

**OFFICE OF BOARD OF SUPERVISORS
YAVAPAI COUNTY, ARIZONA**

Prescott, Arizona

April 16, 1998

The Board of Supervisors met in special session on April 16, 1998.

Present: Bill Feldmeier, Chairman; Chip Davis, Vice Chairman, via telephone (late); Bev Staddon, Clerk.

Absent: Gheral Brownlow, Member, due to a previously scheduled appointment.

Also present: Jim Holst, County Administrator; Dave Hunt, Board Attorney/Assistant County Administrator; and Mike Rozycki, Planning & Building Director.

- ITEM NO. 1. Hearing: Needs assessment and benefit plan for proposed implementation of impact fees in the unincorporated areas of Yavapai County. **Chairman Feldmeier explained that the purpose of this hearing was to listen to questions and comments from the public regarding the proposed impact fee and to answer questions on this day, if possible, or through staff after the meeting. He said the Board was not present to debate the issue of impact fees but to listen to questions, and that questions and comments from the public were very important to the Board. Mr. Holst noted that most of the information developed by staff was summarized in packets that had been provided to the Board and which were also available to the public. He said the Board had asked staff to research the possibility of using impact fees for roads and that as part of this process information had been collected from Pima County, which has impact fees. He explained that the County is already collecting a half-cent sales tax, the majority of which is used for funding regional road projects, and that the proposed impact fee could be used in conjunction with half-cent sales tax revenues to fund regional road projects within the benefit areas. Mr. Holst said the benefit areas and proposed road projects had been determined by using the Central Yavapai Transportation Study, which had been approved by all of the jurisdictions in the tri-city area, and that the Verde Valley Transportation Study had been used to identify the benefit area and projects for the Verde Valley. He said that a copy of the Central Yavapai Transportation Study was available in his office for review by the public and was also available at the offices of the cities and towns within the study area. Mr. Holst said staff had made a 20-year projection of building permit activity, and that the impact fee would be tied to building permits and would be paid at the time a permit is obtained. He stressed that the fee would apply only to unincorporated areas of the County. He said that staff had also made projections on regional road needs, but that the projects listed in the packets did not necessarily represent all potential regional road projects but only those which had been discussed in the past. Mr. Holst referred to the possible fee amounts listed in his March 31 memo to the Board, saying that the figures listed as 100% represented the cost of funding the road projects entirely through impact fee revenues, but that there were other sources of funding available such as the half-cent sales tax and partnering with ADOT and cities and towns that could be used to help substantially reduce the proposed fee. He noted that discussions with individual Board members indicated to him that the fee would probably be on the lower end of the amounts listed in his memo. Mr. Rozycki referred to the draft ordinance, saying that fees would be required only on building permits for new dwelling units and would not affect reconstruction of previously existing dwelling units or modification of such units. He said that the fee would apply to houses, apartments, hotels and motels, but would not be applied to other commercial uses, and that the ordinance would require an annual review of the fees. Clay Weigert asked if other highway funds were available for the proposed road projects, and about improvement districts and cooperative projects. Mr. Holst said that improvement districts and cooperative projects are used to help improve residential**

roads, and that other funds which might be available are HURF monies. He said that half-cent sales tax revenues were also available for funding and that partnering with ADOT would also help to reduce the County's costs. He said that staff had looked at every available revenue source for funding road projects. In response to a question from Prescott Valley area resident Bill Baer, Chairman Feldmeier said that the 100% amount listed in Mr. Holst's memo was arrived at by dividing the projected cost of the road projects by the projected number of building permits, but that the County had other funding sources available to help reduce the proposed impact fee to an amount less than 100%. Mr. Baer said he was bothered by the fact that property values and taxes continue to rise and that he did not understand why property owners should have to pay for road projects when large trucks and people coming to visit from other areas also have an impact on roads. Chairman Feldmeier told Mr. Baer he would be happy to provide him with a comparison of his value and corresponding tax liability, noting that if Mr. Baer's home was already built he would not have to pay the impact fee. Mr. Baer said he had ten other properties he wanted to build on, that he believed the County had funds available to build the roads, and that he would like to see the County's budget to find out where the money had been spent. Chairman Feldmeier told Mr. Baer he would be happy to go over the County's budget with him in detail. Mr. Holst said he did not believe the impact fee would be any more than the 30% or 40% figures listed in his memo. Mr. Hunt noted that the cost projections for the road projects represented only the County's share of the projects and that ADOT's share of costs had not been included when determining the estimates and subsequent potential fees. Mr. Baer asked why a \$400,000 house should pay the same impact fee as a \$100,000 house. Mr. Holst responded that the proposed impact fee was for road impacts created by new residents and that the size or cost of a home was not a factor in the impact that the residents of the home would have on regional roads. In response to a question from Cordes Lakes resident Steve Krellick, Mr. Rozycki said that if a residential dwelling unit was included as part of a commercial building, then the fee would apply because of the dwelling unit and the fact that the dwelling unit would contain residents who would have an impact on roads and future road needs. Mr. Krellick asked how square footage of a residence applied to the proposed impact fee. Mr. Holst reiterated that it does not apply, and that a dwelling unit is a dwelling unit no matter what the cost or size. Mr. Krellick said he believed the fee would put a burden on newcomers and that it might inhibit growth. He said that people coming into the area just to visit also have an impact on roads, and that the proposed roads would benefit those people as well. He said he believed a sales tax would be a fairer way to fund the projects. Cordes Lakes resident Ken Boyd asked if any of the fee revenues would be used to help fund the proposed interchange on I-17 at Cordes Junction, and whether the Board could say on this day what actual fee amount it was looking at. Chairman Feldmeier said the fees would not be used for work on I-17 but only for County regional roads, and that while he could not say what amount of fee the Board might ultimately impose, he could say that he personally was not in favor of a 100% fee. Mr. Boyd asked if a public hearing process would have to be held if the Board wished to increase fees in the future. Chairman Feldmeier said it would. Mr. Rozycki noted again that even if there was no specific proposal to change the impact fee, the County would be required to review the fee on an annual basis. Chino Valley area resident Brad Smith said he was concerned about balance and what the proposed impact fee might do to future growth in the County. He said that it already costs a great deal to develop quality subdivisions and that he wondered if the addition of still more costs would stop growth. He said he also did not know whether it was fair to apply the fee only to new residents, saying that he also lives in the area and uses roads. Mr. Smith referred to the Prescott Active Management Area, saying that it will cost developers a great deal to secure water inside the AMA and that developers are already required to chipseal roads in their

subdivisions and that this is also costly. He referred to water issues again, saying that it was going to be a real problem for developers to build inside the AMA, that more people would be building outside the AMA on metes and bounds parcels, and that he believed the Board needed to look at methods for controlling costs so it doesn't encourage parcel splitting. Chairman Feldmeier told Mr. Smith he agreed with much of what he had said and that he believed developers had done a very good job in the County by building solid developments. He said he agreed that if water mining is declared it will have a great impact on areas outside the AMA and that the proposed impact fee would apply to those areas. He said the Board was just trying to find some way to have new growth help pay for infrastructure needs. Mr. Smith said he did not believe anyone really cared to see a lot of growth, but that everyone uses the roads and that he believed everyone needed to pay for them. He said it was true that new residents create more growth, but that they only contribute to a percentage of use on roads, and that if the proposed impact fee kills growth it will take jobs along with it. Chairman Feldmeier said he understood because he pays impact fees to the City of Prescott when he builds a new dwelling. He said it hurts, but he also knows that the people who will live in his apartments will have an impact on the City's infrastructure. Mr. Smith said he appreciated the Board's stepping up to try to solve road problems, but that he felt everyone should help pay for it and that people should be able to see specifically where the money is spent. Mr. Holst noted that neither half-cent sales tax revenue nor the proposed impact fee would be spent on roads serving lot splits. Prescott Valley resident Harold Johnson said he had been in Yavapai County only six months and that while he could understand the Board's desire to spend money on roads, he believed the burden should be spread among all County residents. He said that no one had complained when he moved to Yavapai County and put his money in a local bank or spent it shopping locally. Williamson Valley resident Barbara Asick asked why hotels and motels would only be assessed 50% of the fee. Mr. Rozycki said that in looking at other jurisdictions' impact fees, staff found that hotels and motels had not been included at all. He said staff had considered the County's Planning & Zoning Ordinance, which treats two motel rooms as one dwelling unit, but had also considered the fact that hotels and motels are not always fully occupied. He said that in addition, bed taxes apply to hotels and motels which are used for impact-related improvements. Ms. Asick asked why commercial retail properties were not included. Mr. Rozycki responded that such properties do not specifically bring new residents into the area, and in some cases where a retail facility is located in a neighborhood, it actually reduces the number of trips that residents must make using regional roads. Ms. Asick asked what would prevent commercial developers from buying up residential properties, thereby halting residential growth. Mr. Rozycki said that existing zoning would prevent that from happening, and that commercial developers, as well as subdivision developers, are required to participate in road improvements and other improvements as part of their approval process through the County Planning & Zoning Commission. In response to a question from Chino Valley resident Jerry Pennington, Mr. Holst said staff had tried to present proposed fee information in such a way as to not lock in a percentage until the Board had received public comment. He said if the Board wanted him to determine an absolute minimum he could do so, but that part of the problem was that what has been identified in the regional transportation plan does not represent all the roads that will eventually be needed but only those roads which all jurisdictions have agreed upon at this point in time. He said he believed the Board would be looking at amounts in the bottom 50% of those listed in his memo. Mr. Pennington said he agreed with Mr. Smith's comments, and that he believed a big impact fee would have the same effect as a moratorium on building. He said everyone should pay because everyone drives more, but that his main concern was how much the fee would be for newcomers. He asked how parents could keep their grown children in the area if housing is not affordable. Williamson Valley resident Bill

Gary said he was totally in favor of impact fees but felt it should be fair. He said that everyone who lives in the County put an impact on the roads when they built their houses. He said that newcomers would be asked to pay impact fees, but that they would also contribute to the sales tax, and that he believed everyone who lives in the County should pay through taxes. Mr. Holst noted that HURF revenues do not even cover the cost of maintenance on County roads. Samara Berry said she was in favor of impact fees, and asked if costs for road impacts are the only costs the County incurs as the result of new growth. Mr. Holst said no, that growth brings some positive impacts and some negative impacts, particularly where the courts, schools, and law enforcement are concerned. Ms. Berry asked if the 100% fee amount, at \$4,059, represented the total cost. Mr. Holst replied that that figure is based on specific road projects, in today's dollars, spread out over 20 years. Ms. Berry said it appeared to her that the 100% amount was the minimum amount that the County should charge because of other growth-related impacts. Mr. Rozycki said that state statutes do not allow counties to collect impact fees for law enforcement, fire protection, or other types of services. Ms. Berry said she did not look forward to extra expense when she builds her home, but wanted to keep the atmosphere which now exists in the County and that she was willing to pay for it. She said she did not expect those who are already here to take on that responsibility. Tom Devereaux said he was in the road building business, and that because the projected estimates were based on current day dollars the list of road projects was a wish list and not a real list. He said he also agreed with statements made by Mr. Smith and Mr. Pennington, and that he had not realized that the County could not have impact fees for other services. He suggested that the Board make the list of road projects more precise and concentrate more on immediate needs, perhaps looking at a five-year program. Chairman Feldmeier said he had learned that the County cannot just react to what is happening, but must be proactive in its approach and provide a good foundation for those who will come in the future. He said that the County's growth has increased by 50% over the last seven years. John Hill said he was concerned that the hearing on this day was the only public hearing scheduled for the Prescott area. Chairman Feldmeier assured him that the Board could have additional hearings. Mr. Hill expressed concerns about the affordability of impact fees for those people who purchase manufactured housing because they cannot afford anything else. He said he also believed the County was generating more in sales tax revenue than what had been talked about. Prescott resident Ralph Rodarte said he felt an impact fee for newcomers should be very small and that funding for roads should come from taxes on vehicles. Mr. Holst explained that the County is not authorized to levy motor vehicle taxes and that the state, which does levy such taxes, is looking at reducing that tax. Casa Grande resident Bob Faulkner said he had purchased property in Cordes Lakes and would be building his home there and was concerned about a \$4,000 impact fee. He said he agreed that there are problems with roads, but believed the cost of solving the problems should be spread out. He said he also felt there should be more meetings and liked the idea of paying for roads through a gas tax. Chairman Feldmeier assured Mr. Faulkner that the Board was looking at the lower end of the 50% range of fees and would not make the fee 100% of costs. There was brief discussion about the proposed Orme Road project, during which Mr. Holst said that was a very long-range project for a potential limited access highway from I-17 into the tri-city area. Mr. Faulkner said he just wanted to remind the Board that free enterprise flourishes when taxes are low. Walker resident Bob Curry said he objected to the way the Board was going about implementing an impact fee and that he did not feel enough public hearings had been scheduled. In response to Mr. Curry's questions about annual reviews, Mr. Hunt said that the Board could not change the impact fee without going through a public hearing process and that the ordinance requires annual reviews whether or not a change is proposed. Mr. Holst said that

statutory language could be added into the ordinance to make it more clear. Mr. Curry said he also was concerned about where the money collected from fees would go, saying that as a resident of Walker he did not have a lot of impact on some of the areas proposed for road improvement. Chairman Feldmeier observed that a substantial amount of half-cent sales tax money had been spent on improvements to Walker Road, with some of that money being paid by people who never use the road. Mr. Curry said he was concerned that if the County's impact fee was as high as the City of Prescott's fee, it would inhibit growth. Chairman Feldmeier said that people had not liked the County's half-cent sales tax when the Board implemented it, but that today he could go all over the County and see where that money had improved roads for County residents and that the Board would be sure that the same thing happens with revenue generated from impact fees. Mr. Curry asked about additional public hearings. Chairman Feldmeier said that as Chairman, he would make a commitment now that the Board will have more hearings if it needs to. Casa Grande resident Howard Deatherage said he would soon be a Cordes Lakes resident, and that he believed it would cost less if the County would concentrate on building those roads that are needed immediately. He said he was also concerned about roads being built and then torn up later for placement of utilities. Mr. Deatherage said he also did not understand why it would cost more to build Orme Road, which is shorter, than Williamson Valley Road, and said he would like to see an itemized statement of how the funds would be spent. Mr. Holst said that the County's Public Works Department had additional information on how the projected costs were arrived at, and that the transportation study would also help to explain. Mr. Deatherage said he would also appreciate the Board having more hearings on this matter. Ms. Berry asked if the County had considered a County-wide mass transportation system. Chairman Feldmeier said at some point in the near future the County and other jurisdictions in the area would be looking at that through a council of governments. Chairman Feldmeier thanked those present for attending the hearing on this day, and encouraged those with additional questions to contact him or another Board member, or Mr. Holst or Mr. Hunt. Supervisor Davis said he also wanted to thank those present for attending, and he stressed that the Board was trying to find a solution. He said that moving traffic efficiently would help the County to grow economically, and that if members of the public had ideas for solutions, he would like to hear them. He said the Board wanted to maximize its ability to get things accomplished, but minimize the impact this would have on County residents and that there were other jurisdictions around the County that have larger impact fees than what the Board is considering.

There being no further business to discuss, the meeting was adjourned.

ATTEST:

Clerk _____ Chairman