figure W2 shows 2017 average day flows by type of development based on water consumption provided by the Town. Average day consumption in Florence totaled approximately 1.59 MGD in 2017. The average gallons per day per residential connection is 122. The Town’s peaking factor is 2.0, resulting in 243 peak gallons per residential connection.

Figure W2: Water Facilities Level of Service

	Average Gallons Per Day	Connections	Gallons Per Day Per Connection	Peak Gallons Per Connection#
2017				
Residential	449,130	3,696	122	243
Nonresidential	1,149,460	342	3,361	6,722
TOTAL	1,598,590	4,038		

Nonresidential Connections per Job:**	0.04
Gallons per Day per Person:*	50
Gallons per Day per Job:	151

* Gallons per capita per day based on single family 2.42 persons per household from US Census 2015 American Community Survey

**Based on employment estimate of 7,626

#Based on Town's peaking factor of 2.0

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

"A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial."

Residential Water Facilities development fees are assessed on a per unit basis, based on average day gallons per person. Development fees assume a single-family unit is served by a 5/8" (0.625) meter.

For nonresidential Water Facilities development fees, capacity ratios by meter size are the appropriate demand indicator for Water Facilities. Capacity ratios equate 5/8" (0.625) meters to the average day gallons per single-family residential unit. Utilizing average day gallons is the most efficient way to show a direct relationship between development units, usage, and system capacity. The nonresidential Water development fees are calculated by multiplying the number of gallons per single-family unit by the capacity ratio for the corresponding size and type of water meter, which are provided by the American Water Works Association (2012) and shown in Figure W3 below.

Figure W3: Water Facilities Ratio of Service Unit to Development Unit Ratio of Service

<i>Meter Size (inches)</i>	<i>Meter Type</i>	<i>Capacity Ratio</i>
0.625	Displacement	1.00
0.75	Displacement	1.50
1.00	Displacement	2.50
1.50	Displacement	5.00
2.00	Displacement	8.00
3.00	Compound	16.00
3.00	Turbine	17.50
4.00	Compound	25.00
4.00	Turbine	31.50
6.00	Turbine	65.00
8.00	Turbine	140.00
10.00	Turbine	210.00
12.00	Turbine	265.00

Source: AWWA

PROJECTED DEMAND AND COSTS FOR SERVICES

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

Projected Water Flows

When the projected residential and nonresidential in the Town’s utility service area from the Land Use Assumptions are compared to gallons per day per person and job, average day demand is projected to increase by 0.62 million gallons per day, while peak demand is projected to increase by 1.24 million gallons per day. The total number of projected connections is 884.

Figure W4: Projected Water Facilities Service Units

Year	Projected Residential Connections	Projected Nonres. Connections	Total Projected Connections	Million Gallons Per Avg Day	Million Gallons Per Peak Day
Base 2018	3,696	342	4,038	1.60	3.20
Future1 2019	3,769	354	4,124	1.65	3.29
Future2 2020	3,841	367	4,208	1.70	3.39
Future3 2021	3,912	380	4,293	1.75	3.49
Future4 2022	3,984	394	4,378	1.80	3.60
Future5 2023	4,055	411	4,467	1.86	3.72
Future6 2024	4,127	429	4,556	1.93	3.86
Future7 2025	4,198	448	4,646	2.00	3.99
Future8 2026	4,270	467	4,737	2.07	4.14
Future9 2027	4,341	488	4,829	2.14	4.28
Future10 2028	4,413	509	4,922	2.22	4.44
	717	167	884	0.62	1.24
Nonresidential Connections per Job:		0.04			
Gallons per Day per Job:		151			
Gallons per Day per Person:		50			

Water Transmission Facilities

Florence has three water transmission projects planned over the next ten years to serve future development. To calculate the cost per service unit (gallons), the costs of planned improvements (\$1,475,000) are allocated to the projected increase in peak demand over the next ten years (1,241,411 gallons). This results in a cost of \$1.19 per gallon ($\$1,475,000 / 1,241,411$ gallons).

Figure W5: Water Transmission Facilities

Description	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Years 6-10	Total Project
Centennial Park Road 8" Loop		\$80,000	\$145,000				\$225,000
Adamsville Rd water line (12 inch)						\$250,000	\$250,000
Water line infrastructure to serve North Florence (16 inch)			\$1,000,000				\$1,000,000
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$1,475,000
Ten-Year Increase in Gallons of Peak Demand per Day =>							1,241,411
Cost per Gallon of Demand =>							\$1.19

Water Storage Facilities

The Town of Florence plans to construct the North Florence Storage Tank to serve future development. This project will add 1.0 million gallons of storage capacity to the water system, at a cost of \$1.25 million.

To calculate the cost per service unit (gallons), the costs of planned improvements are allocated to the additional storage capacity added. For the planned storage tank, this results in a cost of \$1.25 per gallon (\$1,250,000 / 1,000,000 gallons).

Figure W6: Water Storage Facilities

Description	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Years 6-10	Total Project
North Florence Storage Tank			\$1,250,000				\$1,250,000
Total	\$0	\$0	\$1,250,000	\$0	\$0	\$0	\$1,250,000
Gallons of Capacity per Day =>							1,000,000
Cost per Gallon of Capacity =>							\$1.25

Water Supply Facilities

The Town of Florence also plans to construct future wells to serve new development. These wells add 1.44 million gallons of supply to the water system, at a cost of \$2.75 million. To calculate the cost per service unit (gallons), the costs of planned improvements are allocated to the additional supply added. This results in a cost of \$1.91 per gallon (\$2,750,000 / 1,440,000 gallons).

Figure W7: Water Supply Facilities

Description	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Years 6-10	Total Project
Future Wells (1000 gallons a minute)			\$1,250,000			\$1,500,000	\$2,750,000
Total	\$0	\$0	\$1,250,000	\$0	\$0	\$1,500,000	\$2,750,000
Gallons of Capacity per Day =>							1,440,000
Cost per Gallon of Capacity =>							\$1.91

IIP and Development Fee Study

The cost to prepare the Water Facilities IIP and related Development Fee Study totals \$16,607. The Town of Florence plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential peak water consumption, the cost is \$0.03 per gallon.

Figure W8: IIP and Development Fee Study

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Water	\$16,607	Meters	100%	MGD	3,197,180	3,720,322	523,142	\$0.03

WATER FACILITIES DEVELOPMENT FEES

Revenue Offset

A revenue offset is not necessary for the Water Facilities development fees.

Proposed Water Facilities Development Fees

Infrastructure components and cost factors for Water Facilities are summarized in the upper portion of Figure W9. The Water Facilities development fee is derived from the peak gallons per day per residential connection of 243 gallons multiplied by the capital cost per gallon of capacity (\$4.38). The capital cost per gallon of capacity includes growth-related expansion of water facilities and the cost of professional services to prepare the Water Facilities IIP and Development Fee Report. Future development needing a 5/8" meter will pay a Water Facilities development fee of \$1,065 (243 gallons X \$4.38 capital cost per gallon of capacity X 1.0 capacity ratio), and future development needing a 1.0" meter will pay a Water Facilities development fee of \$2,662 (243 gallons X \$4.38 capital cost per gallon of capacity X 2.5 capacity ratio).

Figure W9: Proposed Water Facilities Development Fees

Input Variables		Cost per Gallon of Capacity			
Transmission Projects		\$1.19			
Storage Projects		\$1.25			
Supply Projects		\$1.91			
Development Fee Study		\$0.03			
Capital Cost per Gallon of Capacity =>		\$4.38			
Peak Day Gallons of Demand per ERU =>		243			
All Development (per meter)					
Meter Size (inches)	Meter Type	Capacity Ratio	Proposed Water Fee	Current Fee	\$ Change
0.625	Displacement	1.00	\$1,065	\$1,980	(\$915)
0.75	Displacement	1.50	\$1,597	\$4,950	(\$3,353)
1.00	Displacement	2.50	\$2,662	\$4,950	(\$2,288)
1.50	Displacement	5.00	\$5,324	\$9,900	(\$4,576)
2.00	Displacement	8.00	\$8,519	\$15,840	(\$7,321)
3.00	Compound	16.00	\$17,038	\$31,680	(\$14,642)
3.00	Turbine	17.50	\$18,636	\$34,650	(\$16,014)
4.00	Compound	25.00	\$26,623	\$49,500	(\$22,877)
4.00	Turbine	31.50	\$33,544	\$59,400	(\$25,856)
6.00	Turbine	65.00	\$69,219	\$123,750	(\$54,531)
8.00	Turbine	140.00	\$149,088	\$178,200	(\$29,112)
10.00	Turbine	210.00	\$223,633	\$287,100	(\$63,467)
12.00	Turbine	265.00	\$282,203	\$425,700	(\$143,497)

PROJECTED WATER FACILITIES DEVELOPMENT FEE REVENUE

Over the next ten years, the Town of Florence has identified a need for approximately \$5.4 million in growth-related Water Facilities improvements, including \$1.4 million in additional transmission projects,

\$1.2 million in storage capacity, and \$2.7 million for supply. As shown at the bottom of Figure W10, projected Water Facilities development fee revenue totals almost \$4.6 million over ten years. It is probable that this revenue projection is low, as multifamily units are not individually metered and predicting how many future multifamily units will share a common meter is difficult to predict. The same situation exists with converting employment projections to number of new residential meters. Therefore, the current number of meters per jobs was used as a proxy.

Figure W10: Projected Water Facilities Development Fee Revenue

	Total Cost
Transmission	\$1,475,000
Storage	\$1,250,000
Supply	\$2,750,000
Development Impact Fee Study	\$16,607
TOTAL	\$5,491,607

Water Development Impact Fee Revenue

		Residential	Nonresidential
		\$1,597	\$17,037
		per Unit	per Connection
Year		Connections	Connections
Base	2017	3,106	267
Year 1	2018	3,179	277
Year 2	2019	3,251	287
Year 3	2020	3,322	297
Year 4	2021	3,394	308
Year 5	2022	3,465	321
Year 6	2023	3,537	335
Year 7	2024	3,608	350
Year 8	2025	3,680	365
Year 9	2026	3,751	381
Year 10	2027	3,823	397
Ten-Yr Increase		717	130
10-year projected revenue		\$2,391,636	\$2,218,505
		Projected Revenue	\$4,610,142

WASTEWATER FACILITIES INFRASTRUCTURE IMPROVEMENTS PLAN

ARS § 9-463.05 (T)(7)(b) defines the facilities and assets which can be included in the Wastewater Facilities IIP:

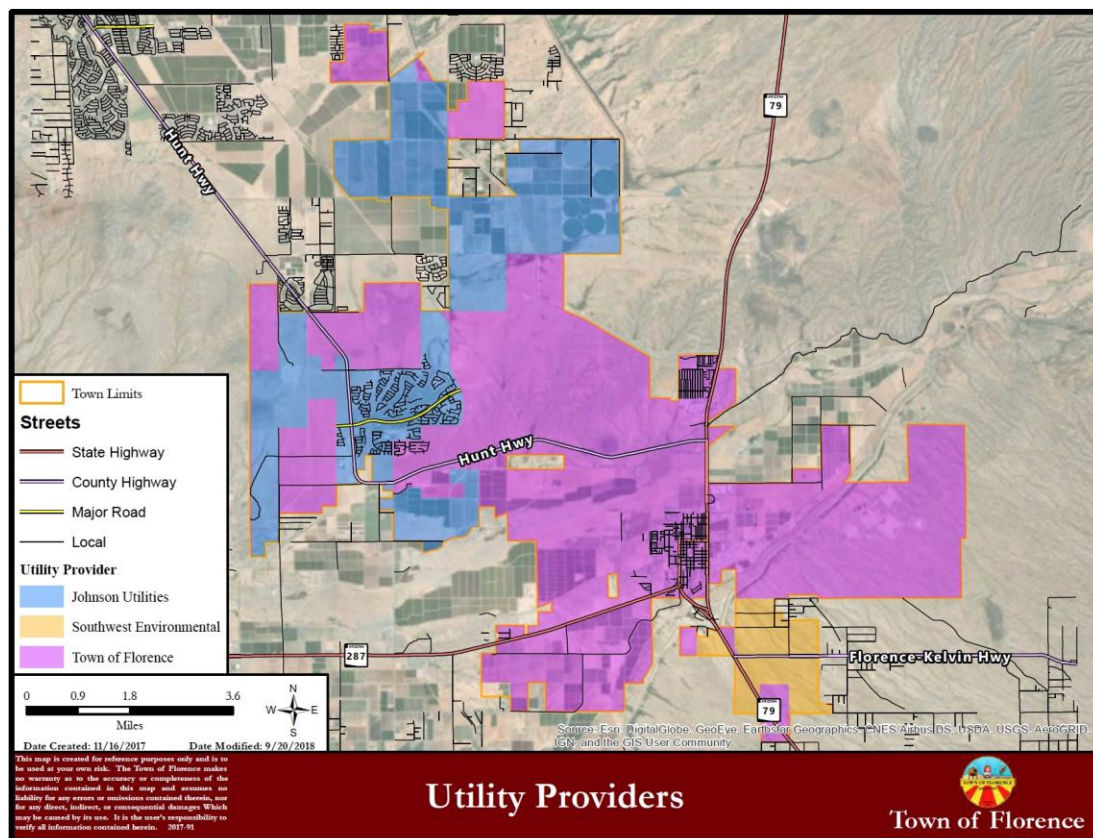
“Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.”

The Wastewater Facilities IIP includes components for wastewater collection and wastewater treatment, and the cost of professional services for preparing the Wastewater Facilities IIP and related Development Fee Report.

Service Area

The Town’s Wastewater Service Area is depicted in pink in Figure WW1 below. The Town’s wastewater system currently serves the downtown and surrounding “Old Florence” area, as well as the Florence Gardens area located north of the Gila River. The remainder of the Town is served by Johnson Utilities and the Arizona Water Company. Similar to the Water Facilities IIP, it is recommended that there should be three wastewater service areas: Town Water Service Area, Johnson Utilities Service Area and Southwest Environmental Utility Company.

Figure WW1: Town of Florence Wastewater Utility Providers Service Areas



Proportionate Share

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

The Wastewater Facilities IIP and related development fees are assessed on both residential and nonresidential development as both types of development create a burden for additional water facilities. Customers by land use are used to determine the proportionate share of this burden. In 2017, approximately 92% of wastewater customers in Florence were residents, accounting for 16% of the average daily demand. Approximately 8% were nonresidential customers, accounting for 84% of the average daily demand. Wastewater flows are greater than water consumption as a result of the Arizona State Prison being a Town wastewater customer, but not a water customer.

ANALYSIS OF CAPACITY AND USAGE OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Existing Capacity and Usage

The Town’s wastewater system currently has treatment capacity totaling 2.92 million gallons per day.

Average Day Flows

The level of service for Wastewater Facilities is based on average day flows per demand unit per day – per person for residential development and per job for nonresidential development. Figure WW2 shows 2017 average day flows by type of development based on wastewater flow provided by the Town. Average day flows in Florence totaled approximately 1.75 MGD in 2017. The average gallons per day per residential connection is 93. The Town’s peaking factor is assumed to be 75 percent of the peak water consumption, resulting in a factor of 182 peak gallons per residential connection.

Figure WW2: Wastewater Facilities Level of Service

	Per Day	Connections	Per Connection	Per Connection#
2017				
Residential	288,612	3,106	93	182
Nonresidential	1,466,710	267	5,493	
TOTAL	1,755,322	3,373		
Nonresidential Connections per Job:**		0.04		
Gallons per Day per Person:*		38		
Gallons per Day per Job:		192		

* Gallons per capita per day based on single family 2.42 persons per household
from US Census 2015 American Community Survey

**Based on employment estimate of 7,626

#Peak demand is assumed to be 75% of water peak demand

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

"A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial."

Residential Wastewater Facilities development fees are assessed on a per unit basis, based on average day gallons per person. Wastewater Facilities development fees assume a single-family unit is served by a 5/8" (0.625) meter.

For nonresidential Wastewater Facilities development fees, capacity ratios by meter size are the appropriate demand indicator for wastewater facilities. Capacity ratios equate 5/8" (0.625) meters to the average day gallons per single-family residential unit. Utilizing average day gallons is the most efficient way to show a direct relationship between development units, usage, and system capacity. The nonresidential Wastewater Facilities development fees are calculated by multiplying the number of gallons per single-family unit by the capacity ratio for the corresponding size and type of meter, which are provided by the American Water Works Association (2012) and shown in Figure WW3 below.

Figure WW3: Wastewater Facilities Ratio of Service Unit to Development Unit

<i>Meter Size (inches)</i>	<i>Meter Type</i>	<i>Capacity Ratio</i>
0.625	Displacement	1.00
0.75	Displacement	1.50
1.00	Displacement	2.50
1.50	Displacement	5.00
2.00	Displacement	8.00
3.00	Compound	16.00
3.00	Turbine	17.50
4.00	Compound	25.00
4.00	Turbine	31.50
6.00	Turbine	65.00
8.00	Turbine	140.00
10.00	Turbine	210.00
12.00	Turbine	265.00

Source: AWWA

PROJECTED DEMAND AND COSTS FOR SERVICES

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

Projected Wastewater Flows

When the projected residential and nonresidential in the Town’s utility service area from the Land Use Assumptions are compared to gallons per day per person and job, average day demand is projected to increase by 760,000 gallons per day, while peak demand is projected to increase by 930,000 gallons per day. The total number of projected connections is 847.

Figure WW4: Wastewater Facilities Projected Service Units

Year		Projected Residential Connections	Projected Nonres. Connections	Total Projected Connections	Million Gallons Per Avg Day	Million Gallons Per Peak Day
Base	2018	3,106	267	3,373	1.76	2.40
Future1	2019	3,179	277	3,456	1.81	2.47
Future2	2020	3,251	287	3,538	1.87	2.54
Future3	2021	3,322	297	3,619	1.93	2.62
Future4	2022	3,394	308	3,702	2.00	2.70
Future5	2023	3,465	321	3,786	2.08	2.79
Future6	2024	3,537	335	3,872	2.16	2.89
Future7	2025	3,608	350	3,958	2.24	2.99
Future8	2026	3,680	365	4,045	2.33	3.10
Future9	2027	3,751	381	4,132	2.42	3.21
Future10	2028	3,823	397	4,220	2.52	3.33
		717	130	847	0.76	0.93
Nonresidential Connections per Job:			0.04			
Gallons per Day per Job:			192			
Gallons per Day per Person:			38			

Wastewater Collection Facilities

Florence has three collection system projects planned over the next ten years. These improvements have an estimated cost of \$1.97 million.

To calculate the cost per service unit (gallons), the costs of planned improvements are allocated to the projected increase in wastewater flows over the next ten years. For the planned wastewater collection projects, this results in a cost of \$2.12 per gallon (\$1,970,000 / 931,058 gallons).

Figure WW5: Wastewater Collection Facilities

Description	Prior Years	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Years 6-10	Total Project
West Main extension Adamsville to Dobson Property (36 inch)							\$600,000	\$600,000
South Sewer Main Extensions 287/SR79 (12 inch)							\$1,000,000	\$1,000,000
Lift Station at Hunt Highway & SR79				\$40,000	\$330,000			\$370,000
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,970,000
Ten-Year Increase in Gallons of Peak Demand per Day =>								931,058
Cost per Gallon of Demand =>								\$2.12

Wastewater Treatment Facilities

Florence plans to construct several projects associated with expanding the South Wastewater Treatment Plant. These projects have an estimated cost of \$24.1 million and will increase the plant's capacity by 1.5 million gallons per day.

To calculate the cost per service unit (gallons), the costs of planned improvements are allocated to the additional capacity provided by the improvements. For these planned wastewater treatment facilities, this results in a cost of \$16.09 per gallon (\$24,130,000 / 1,500,000 gallons).

Figure WW6: Wastewater Treatment Facilities

Description	Prior Years	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Years 6-10	Total Project
Florence S. - WWTP Expansion				\$2,000,000	\$15,150,000			\$17,150,000
South WWTP Expansion Headworks	\$150,000	\$2,000,000	\$1,500,000					\$3,650,000
SWWTP disinfection system upgrade			\$30,000	\$3,000,000				\$3,030,000
S. WWTP odor control / dust abatement			\$300,000					\$300,000
Total	\$150,000	\$2,000,000	\$1,830,000	\$5,000,000	\$15,150,000	\$0	\$0	\$24,130,000
Gallons of Capacity per Day =>								1,500,000
Cost per Gallon of Capacity =>								\$16.09

IIP and Development Fee Study

The cost to prepare the Wastewater Facilities IIP and related Development Fee Report totals \$16,607. The Town of Florence plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential peak wastewater flows, the cost is \$0.04 per gallon.

Figure WW7: IIP and Development Fee Study

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit*	2018	2023	Change	Cost per Demand Unit
Wastewater	\$16,607	Meters	100%	MGD	2,397,885	2,792,713	394,828	\$0.04

WASTEWATER FACILITIES DEVELOPMENT FEES

Revenue Offset

The Town of Florence plans on issuing debt for the planned expansion to the South Wastewater Treatment Plant. To ensure that new development does not “double pay” through the Wastewater Facilities development fee and again through future utility rate payments, an offset is included for principal payments on this future debt. An offset is not necessary for interest payments because interest costs are not included in the development fee calculation. Assuming the debt is issued in 2019, Figure WW8 shows a 20-year amortization schedule of the debt principal. The annual principal payments totaling \$24.1 million are divided by the projected increase in peak wastewater flows in each year to determine a per gallon offset. For example, in 2019, the annual principal payment (\$1,206,500) is divided by projected peak wastewater flow of 2,469,470 gallons for a payment per gallon of \$0.49. To account for the time value of money, annual payments per gallon are discounted using a net present value formula based on the projected interest rate of 4.5%. The total net present value of future principal payments per gallon is \$5.04. This amount is subtracted from the gross capital cost per gallon to derive a net capital cost per

gallon. It should be noted that for purposes of this offset evaluation, we projected peak wastewater flow for years 11-20 by using the average annual increase from the projection shown in Figure WW4.

Figure WW8: Principal Payment Offset

<i>Year</i>	<i>Principal Payments</i>	<i>Projected Demand</i>	<i>Credit per Peak Gallon</i>
2019	\$1,206,500	2,469,470	\$0.49
2020	\$1,206,500	2,543,078	\$0.47
2021	\$1,206,500	2,619,023	\$0.46
2022	\$1,206,500	2,697,390	\$0.45
2023	\$1,206,500	2,792,713	\$0.43
2024	\$1,206,500	2,891,786	\$0.42
2025	\$1,206,500	2,994,772	\$0.40
2026	\$1,206,500	3,101,841	\$0.39
2027	\$1,206,500	3,213,169	\$0.38
2028	\$1,206,500	3,328,943	\$0.36
2029	\$1,206,500	3,414,478	\$0.35
2030	\$1,206,500	3,500,013	\$0.34
2031	\$1,206,500	3,585,548	\$0.34
2032	\$1,206,500	3,671,083	\$0.33
2033	\$1,206,500	3,756,618	\$0.32
2034	\$1,206,500	3,842,153	\$0.31
2035	\$1,206,500	3,927,688	\$0.31
2036	\$1,206,500	4,013,223	\$0.30
2037	\$1,206,500	4,098,758	\$0.29
2038	\$1,206,500	4,184,293	\$0.29
Total	\$24,130,000		\$7.44

Discount Rate	4.5%
Net Present Value	\$5.04

**Demand projections from year 11-20 based on a straightline projection using the annual average from years 1-10*

Proposed Wastewater Facilities Development Fees

Infrastructure components and cost factors for Wastewater Facilities are summarized in the upper portion of Figure WW9. The development fee is derived from peak day wastewater demand per single-family unit (182 gallons per ERU) multiplied by the capital cost per gallon of capacity (\$13.17). The capital cost per gallon of capacity includes growth-related expansion of Wastewater Facilities and the cost of professional services to prepare the Wastewater IIP and related Development Fee Report. Future development needing a 5/8" (0.625) meter will pay a Wastewater Facilities fee of \$2,400 (182 gallons X \$13.17 capital cost per gallon of capacity X 1.0 capacity ratio), and future development needing a 1.0" meter will pay a

Wastewater Facilities development fee of \$6,001 (182 gallons X \$13.17 capital cost per gallon of capacity X 2.50 capacity ratio).

Figure WW9: Proposed Wastewater Facilities Development Fees

<i>Input Variables</i>			<i>Cost per Gallon of Capacity</i>		
	Transmission Projects		\$2.12		
	Treatment Projects		\$16.09		
	Principal Payment Credit per Gallon =>		(\$5.04)		
	Capital Cost per Gallon of Capacity =>		\$13.17		
	Peak Day Gallons of Demand per ERU =>	182			
<i>All Development (per meter)</i>					
<i>Meter Size (inches)</i>	<i>Meter Type</i>	<i>Capacity Ratio</i>	<i>Proposed Wastewater Fee</i>	<i>Current Fee</i>	<i>\$ Change</i>
0.625	Displacement	1.00	\$2,400	\$2,140	\$260
0.75	Displacement	1.50	\$3,600	\$2,782	\$818
1.00	Displacement	2.50	\$6,001	\$7,062	(\$1,061)
1.50	Displacement	5.00	\$12,002	\$14,338	(\$2,336)
2.00	Displacement	8.00	\$19,202	\$22,898	(\$3,696)
3.00	Compound	16.00	\$38,405	\$45,852	(\$7,447)
3.00	Turbine	17.50	\$42,005	\$49,862	(\$7,857)
4.00	Compound	25.00	\$60,008	\$71,262	(\$11,254)
4.00	Turbine	31.50	\$75,610	\$85,600	(\$9,990)
6.00	Compound	50.00	\$120,015	\$142,738	(\$22,723)
6.00	Turbine	65.00	\$156,020	\$178,262	(\$22,242)
8.00	Turbine	140.00	\$336,043	\$256,800	\$79,243
10.00	Turbine	210.00	\$504,065	\$413,662	\$90,403
12.00	Turbine	265.00	\$636,082	\$613,538	\$22,544

PROJECTED WASTEWATER FACILITIES DEVELOPMENT FEE REVENUE

Over the next ten years, the Town of Florence has identified a need for approximately \$26.1 million in growth-related wastewater improvements, including \$1.9 million in collection projects and \$24.1 million in treatment capacity. As shown at the bottom of Figure WW10, projected Wastewater Facilities development fee revenue totals approximately \$10.1 million over ten years. After construction of the wastewater treatment plant, the Town should switch the fee methodology to a cost recovery approach so that the remaining costs not recovered over the next ten years can be recouped. As was the case with the projection of water development fee revenue, it is probable that this revenue projection is low, as multifamily units are not individually metered and predicting how many future multifamily units will share a common meter is difficult to predict. The same situation exists with converting employment projections to number of new residential meters. Therefore, the current number of meters per jobs was used as a proxy.

Figure WW10: Projected Wastewater Facilities Development Fee Revenue

	Total Cost
Collection	\$1,970,000
Treatment	\$24,130,000
Development Impact Fee Study	\$16,607
TOTAL	\$26,116,607

Wastewater Development Impact Fee Revenue

		Residential	Nonresidential
		\$3,600 per Unit	\$60,008 per Connection
Year		Connections	Connections
Base	2017	3,106	267
Year 1	2018	3,179	277
Year 2	2019	3,251	287
Year 3	2020	3,322	297
Year 4	2021	3,394	308
Year 5	2022	3,465	321
Year 6	2023	3,537	335
Year 7	2024	3,608	350
Year 8	2025	3,680	365
Year 9	2026	3,751	381
Year 10	2027	3,823	397
<i>Ten-Yr Increase</i>		717	130
<i>10-year projected revenue</i>		\$2,347,503	\$7,814,022
Projected Revenue		\$10,161,525	

APPENDIX A: LAND USE ASSUMPTIONS

Arizona Revised Statutes (ARS) § 9-463.05 (T)(7) requires the preparation of a Land Use Assumptions document, which shows:

“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

TischlerBise prepared current demographic **estimates** and future development **projections** for both residential and nonresidential development that will be used in the Infrastructure Improvements Plan (IIP) and calculation of the development fees. Current demographic data estimates for 2017 are used in calculating levels of service (LOS) provided to existing development in the Town of Florence referred to as “Florence” or “Town of Florence” throughout this document. Although long-range projections are necessary for planning infrastructure systems, a shorter time frame of five to ten years is critical for the development fee analysis.

Arizona’s Development Fee Act requires fees to be updated at least every five years and limits the IIP to a maximum of ten years. Therefore, the use of a very long-range “build-out” analysis is no longer acceptable for deriving development fees in Arizona municipalities.

SUMMARY OF GROWTH INDICATORS

Population, housing units, and employment projections are key land use assumptions for the development fee study. Population is estimated by analyzing data from the 2010 Census, Arizona Department of Administration (ADOA), and the Town of Florence. 2018 represents the base year in the development impact fee study. TischlerBise used Town-provided building permit data in conjunction with U.S. Census Bureau and Maricopa Association of Governments (MAG) data to derive population and housing projections through 2028. An estimate of seasonal population in Florence is required as well due to the seasonality of large developments like Florence Gardens. Housing units are estimated by adding building permits, separated by type of unit, to the 2010 Census estimate of housing units. The annual average number of building permits during this period is used to project future housing growth. Base year employment and corresponding industry shares in Florence are provided by ESRI, which publishes employment data by jurisdiction. Industry share ratios from ESRI Business Summary for Florence are used to allocate employment to three categories (Commercial/Retail, Office/Institutional, Industrial/Flex). MAG publishes employment projections for jurisdictions based on Residential Analysis Zones (RAZs). The average annual growth rates from this data are applied to ESRI’s estimate of base year employment to project future employment. This represents an adjustment of the MAG data with the updated 2017 employment count. Figure A12 provides a comprehensive summary of the development projections used in the development impact fee study. These figures will be used to anticipate growth related infrastructure needs and determine development fee revenues. Development fee methodologies are designed to reduce sensitivity to development projections in the determination of the proportionate-share fee amounts. If actual development is slower than projected, fee revenue will decline, but so will the need for growth-

related infrastructure. In contrast, if development is faster than anticipated, Florence will receive an increase in fee revenue, but will also need to accelerate infrastructure improvements to keep pace with the actual rate of development.

RESIDENTIAL DEVELOPMENT

Current estimates and future projections of residential development are detailed in this section; including year-round population, peak population, and housing units by type.

Persons Per Housing Unit and Persons Per Household

According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. To determine proportionate-share fee amounts, development fees often use per capita standards. Thus, persons per housing unit (PPHU) or persons per household (PPH) can be used to derive proportionate share fee amounts. When PPH is used, the methodology assumes a higher percentage of housing units will be occupied, requiring seasonal or peak population to be used when deriving infrastructure standards. **TischlerBise recommends that development impact fees for residential development in Florence be derived according to persons per household standards, which considers the impact of seasonal population peaks.**

Figure A1 shows the Persons per Housing Unit and Persons per Household estimates for Florence, using 2016 American Community Survey 5-Year data; the most recent data available that provides counts of housing units and households by type. These estimates are calculated by housing unit type; single-family and multifamily. Single-family units include detached and attached (townhouse) single units and mobile homes. The multifamily category includes duplexes and structures with two or more units.

Figure A1: Persons per Household

Units in Structure	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single-Family Units ¹	11,192	4,618	2.42	6,683	1.67	87%	30.9%
Multifamily	1,538	854	1.80	956	1.61	13%	10.7%
Subtotal	12,730	5,472	2.33	7,639	1.67	100%	28.4%
Group Quarters	13,491						
Total	26,221						

Source: U.S. Census Bureau, 2016 American Community Survey, 5-year estimates Tables B25033, B25032, B25024, B26001

1. Includes detached and attached units (i.e. townhouses) and mobile homes

Single-family units average 2.42 persons per household and multifamily units average 1.80 persons per household. Florence's persons per household factor for 2016 is 2.33.

Recent Residential Construction

Current levels of service for residential development are determined by using estimates of population and housing units. To determine the base year estimate of housing units, TischlerBise adds the number of

units from the 2010 Census (April 1, 2010), the most recent Decennial Census, to residential building permits provided by Town staff. Figure A2 shows annual residential building permits by type of unit. 1,199 housing units were permitted between 2011 and 2017 (this does not include the 109 units constructed from April 1, 2010 to December 31, 2010). Approximately 96% of new permitted units were Single-Family, with the remaining units falling in the Mobile or Manufactured Home category. The average annual number of residential permits issued was 171 units.

Figure A2: Residential Permits

	2011	2012	2013	2014	2015	2016	2017	Units Added	Avg Annual	% of Permits
Single-Family	112	138	182	144	176	183	215	1,150	164	96%
Multi-Family	0	0	0	0	0	0	0	0	0	0%
Mobile Homes	12	6	6	6	8	5	6	49	7	4%
Totals	124	144	188	150	184	188	221	1,199	171	100%

Source: Town of Florence.

TischlerBise combines the building permit data in Figure A2 with the U.S. Census Bureau's 2010 estimate of housing units to derive the current estimate of housing units. Figure A3 shows that housing units in at the end of calendar year 2017 (or as of January 1, 2018) are estimated at 6,532 units, which represents an average annual growth of almost 3%.

Figure A3: Housing Unit Estimates on January 1, 2018

	2010	2011	2012	2013	2014	2015	2016	2017	Avg. Annual Growth
Housing Units	5,333	5,457	5,601	5,789	5,939	6,123	6,311	6,532	1,199
% Change		2.33%	2.64%	3.36%	2.59%	3.10%	3.07%	3.50%	2.94%
Units Added		124	144	188	150	184	188	221	171

TischlerBise calculation using 2010 Census and Town of Florence building permit data.

Housing Unit Projections

Housing unit projections are based on the January 1, 2018 housing unit estimate of 6,532, building permit data, and discussions with Town staff. The average annual number of units permitted between 2011 and 2017 was 171. Based on this value, discussions with Town staff, and upcoming development projects, it is reasonable to assume an increase of 200 housing units per year for the next ten years. While no multi-family units were permitted between 2010 and the end of 2017, the anticipated Innovation Pavilion development is expected to bring "millennial style" housing. Thus, the housing unit projections include new multi-family units, in addition to single-family and manufactured homes. New housing units are allocated by using the housing mix derived in Figure A1.

Figure A4: Housing Unit Projections – 2018-2028

	2018	2019	2020	2021	2022	2023	2028	Units Added
	Base Year	1	2	3	4	5	10	
Housing Units	6,532	6,732	6,932	7,132	7,332	7,532	8,532	2,000
Single-Family	5,879	6,054	6,229	6,404	6,579	6,754	7,629	1,750
All Other Housing Types	653	678	703	728	753	778	903	250

Average number of units added annually between 2010 and 2017 is 165 based on permit data provided by Town staff.

Projections assume that 200 units will be added annually.

Housing units are allocated by type according to the housing mix published by the 2016 ACS

Population Estimates

An estimate of current population is used in development fee studies to determine levels of service and proportionate-share fee amounts. TischlerBise calculates both year-round and peak population and households for the Town of Florence due to the large percentage of seasonal housing units in some developments. TischlerBise derives year-round population in households by applying the persons per housing unit factor (without group quarters) derived in Figure A1 to the base year estimate of housing units derived in Figure A3. This results in a year-round household population of 10,897 persons. Adding the 2017 group quarters estimate (16,400) from the Town of Florence to the year-round household population results in a total year-round population of 27,297 persons. To determine year-round households for the base year, the 2016 ACS year-round occupancy rate of 71.6% (100% - 28.4% vacancy) is applied to the estimate of December 31, 2017 housing units. This yields a base year estimate of 4,677 year-round households (6,532 x 71.6%), as shown in Figure A5. The year-round population and household estimates shown in Figure A5 are used to determine peak population and households, which takes into account the large percentage of seasonal or recreational housing units.

Figure A5: 2018 Year-Round Population and Households

	2010*	2017	Difference
Housing Units	5,224	6,532	1,308
Occupied Units	3,330	4,677	1,347
Vacant Units#	1,894	1,855	-39
Seasonal	1,238	1,538	300
Household Population##	7,836	10,897	3,061
Prison**		16,400	
		27,297	

*2010 US Census

**Provided by Town of Florence

#2017 vacant units estimate is based on 2016 ACS rate of 28.4%

##2010 household population is from the US Census. 2017 estimate is based on 2.33 pph factor from 2016 ACS data

To calculate peak population, the year-round household estimate of 4,677 is used as the base. Seasonal households (defined by the U.S. Census Bureau as housing units for seasonal, occasional, or recreational use) are added to year-round households to determine peak households. Seasonal housing units were estimated by adding the Town's estimate of seasonal units to the 2010 US Census estimate of seasonal units. Seasonal units are estimated at 1,538. Combining the estimates of year-round and seasonal households, results in a peak household estimate of 6,215 units ($4,677 + 1,538 = 6,215$) for the Town of Florence. To estimate peak population, the peak household estimate of 6,215 is multiplied by the overall persons per household ratio of 2.33, resulting in 14,480 persons. Adding this value to the group quarters population results in a 2018 peak population of 30,880 persons, as shown in Figure A6.

Figure A6: 2018 Peak Population and Households

Year-Round Households	4,677
Housing Units for seasonal, recreational, or occasional use ²	1,538
Peak Households	6,215
Persons per Household ²	2.33
Peak Population in Households	14,480
Group Quarters Population	16,400
Peak Population ²	30,880

2. TischlerBise calculation based on seasonal units from 2010 plus the Town's estimate of seasonal units added since 2010.

Townwide Population Projections

Based on the 2018 housing unit estimate, and year-round and peak populations derived in Figures A5 and A6, TischlerBise developed peak population and household projections for the ten-year period from 2018-2028. These projections result in a ten-year increase of 4,433 persons (3,331 year-round residents and 1,101 seasonal residents) as shown in Figure A7.

Figure A7: Townwide Housing Unit and Population Projections

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	10-Year
	Base Year	1	2	3	4	5	6	7	8	9	10	Increase
Population												
Year-Round in HH	10,897	11,230	11,563	11,897	12,230	12,563	12,896	13,229	13,562	13,895	14,229	3,331
Seasonal	3,583	3,696	3,806	3,916	4,025	4,135	4,245	4,355	4,465	4,574	4,684	1,101
Peak in HH	14,480	14,926	15,369	15,812	16,255	16,698	17,141	17,584	18,027	18,470	18,913	
Total Peak	30,880	31,326	31,769	32,212	32,655	33,098	33,541	33,984	34,427	34,870	35,313	4,433
Housing Units	6,532	6,732	6,932	7,132	7,332	7,532	7,732	7,932	8,132	8,332	8,532	2,000
Single-Family	5,715	5,890	6,064	6,239	6,414	6,589	6,764	6,939	7,114	7,289	7,464	1,750
Multifamily	817	842	868	893	918	943	968	993	1,018	1,043	1,068	250
Peak Households	6,215	6,409	6,599	6,790	6,980	7,170	7,361	7,551	7,742	7,932	8,122	1,908
Single-Family	5,437	5,607	5,773	5,940	6,107	6,273	6,440	6,606	6,773	6,939	7,106	1,669
Multifamily	778	802	826	850	874	897	921	945	969	993	1,017	239

TischlerBise compared population projections derived based on the PPH factors in Figure 1 to Maricopa Association of Governments (MAG) projections. MAG projects a ten-year increase of 6,800 persons, while TischlerBise projections based on the previously discussed development indicators suggest an increase of 5,439 persons. MAG projections do not take seasonal or transient population into consideration, therefore while TischlerBise projects a smaller increase in population over the ten-year period, the estimate of total population in 2028, 35,313, is only slightly higher than that of MAG's projection of 34,600, due to a higher base-year estimate of total peak population.

Population Projections for Town of Florence Utility Service Area

The Town of Florence has several water and sewer providers, necessitating the need for TischlerBise to project the amount of residential development within the Town of Florence utility service area. To determine the amount of development that is likely to occur in the Town utility service area, TischlerBise evaluated building permit data over the last five years, which indicates that approximately 99 percent of the single family units will be constructed outside of the Town of Florence utility service area. Figure A8 shows projected development inside and outside the Town of Florence utility service areas.

Figure A8: Housing Unit and Population Projections for Utility Service Areas

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	10-Year
	Base Year	1	2	3	4	5	6	7	8	9	10	Increase
Population												
Year-Round in HH	10,897	11,230	11,563	11,897	12,230	12,563	12,896	13,229	13,562	13,895	14,229	3,331
Seasonal	3,583	3,696	3,806	3,916	4,025	4,135	4,245	4,355	4,465	4,574	4,684	1,101
Peak in HH	14,480	14,926	15,369	15,812	16,255	16,698	17,141	17,584	18,027	18,470	18,913	4,433
Total Peak	30,880	31,326	31,769	32,212	32,655	33,098	33,541	33,984	34,427	34,870	35,313	4,433
Housing Units												
Single-Family	6,532	6,732	6,932	7,132	7,332	7,532	7,732	7,932	8,132	8,332	8,532	2,000
Non-Florence Utility Area Share	5,715	5,890	6,064	6,239	6,414	6,589	6,764	6,939	7,114	7,289	7,464	1,750
All Other Areas	64	66	68	70	72	73	75	77	79	81	83	20
Multi-Family	817	842	868	893	918	943	968	993	1,018	1,043	1,068	250
Peak Households												
Single-Family	6,215	6,409	6,599	6,790	6,980	7,170	7,361	7,551	7,742	7,932	8,122	1,908
Multi-Family	5,437	5,607	5,773	5,940	6,107	6,273	6,440	6,606	6,773	6,939	7,106	1,669
Population in Group Quarters	778	802	826	850	874	897	921	945	969	993	1,017	239
Population-Other Utility Service Areas	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	
Population-Florence Utility Areas	10,567	10,891	11,214	11,538	11,861	12,185	12,508	12,832	13,155	13,479	13,802	3,235
	3,913	4,036	4,155	4,275	4,394	4,513	4,633	4,752	4,872	4,991	5,110	1,197
	30,880	31,326	31,769	32,212	32,655	33,098	33,541	33,984	34,427	34,870	35,313	

NONRESIDENTIAL DEVELOPMENT

In addition to data on the residential market, calculating development fees requires data on the nonresidential market, including number of jobs and nonresidential square footage in the Town of Florence. TischlerBise uses the term “jobs” to refer to employment by place of work. Current estimates and future projections of nonresidential development are detailed in this section.

Job estimates can be used to estimate nonresidential square footage based on data published by The Institute of Transportation Engineers, which provides measures of average square feet per employee. The land uses highlighted in Figure A9 are the prototypes used to estimate nonresidential square footage in the Town of Florence. Light Industrial (ITE110) is a good approximation for Industrial/Flex square footage. General Office (ITE710) is used for Office/Institutional square footage, and Shopping Center (ITE820) is used for Commercial/Retail square footage.

Figure A9: Nonresidential Service Units per Development Unit

ITE Code	Land Use	Demand Unit	Wkdy Trip Ends Per Dmd Unit*	Wkdy Trip Ends Per Employee*	Emp Per Dmd Unit	Sq Ft Per Emp
110	Light Industrial	1,000 Sq Ft	4.96	3.05	1.63	615
130	Industrial Park	1,000 Sq Ft	3.37	2.91	1.16	864
140	Manufacturing	1,000 Sq Ft	3.93	2.47	1.59	628
150	Warehousing	1,000 Sq Ft	1.74	5.05	0.34	2,902
254	Assisted Living	bed	2.60	4.24	0.61	na
310	Hotel	bed	8.36	14.34	0.58	na
320	Motel	room	3.35	25.17	0.13	na
520	Elementary School	1,000 Sq Ft	19.52	21.00	0.93	1,076
530	High School	1,000 Sq Ft	14.07	22.25	0.63	1,581
540	Community College	student	1.15	14.61	0.08	na
550	University/College	student	1.56	8.89	0.18	na
565	Day Care	student	4.09	21.38	0.19	na
610	Hospital	1,000 Sq Ft	10.72	3.79	2.83	354
620	Nursing Home	1,000 Sq Ft	6.64	2.91	2.28	438
710	General Office (avg size)	1,000 Sq Ft	9.74	3.28	2.97	337
760	Research & Dev Center	1,000 Sq Ft	11.26	3.29	3.42	292
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.75	16.11	2.34	427

* *Trip Generation*, Institute of Transportation Engineers, 10th Edition (2017).

Current Estimate of Employment and Nonresidential Square Footage

To derive current nonresidential floor area, TischlerBise uses ESRI employment estimates, available by industry sector. Jobs are organized by three industry types: Commercial/Retail, Office/Institutional, and Industrial/Flex. These estimates state that there are 7,626 total jobs in Florence in 2017. Each sector's jobs total is multiplied by the ITE average square footage per employee factors shown in Figure A8. This results in a base year estimate of approximately 0.270 million square feet of Commercial/Retail development (634 jobs x 427 square feet per job), 2.305 million square feet of Office/Institutional development (6,840 jobs x 337 square feet per job), and approximately 93,000 square feet of Industrial/Flex development (152 jobs x 615 square feet per job). Estimated floor area totals 2.669 million square feet.

Figure A10: Estimated Employment and Distribution by Industry Type

Type	2017 Jobs ¹	Share of Total Jobs	SF per Employee ²	2016 Estimated Floor Area	Jobs per 1000 SF
Commercial/Retail ³	634	8.3%	427	270,718	2.34
Office/Institutional ⁴	6,840	89.7%	337	2,305,080	2.97
Industrial/Flex ⁵	152	2.0%	615	93,480	1.63
TOTAL	7,626	100.0%		2,669,278	

1. Florence Business Summary 2017, Esri Total Residential Forecasts.

2. *Trip Generation*, Institute of Transportation Engineers, 2017.

3. Major sector is Eating & Drinking Places.

4. Major sector is Government.

5. Major sector is Construction.

Employment and Nonresidential Floor Area Projections

The employment and nonresidential square footage estimates detailed above in Figure A10 represent the base year estimates used to derive projections for future employment and nonresidential floor area. Past trends in employment and the nonresidential market are also taken into consideration.

AZMAG publishes employment projections for Maricopa Area jurisdictions by Residential Analysis Zones (RAZ). The growth rates from these projections are applied to the 2018 base year employment data to project employment, and nonresidential development, over the next ten years. The AZMAG average annual employment growth rate between 2015 and 2020 is 3.62%. The average annual employment growth rate between 2020 and 2030 is 4.3%. The projected increase in employment can then be used to project growth in nonresidential square footage using the square feet per employee factors shown in Figures A8 and A9. These estimates are shown in Figure A11 below. Over the next ten years, Florence expects to add approximately 3,719 jobs. Therefore, approximately 1.3 million square feet of nonresidential development should be added during the same time period. These estimates represent an average increase of approximately 130,000 square feet per year.

Figure A11: Employment and Nonresidential Floor Area Projections

	2018	2019	2020	2021	2022	2023	2028	10-Year Increase
	Base Yr	1	2	3	4	5	10	
EMPLOYMENT BY TYPE								
Commercial/Retail	634	657	681	705	731	763	943	309
Office/Institutional	6,840	7,087	7,344	7,609	7,885	8,227	10,176	3,336
Industrial/Flex	152	157	163	169	175	183	226	74
Total Employment	7,626	7,902	8,188	8,484	8,791	9,172	11,345	3,719
NONRES. FLOOR AREA (X 1,000 SF)								
Commercial/Retail	271	281	291	301	312	326	403	132
Office/Institutional	2,305	2,388	2,475	2,564	2,657	2,773	3,429	1,124
Industrial/Flex	93	97	100	104	108	112	139	46
Total Nonres. Floor Area	2,669	2,766	2,866	2,970	3,077	3,211	3,971	1,302
	2018-19	2019-20	2020-21	2021-22	2022-23	2027-28	10-Year Average	
	1	2	3	4	5	10		
ANNUAL INCREASE								
Employment	276	286	296	307	382	472	372	
Commercial/Retail KSF	10	10	11	11	14	17	13	
Office/Institutional KSF	83	86	90	93	115	143	112	
Industrial/Flex KSF	3	4	4	4	5	6	5	
Total Nonres. Floor Area KSF	97	100	104	107	134	165	130	

AVERAGE DAILY VEHICLE TRIPS

Average daily vehicle Trips are used as a measure of demand by land use. Vehicle trips are estimated using average weekday vehicle trip ends from the reference book, *Trip Generation, 10th Edition*, published by the Institute of Transportation Engineers (ITE) in 2017. A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). Adjustment

factors must be used when calculating vehicle trips in order to avoid double counting each trip, both at the origin and the destination.

Residential Vehicle Trips

As an alternative to using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip generation rates using local demographic data. Key independent variables needed for the analysis (i.e. vehicles available, housing units, households, and persons) are available from American Community Survey data. Shown below in Figure A12, custom trip generation rates for Florence differ significantly from the national averages. Single-family residential development is estimated to generate 6.20 average weekday vehicle trip ends per dwelling unit; 34% fewer than the national average of 9.44 (ITE 210). The multifamily housing category is estimated to generate 4.30 average weekday vehicle trip ends per dwelling; 21% fewer trips than the national average of 5.44 (ITE 221).

Figure A12: Average Weekday Vehicle Trip Ends by Housing Type

	Vehicles Available	Households by Structure Type ²			Vehicles per Household by Tenure
		Single-Family Units*	All Other Housing Types	Total HHs	
Owner-occupied	6,123	3,762	224	3,986	1.54
Renter-occupied	1,915	844	642	1,486	1.29
TOTAL	8,038	4,606	866	5,472	1.47
Housing Units (6) =>		6,671	968	7,639	
Persons per Housing Unit =>		1.68	1.60	1.67	

	Persons in Household ³	Trip Ends ⁴	Vehicles by Type of Housing	Trip Ends ⁵	Average Trip Ends	Trip Ends per Housing Unit	
						Florence	ITE
Single-Family Units	11,180	37,401	6,867	45,264	41,332	6.20	9.44
Multifamily	1,550	3,468	1,171	4,909	4,189	4.30	5.44
TOTAL	12,730	40,869	8,038	50,173	45,521	6.00	

* Includes Single Family Detached, Attached, and Manufactured Homes

(1) Vehicles available by tenure from Table B25046, 2012-2016 American Community Survey 5-Year Estimates.

(2) Households by tenure and units in structure from Table B25032, American Community Survey, 2012-2016.

(3) Persons by units in structure from Table B25033, American Community Survey, 2011-2015.

(4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is $\text{EXP}(0.89 \cdot \text{LN}(\text{persons}) + 1.72)$. To approximate the average population of the ITE studies, persons were divided by 28 and the equation result multiplied by 28. For multifamily housing (ITE 221), the fitted curve equation is $(2.29 \cdot \text{persons}) - 81.02$.

(5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is $\text{EXP}(0.99 \cdot \text{LN}(\text{vehicles}) + 1.93)$. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 35.7 and the equation result multiplied by 35.7. For multifamily housing (ITE 220), the fitted curve equation is $(3.94 \cdot \text{vehicles}) + 293.58$ (ITE 2012).

(6) Housing units from Table B25024, American Community Survey, 2011-2015.

DETAILED DEVELOPMENT PROJECTIONS

Figure A13 below provides a summary of demographic and development projections discussed in this memorandum. These projections will be used for the development impact fee study. The development fee calculations use a base year of 2018, and the projections thereafter are used to estimate projected future demand for service and infrastructure, along with the revenues and expenditures associated with this demand.

Figure A13: Townwide Development Projections Summary

	2018	2019	2020	2021	2022	2023	2028	10-Year
	Base Yr	1	2	3	4	5	10	Increase
POPULATION								
Year-Round in HH	10,897	11,230	11,563	11,897	12,230	12,563	14,229	3,331
Total Year-Round	27,297	27,630	27,963	28,297	28,630	28,963	30,629	3,331
Seasonal	3,583	3,696	3,806	3,916	4,025	4,135	4,684	1,101
Total Peak	30,880	31,326	31,769	32,212	32,655	33,098	35,313	4,433
HOUSING UNITS								
Single-Family	5,715	5,890	6,064	6,239	6,414	6,589	7,464	1,750
Multi-Family	817	842	868	893	918	943	1,068	250
Total Housing Units	6,532	6,732	6,932	7,132	7,332	7,532	8,532	2,000
EMPLOYMENT BY TYPE								
Commercial/Retail	634	657	681	705	731	763	943	309
Office/Institutional	6,840	7,087	7,344	7,609	7,885	8,227	10,176	3,336
Industrial/Flex	152	157	163	169	175	183	226	74
Total Employment	7,626	7,902	8,188	8,484	8,791	9,172	11,345	3,719
NONRES. FLOOR AREA (X 1,000 SF)								
Commercial/Retail	271	281	291	301	312	326	403	132
Office/Institutional	2,305	2,388	2,475	2,564	2,657	2,773	3,429	1,124
Industrial/Flex	93	97	100	104	108	112	139	46
Total Nonres. Floor Area	2,669	2,766	2,866	2,970	3,077	3,211	3,971	1,302
ANNUAL INCREASE								
	2018-19	2019-20	2020-21	2021-22	2022-23	2027-28	10-Year	
	1	2	3	4	5	10	Average	
Year-Round Population	333	333	333	333	333	333	333	
Peak Population	446	443	443	443	443	443	443	
Total Housing Units	200	200	200	200	200	200	200	
Total Employment	276	286	296	307	382	472	372	
Total Nonres. Floor Area	97	100	104	107	134	165	130	

Over the next ten years, land use assumptions indicate that housing units will increase by an average of 200 units per year, and nonresidential square footage will increase by an average of approximately 130,000 square feet per year. The increase in residential development will primarily be single family housing units.

APPENDIX B: ARIZONA REVISED STATUTES

Arizona Revised Statutes (ARS) 9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitation on actions; definitions

(Effective January 1, 2012)

A. A municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan.

B. Development fees assessed by a municipality under this section are subject to the following requirements:

1. Development fees shall result in a beneficial use to the development.
2. The municipality shall calculate the development fee based on the infrastructure improvements plan adopted pursuant to this section.
3. The development fee shall not exceed a proportionate share of the cost of necessary public services, based on service units, needed to provide necessary public services to the development.
4. Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area.
5. Development fees may not be used for any of the following:
 - (a) Construction, acquisition or expansion of public facilities or assets other than necessary public services or facility expansions identified in the infrastructure improvements plan.
 - (b) Repair, operation or maintenance of existing or new necessary public services or facility expansions.
 - (c) Upgrading, updating, expanding, correcting or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.
 - (d) Upgrading, updating, expanding, correcting or replacing existing necessary public services to provide a higher level of service to existing development.
 - (e) Administrative, maintenance or operating costs of the municipality.
6. Any development for which a development fee has been paid is entitled to the use and benefit of the services for which the fee was imposed and is entitled to receive immediate service from any existing facility with available capacity to serve the new service units if the available capacity has not been reserved or pledged in connection with the construction or financing of the facility.

7. Development fees may be collected if any of the following occurs:

- (a) The collection is made to pay for a necessary public service or facility expansion that is identified in the infrastructure improvements plan and the municipality plans to complete construction and to have the service available within the time period established in the infrastructure improvement plan, but in no event longer than the time period provided in subsection H, paragraph 3 of this section.
- (b) The municipality reserves in the infrastructure improvements plan adopted pursuant to this section or otherwise agrees to reserve capacity to serve future development.
- (c) The municipality requires or agrees to allow the owner of a development to construct or finance the necessary public service or facility expansion and any of the following apply:
 - (i) The costs incurred or money advanced are credited against or reimbursed from the development fees otherwise due from a development.
 - (ii) The municipality reimburses the owner for those costs from the development fees paid from all developments that will use those necessary public services or facility expansions.
 - (iii) For those costs incurred the municipality allows the owner to assign the credits or reimbursement rights from the development fees otherwise due from a development to other developments for the same category of necessary public services in the same service area.

8. Projected interest charges and other finance costs may be included in determining the amount of development fees only if the monies are used for the payment of principal and interest on the portion of the bonds, notes or other obligations issued to finance construction of necessary public services or facility expansions identified in the infrastructure improvements plan.

9. Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.

10. The schedule for payment of fees shall be provided by the municipality. Based on the cost identified in the infrastructure improvements plan, the municipality shall provide an offset toward the payment of a development fee for the required or agreed to dedication of public sites, improvements and other necessary public services or facility expansions included in the infrastructure improvements plan and for which a development fee is assessed, to the extent the

public sites, improvements and necessary public services or facility expansions are provided by the developer. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued, or at a later time if specified in a development agreement pursuant to section 9-500.05. If a development agreement provides for fees to be paid at a time later than the issuance of construction permits, the deferred fees shall be paid no later than fifteen days after the issuance of a certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.

11. If a municipality requires as a condition of development approval the construction or improvement of, contributions to or dedication of any facilities that were not included in a previously adopted infrastructure improvements plan, the municipality shall cause the infrastructure improvements plan to be amended to include the facilities and shall provide a credit toward the payment of a development fee for the construction, improvement, contribution or dedication of the facilities to the extent that the facilities will substitute for or otherwise reduce the need for other similar facilities in the infrastructure improvements plan for which development fees were assessed.

12. The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.

13. If development fees are assessed by a municipality, the fees shall be assessed against commercial, residential and industrial development, except that the municipality may distinguish between different categories of residential, commercial and industrial development in assessing the costs to the municipality of providing necessary public services to new development and in determining the amount of the development fee applicable to the category of development. If a municipality agrees to waive any of the development fees assessed on a development, the municipality shall reimburse the appropriate development fee accounts for the amount that was waived. The municipality shall provide notice of any such waiver to the advisory committee established pursuant to subsection G of this section within thirty days.

14. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the municipality shall consider all public

infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

C. A municipality shall give at least thirty days' advance notice of intention to assess a development fee and shall release to the public and post on its website or the website of an association of cities and towns if a municipality does not have a website a written report of the land use assumptions and infrastructure improvements plan adopted pursuant to subsection D of this section. The municipality shall conduct a public hearing on the proposed development fee at any time after the expiration of the thirty day notice of intention to assess a development fee and at least thirty days before the scheduled date of adoption of the fee by the governing body. Within sixty days after the date of the public hearing on the proposed development fee, a municipality shall approve or disapprove the imposition of the development fee. A municipality shall not adopt an ordinance, order or resolution approving a development fee as an emergency measure. A development fee assessed pursuant to this section shall not be effective until seventy-five days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted before July 24, 1982.

D. Before the adoption or amendment of a development fee, the governing body of the municipality shall adopt or update the land use assumptions and infrastructure improvements plan for the designated service area. The municipality shall conduct a public hearing on the land use assumptions and infrastructure improvements plan at least thirty days before the adoption or update of the plan. The municipality shall release the plan to the public, post the plan on its website or the website of an association of cities and towns if the municipality does not have a website, including in the posting its land use assumptions, the time period of the projections, a description of the necessary public services included in the infrastructure improvements plan and a map of the service area to which the land use assumptions apply, make available to the public the documents used to prepare the assumptions and plan and provide public notice at least sixty days before the public hearing, subject to the following:

1. The land use assumptions and infrastructure improvements plan shall be approved or disapproved within sixty days after the public hearing on the land use assumptions and infrastructure improvements plan and at least thirty days before the public hearing on the report required by subsection C of this section. A municipality shall not adopt an ordinance, order or resolution approving the land use assumptions or infrastructure improvements plan as an emergency measure.
2. An infrastructure improvements plan shall be developed by qualified professionals using generally accepted engineering and planning practices pursuant to subsection E of this section.
3. A municipality shall update the land use assumptions and infrastructure improvements plan at least every five years. The initial five year period begins on the day the infrastructure improvements plan is adopted. The municipality shall review and evaluate its current land use assumptions and shall cause an update of the infrastructure improvements plan to be prepared pursuant to this section.

4. Within sixty days after completion of the updated land use assumptions and infrastructure improvements plan, the municipality shall schedule and provide notice of a public hearing to discuss and review the update and shall determine whether to amend the assumptions and plan.
5. A municipality shall hold a public hearing to discuss the proposed amendments to the land use assumptions, the infrastructure improvements plan or the development fee. The land use assumptions and the infrastructure improvements plan, including the amount of any proposed changes to the development fee per service unit, shall be made available to the public on or before the date of the first publication of the notice of the hearing on the amendments.
6. The notice and hearing procedures prescribed in paragraph 1 of this subsection apply to a hearing on the amendment of land use assumptions, an infrastructure improvement plan or a development fee. Within sixty days after the date of the public hearing on the amendments, a municipality shall approve or disapprove the amendments to the land use assumptions, infrastructure improvements plan or development fee. A municipality shall not adopt an ordinance, order or resolution approving the amended land use assumptions, infrastructure improvements plan or development fee as an emergency measure.
7. The advisory committee established under subsection G of this section shall file its written comments on any proposed or updated land use assumptions, infrastructure improvements plan and development fees before the fifth business day before the date of the public hearing on the proposed or updated assumptions, plan and fees.
8. If, at the time an update as prescribed in paragraph 3 of this subsection is required, the municipality determines that no changes to the land use assumptions, infrastructure improvements plan or development fees are needed, the municipality may as an alternative to the updating requirements of this subsection publish notice of its determination on its website and include the following:
 - (a) A statement that the municipality has determined that no change to the land use assumptions, infrastructure improvements plan or development fee is necessary.
 - (b) A description and map of the service area in which an update has been determined to be unnecessary.
 - (c) A statement that by a specified date, which shall be at least sixty days after the date of publication of the first notice, a person may make a written request to the municipality requesting that the land use assumptions, infrastructure improvements plan or development fee be updated.
 - (d) A statement identifying the person or entity to whom the written request for an update should be sent.
9. If, by the date specified pursuant to paragraph 8 of this subsection, a person requests in writing that the land use assumptions, infrastructure improvements plan or development fee be updated,

the municipality shall cause, accept or reject an update of the assumptions and plan to be prepared pursuant to this subsection.

10. Notwithstanding the notice and hearing requirements for adoption of an infrastructure improvements plan, a municipality may amend an infrastructure improvements plan adopted pursuant to this section without a public hearing if the amendment addresses only elements of necessary public services in the existing infrastructure improvements plan and the changes to the plan will not, individually or cumulatively with other amendments adopted pursuant to this subsection, increase the level of service in the service area or cause a development fee increase of greater than five per cent when a new or modified development fee is assessed pursuant to this section. The municipality shall provide notice of any such amendment at least thirty days before adoption, shall post the amendment on its website or on the website of an association of cities and towns if the municipality does not have a website and shall provide notice to the advisory committee established pursuant to subsection G of this section that the amendment complies with this subsection.

E. For each necessary public service that is the subject of a development fee, the infrastructure improvements plan shall include:

1. A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.

7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.

F. A municipality's development fee ordinance shall provide that a new development fee or an increased portion of a modified development fee shall not be assessed against a development for twenty-four months after the date that the municipality issues the final approval for a commercial, industrial or multifamily development or the date that the first building permit is issued for a residential development pursuant to an approved site plan or subdivision plat, provided that no subsequent changes are made to the approved site plan or subdivision plat that would increase the number of service units. If the number of service units increases, the new or increased portion of a modified development fee shall be limited to the amount attributable to the additional service units. The twenty-four month period shall not be extended by a renewal or amendment of the site plan or the final subdivision plat that was the subject of the final approval. The municipality shall issue, on request, a written statement of the development fee schedule applicable to the development. If, after the date of the municipality's final approval of a development, the municipality reduces the development fee assessed on development, the reduced fee shall apply to the development.

G. A municipality shall do one of the following:

1. Before the adoption of proposed or updated land use assumptions, infrastructure improvements plan and development fees as prescribed in subsection D of this section, the municipality shall appoint an infrastructure improvements advisory committee, subject to the following requirements:

(a) The advisory committee shall be composed of at least five members who are appointed by the governing body of the municipality. At least fifty per cent of the members of the advisory committee must be representatives of the real estate, development or building industries, of which at least one member of the committee must be from the home building industry. Members shall not be employees or officials of the municipality.

(b) The advisory committee shall serve in an advisory capacity and shall:

(i) Advise the municipality in adopting land use assumptions and in determining whether the assumptions are in conformance with the general plan of the municipality.

(ii) Review the infrastructure improvements plan and file written comments.

(iii) Monitor and evaluate implementation of the infrastructure improvements plan.

(iv) Every year file reports with respect to the progress of the infrastructure improvements plan and the collection and expenditures of development fees and report to the municipality any perceived inequities in implementing the plan or imposing the development fee.

(v) Advise the municipality of the need to update or revise the land use assumptions, infrastructure improvements plan and development fee.

(c) The municipality shall make available to the advisory committee any professional reports with respect to developing and implementing the infrastructure improvements plan.

(d) The municipality shall adopt procedural rules for the advisory committee to follow in carrying out the committee's duties.

2. In lieu of creating an advisory committee pursuant to paragraph 1 of this subsection, provide for a biennial certified audit of the municipality's land use assumptions, infrastructure improvements plan and development fees. An audit pursuant to this paragraph shall be conducted by one or more qualified professionals who are not employees or officials of the municipality and who did not prepare the infrastructure improvements plan. The audit shall review the progress of the infrastructure improvements plan, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fee. The municipality shall post the findings of the audit on the municipality's website or the website of an association of cities and towns if the municipality does not have a website and shall conduct a public hearing on the audit within sixty days of the release of the audit to the public.

H. On written request, an owner of real property for which a development fee has been paid after July 31, 2014 is entitled to a refund of a development fee or any part of a development fee if:

1. Pursuant to subsection B, paragraph 6 of this section, existing facilities are available, and service is not provided.

2. The municipality has, after collecting the fee to construct a facility when service is not available, failed to complete construction within the time period identified in the infrastructure improvements plan, but in no event later than the time period specified in paragraph 3 of this subsection.

3. For a development fee other than a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within ten years after the fee has been paid or, for a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within fifteen years after the fee has been paid.

I. If the development fee was collected for the construction of all or a portion of a specific item of infrastructure, and on completion of the infrastructure the municipality determines that the actual cost

of construction was less than the forecasted cost of construction on which the development fee was based and the difference between the actual and estimated cost is greater than ten per cent, the current owner may receive a refund of the portion of the development fee equal to the difference between the development fee paid and the development fee that would have been due if the development fee had been calculated at the actual construction cost.

J. A refund shall include any interest earned by the municipality from the date of collection to the date of refund on the amount of the refunded fee. All refunds shall be made to the record owner of the property at the time the refund is paid. If the development fee is paid by a governmental entity, the refund shall be paid to the governmental entity.

K. A development fee that was adopted before January 1, 2012 may continue to be assessed only to the extent that it will be used to provide a necessary public service for which development fees can be assessed pursuant to this section and shall be replaced by a development fee imposed under this section on or before August 1, 2014. Any municipality having a development fee that has not been replaced under this section on or before August 1, 2014 shall not collect development fees until the development fee has been replaced with a fee that complies with this section. Any development fee monies collected before January 1, 2012 remaining in a development fee account:

1. Shall be used towards the same category of necessary public services as authorized by this section.
2. If development fees were collected for a purpose not authorized by this section, shall be used for the purpose for which they were collected on or before January 1, 2020, and after which, if not spent, shall be distributed equally among the categories of necessary public services authorized by this section.

L. A moratorium shall not be placed on development for the sole purpose of awaiting completion of all or any part of the process necessary to develop, adopt or update development fees.

M. In any judicial action interpreting this section, all powers conferred on municipal governments in this section shall be narrowly construed to ensure that development fees are not used to impose on new residents a burden all taxpayers of a municipality should bear equally.

N. Each municipality that assesses development fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development fee.
2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.
3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.
4. The amount of development fee monies used to repay:

(a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment, including the amount needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid.

(b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality.

5. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.

6. The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

O. Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the Town clerk and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

P. A municipality that fails to file the report and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website as required by this section shall not collect development fees until the report is filed and posted.

Q. Any action to collect a development fee shall be commenced within two years after the obligation to pay the fee accrues.

R. A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

S. Through August 1, 2014, a development fee adopted before January 1, 2012 may be used to finance construction of a facility and may be pledged to repay debt service obligations if:

1. The facility that is being financed is a facility that is described under subsection T, paragraph 7, subdivisions (a) through (g) of this section.
2. The facility was included in an infrastructure improvements plan adopted before June 1, 2011.

3. The development fees are used for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued to finance construction of the necessary public services or facility expansions identified in the infrastructure improvement plan.

T. For the purposes of this section:

1. "Dedication" means the actual conveyance date or the date an improvement, facility or real or personal property is placed into service, whichever occurs first.

2. "Development" means:

(a) The subdivision of land.

(b) The construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure that adds or increases the number of service units.

(c) Any use or extension of the use of land that increases the number of service units.

3. "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise new necessary public service in order that the existing facility may serve new development. Facility expansion does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development.

4. "Final approval" means:

(a) For a nonresidential or multifamily development, the approval of a site plan or, if no site plan is submitted for the development, the approval of a final subdivision plat.

(b) For a single family residential development, the approval of a final subdivision plat.

5. "Infrastructure improvements plan" means a written plan that identifies each necessary public service or facility expansion that is proposed to be the subject of a development fee and otherwise complies with the requirements of this section, and may be the municipality's capital improvements plan.

6. "Land use assumptions" means projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the general plan of the municipality.

7. "Necessary public service" means any of the following facilities that have a life expectancy of three or more years and that are owned and operated by or on behalf of the municipality:

(a) Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.

(b) Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.

(c) Storm water, drainage and flood control facilities, including any appurtenances for those facilities.

(d) Library facilities of up to ten thousand square feet that provide a direct benefit to development, not including equipment, vehicles or appurtenances.

(e) Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.

(f) Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.

(g) Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.

(h) Any facility that was financed and that meets all of the requirements prescribed in subsection R of this section.

8. "Qualified professional" means a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience.

9. "Service area" means any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan.

10. "Service unit" means a standardized measure of consumption, use, generation or discharge attributable to an individual unit of development calculated pursuant to generally accepted engineering or planning standards for a particular category of necessary public services or facility expansions.

APPENDIX C – FORECAST OF REVENUES

Arizona's enabling legislation requires municipalities to forecast the revenue contribution to be made in the future towards capital costs and shall include these contributions in determining the extent of burden imposed by development.

9-463.05.E.7. "A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section."

9-463.05.B.12. "The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection."

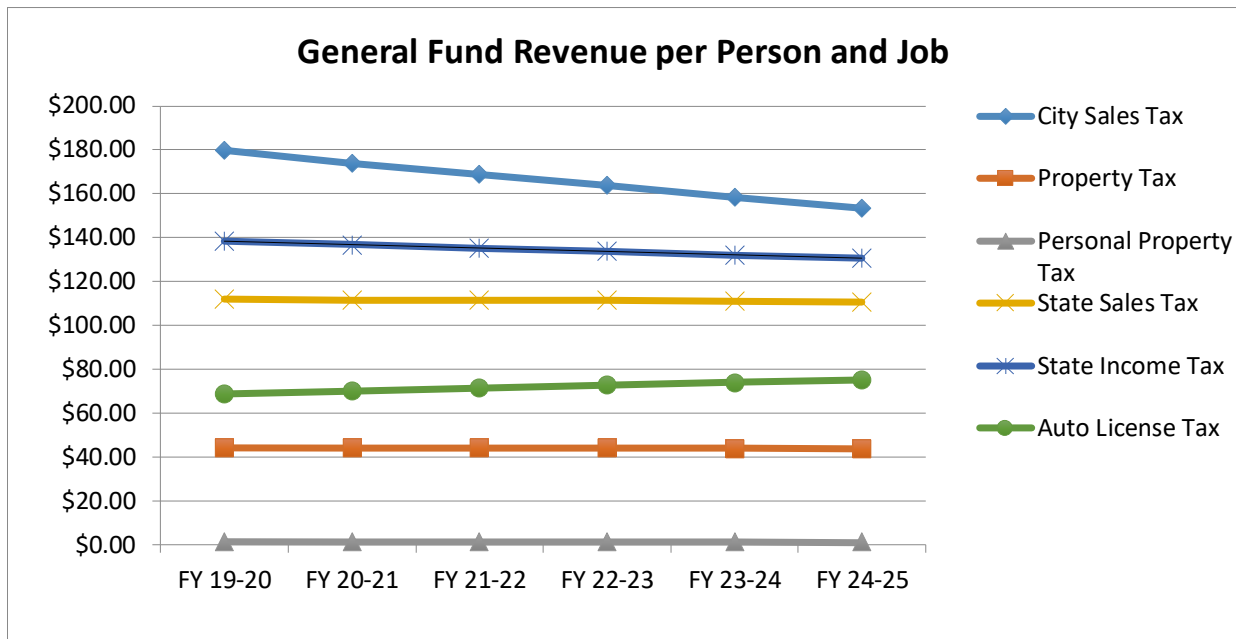
Florence does not have a higher than normal construction excise tax rate, so the required offset described above is not applicable. The required forecast of non-development fee revenue that might be used for growth-related capital costs is shown in Figure C1. General Fund revenues are highlighted in light blue. Streets Fund revenue is highlighted light green and Water and Sewer Revenue is highlighted in orange. The forecast of revenues was provided by Town of Florence staff.

Figure C1 – Five-Year Revenue Projections

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
City Sales Tax	\$4,100,000	\$4,100,000	\$4,100,000	\$4,100,000	\$4,100,000	\$4,100,000
Property Tax	\$1,007,857	\$1,038,093	\$1,069,236	\$1,101,313	\$1,134,352	\$1,168,383
Personal Property Tax	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000
State Sales Tax	\$2,553,050	\$2,629,641	\$2,708,530	\$2,789,786	\$2,873,480	\$2,959,684
State Income Tax	\$3,157,450	\$3,220,599	\$3,285,011	\$3,350,711	\$3,417,725	\$3,486,080
Auto License Tax	\$1,573,717	\$1,652,403	\$1,735,023	\$1,821,774	\$1,912,863	\$2,008,506
Total General Fund Revenue	\$12,423,074	\$12,671,736	\$12,928,800	\$13,194,584	\$13,469,420	\$13,753,653
HURF Revenue	\$2,050,552	\$2,112,068	\$2,175,430	\$2,240,693	\$2,307,914	\$2,377,152
Transportation Excise Tax Revenue	\$1,210,520	\$1,246,835	\$1,284,240	\$1,322,767	\$1,362,450	\$1,403,324
Total Streets Fund Revenue	\$3,261,071	\$3,358,904	\$3,459,671	\$3,563,461	\$3,670,365	\$3,780,475
Water User Fees	\$2,786,287	\$2,814,150	\$2,842,291	\$2,870,714	\$2,899,421	\$2,928,415
Wastewater User Fees	\$2,686,999	\$2,713,869	\$2,741,008	\$2,768,418	\$2,796,102	\$2,824,063
Department of Corrections Wastewater Fees	\$1,008,000	\$1,018,080	\$1,028,261	\$1,038,543	\$1,048,929	\$1,059,418
Total Utility Revenue	\$6,481,285	\$6,546,098	\$6,611,559	\$6,677,675	\$6,744,452	\$6,811,896

Figure C2 indicates that when forecasted General Fund revenue is compared to the projection of persons and jobs in Florence over the next six years, total General Fund revenue per person and job decreases slightly over time, primarily due to a projected increase in sales and income taxes. Since General Fund revenue per person and job is likely to decrease overtime, while General Fund expenditures will increase, this leaves little or no revenue for growth-related capital infrastructure.

Figure C2 – Graph of General Fund Revenues



The methodology described above was also applied to Street Fund revenue, with the results graphed in Figure C3. The Street Fund revenue is projected to remain relatively flat when compared to projected increases in population and employment. This revenue source is used to street maintenance and is not available for capacity improvements.

Figure C3 – Graph of Street Fund Revenue

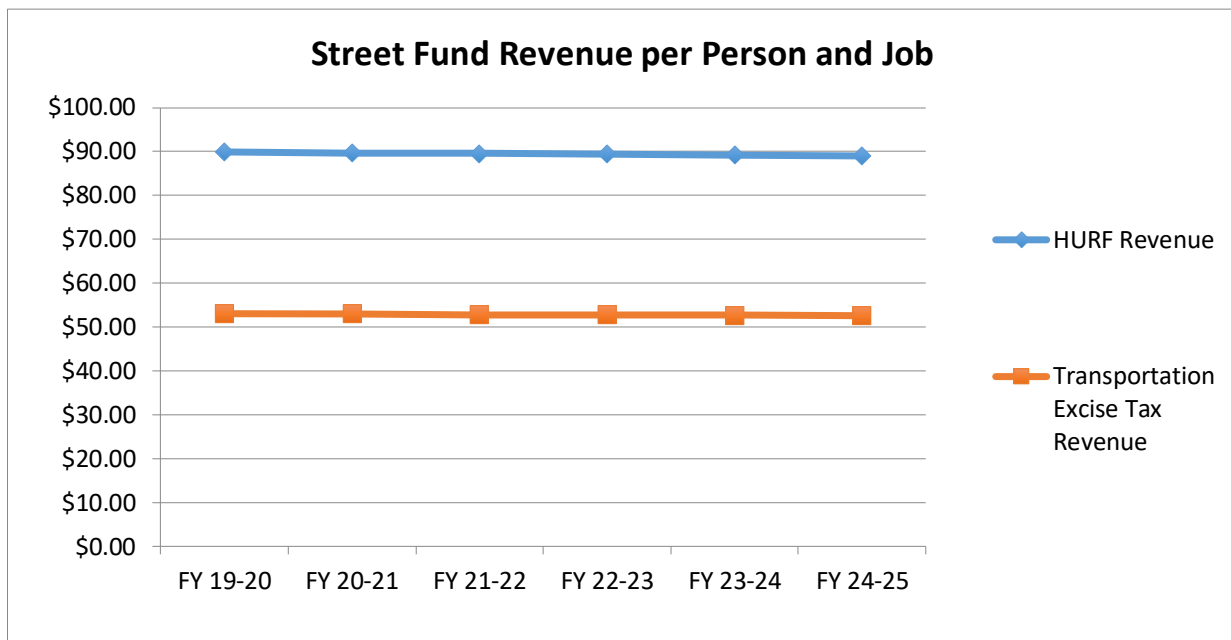
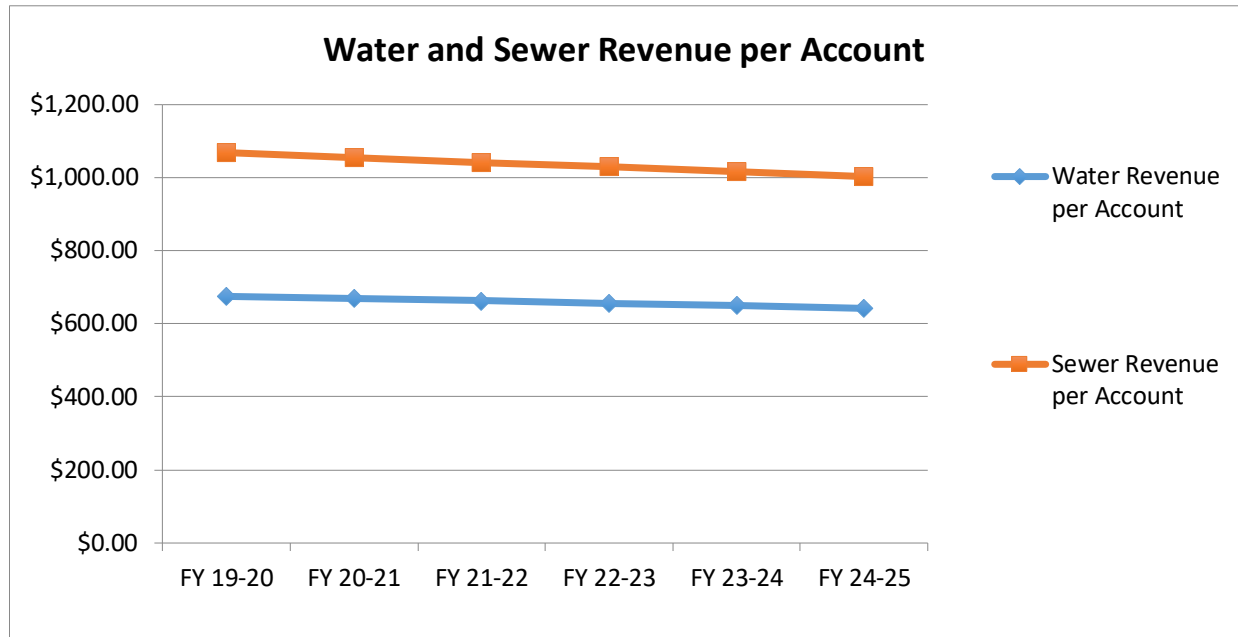


Figure C3 indicates that forecasted water and sewer revenue is likely to decrease per account over time.

Figure C3 – Graph of Utility Fund Revenue



APPENDIX C: IMPLEMENTATION AND ADMINISTRATION

As specified in ARS 9-463.05, there are certain accounting requirements that must be met by the Town:

Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.

All costs in the development fee calculations are given in current dollars with no assumed inflation rate over time. If cost estimates change significantly the Town should update the fee calculations.

RESIDENTIAL DEVELOPMENT

As discussed below, residential development categories are based on data from the U.S. Census Bureau, American Community Survey. Florence will collect development fees from all new residential units, including mobile homes and Recreational Vehicles (RV). For a parcel intended for occupancy by multiple mobile homes and/or RVs, the landowner will pay a development fee for each site than can accommodate a residential unit. One-time development fees are determined by site capacity (i.e. number of residential units) and will not be imposed on replacement units.

Single-Family:

1. Single-family detached is a 1-unit structure detached from any other house, that is, with open space on all four sides. Such structures are considered detached even if they have an adjoining shed or garage. A one-family house that contains a business is considered detached as long as the building has open space on all four sides.
2. Single-family attached (townhouse) is a 1-unit structure that has one or more walls extending from ground to roof separating it from adjoining structures. In row houses (sometimes called townhouses), double houses, or houses attached to nonresidential structures, each house is a separate, attached structure if the dividing or common wall goes from ground to roof.
3. Mobile home includes both occupied and vacant mobile homes, to which no permanent rooms have been added, are counted in this category. Mobile homes used only for business purposes or for extra sleeping space and mobile homes for sale on a dealer's lot, at the factory, or in storage are not counted in the housing inventory.
4. Boat, RV, Van, Etc. includes any living quarters occupied as a housing unit that does not fit the other categories (e.g., houseboats, railroad cars, campers, and vans). Recreational vehicles, boats,

vans, railroad cars, and the like are included only if they are occupied as a current place of residence.

Multi-Family:

1. 2+ units (duplexes and apartments) are units in structures containing two or more housing units, further categorized as units in structures with “2, 3 or 4, 5 to 9, 10 to 19, 20 to 49, and 50 or more apartments.”

NONRESIDENTIAL DEVELOPMENT

The proposed general nonresidential development categories (defined below) can be used for all new construction within Florence. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Commercial / Retail: Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, *Commercial / Retail* includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, and movie theaters.

Office / Institutional: Establishments providing management, administrative, professional, or business services; personal and health care services; lodging facilities; and public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, *Office / Institutional* includes banks, business offices; hotels and motels; assisted living facilities, nursing homes, hospitals and medical offices; veterinarian clinics; and institutional facilities such as schools, universities, churches, daycare facilities, government buildings, and prisons.

Industrial: Establishments primarily engaged in the production, transportation, or storage of goods. By way of example, *Industrial* includes manufacturing plants, distribution warehouses, trucking companies, utility substations, power generation facilities, and telecommunications buildings.