

# Appendix to the Cost of Development Element

Current city provisions for improvements and fees to be paid by developers include the following:

## Offsite Improvement Requirements

Chapter 31 of the Phoenix City Code requires the dedication and improvement of streets abutting property being developed for four or more multifamily residential dwelling units or 2000 square feet or more of commercial or industrial building floor area. The Development Services Director may modify the requirements if there are extraordinary conditions of topography, land ownership or adjacent development.

Improvements and assurances of construction for subdivisions are provided for in Chapter 32 of the City Code. All improvements required in streets, alleys, or easements which are required as a condition of a subdivision approval are the responsibility of the subdivider. Where streets are to be paved, concrete curb, curb and gutter or valley gutter must be installed. Concrete sidewalks are required on both sides of streets. Where density of development is light or for other reasons why they may not be needed, the requirement for sidewalks may be waived. Proper and adequate provision for disposal of storm waters is required. Existing major water courses are required to be maintained and dedicated as drainage ways. Provision of water and sewer facilities and street lights is also required. Any private irrigation facilities must be tiled.

## Water Main Extensions

When a developer wants to connect a water main to the existing Phoenix water system, approval of the Water Services Department is required. Developers must pay all costs for construction of mains of such sizes needed to provide adequate service during periods of peak demands. Where booster pumps are necessary to maintain adequate pressures in the mains, developers are required to construct the necessary stations to city specifications at their expense.

In all new subdivisions and single lot developments, other than a single residence on a single lot, the

developer must furnish and install all water mains, service connections, valves, fittings and appurtenances (other equipment needed to make the water system functional) within the boundary of the development as well as the streets bounding the entire development. In addition, the developer must furnish and install all off-site water mains as necessary to complete a looped connection to existing city mains. For developments that are principally residential, the city's water distribution master grid system requires that 12-inch diameter lines be provided on section line streets or grid arterials, and 8-inch mains on mid-section line streets or mid-grid arterials. For all developments, fire hydrants, valves, pipes and fittings are also required.

## Sewer Extensions

In new subdivisions and developments where public sewers are authorized by the Development Services Director, such public sewers shall be constructed at the developer's expense in accordance with approved plans. (Section 28-22 Phoenix City Code)

## Proportionality

In 1995 the Phoenix City Council approved a process to ensure that the Development Services Department's actions comply with the U.S. Supreme Court decisions in *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*. To standardize requests for exactions a four-tier process was established.

- Tier 1 - Minimum Requirements for Urban Standards. This tier is based on the premise that every developed site in Phoenix should conform to a basic urban standard. Every site should be adjacent to a paved public street, should be served by sewer and water, and should drain without being flooded or creating a flood hazard for nearby property. If a development site is selected that does not have these minimum elements present, the applicant will be required to provide the missing items or cash equivalent to the amount of the item required by the project.

- ❑ Tier 2 - Health and Safety Requirements. This tier is based on the belief that if a new development creates a health or safety hazard in the public right of way the owner is responsible for abating this hazard through development requirements.
- ❑ Tier 3 - Activity Impact Supported by Standards. This tier is based on new activity or intensity generated by the project. For right-of-way dedications and improvements, trip generation tables are used. Water and sewer requirements are based on individualized analysis using operational performance data, computer models and Water Services Department master planning resources.
- ❑ Tier 4 - Discretionary Requests. This tier includes requests for items that would contribute to the aesthetic value and functionality of the project but may not be able to meet the tests of connectivity and proportionality. Staff may request these items as voluntary donations but they cannot be required as a condition of permit issuance.

### Water Repayment Agreements

The water main repayment policy of the city for developer water main extensions is as follows:

- ❑ The city desires to encourage the development of undeveloped areas through repayment for costs incurred in the construction of "off-site" water mains that are necessary to serve new developments in order to distribute the costs of extending such mains between two or more developers. This policy would apply where an approach main was extended by one developer and connected to at a later date by one or more developers.
- ❑ In the event that it is necessary to extend water mains from a distant point in order to serve a proposed new development or project, the cost of the main extension would be included in a separate agreement. The developer's costs would be limited to the cost of approach mains 12 inches in diameter where required on section lines or grid

arterials and to 8 inches in diameter on mid-section lines, or mid grid feeders.

- ❑ The city reserves the right to increase the diameter of approach main if it deems advisable. Where this occurs in impact fee areas, impact fee credits are available to reimburse the developer for oversizing costs. If this occurs in an area where no impact fees are in place, repayment agreements are available as described below, or the city may, in some circumstances, elect to reimburse the developer for oversizing costs directly.
- ❑ In the event that any subsequent developer desires to connect onto and obtain service from the "approach main," the city agrees to enter into an agreement with subsequent developers. This agreement establishes a charge to permit the connections based on the front footage of the connecting development. The amount of the charge is paid to the city which then repays the original developer.
- ❑ The repayment agreement terminates in 10 years from the time the agreement is executed.

### Sewer Repayment Agreements

The main sewer extension policy of the city, for areas beyond present city trunk sewers, is as follows:

- ❑ The city desires to encourage the development of undeveloped areas through repayment for extra costs incurred in construction of "offsite" sewer mains that are necessary to serve new developments in order to distribute the costs of extending such mains between two or more developers. This policy would apply where a sewer main extension was constructed by one developer and connected to or utilized at a later date by one or more developers. For this purpose a sewer main is defined as a main extended beyond the limits of the project or a main constructed along the frontage or boundary of the development with capacity to serve additional developments. However, the developer must pay all the costs for engineering design and construction of main sewers of such size

as to afford adequate capacity and service for specific "service areas" to be served by city trunk sewers.

- In new subdivisions, shopping centers, industrial tracts, or similar developments, the developer must furnish and install all branch, lateral and main sewers, manholes and appurtenances within the boundary of the designated development. Costs of lateral and branch sewers and their appurtenances are not included in the main sewer project agreement.
- In the event that the area to be serviced by the developer is smaller than the maximum area to be serviced by the proposed main sewer and its ultimate branches and laterals, the city agrees to enter into an agreement with any party desirous of obtaining a connection to such main sewer line. This agreement establishes a charge to permit the connection. The connection charge is based on a cost per acre of the area to be served. The amount of the connection charge is paid to the city, which then repays the amount to the developer installing the sewer main.
- Repayment agreements expire after 10 years from the time the agreement is executed.

### Development Impact Fees

Beginning in 1987, the city of Phoenix assessed development impact fees through the adopting specific infrastructure financing plans. This assessment is authorized by Chapter 29 of the Phoenix City Code. The stated purpose for assessing these fees is, "Requiring new development to pay its proportionate share of the costs to the municipality associated with providing necessary public services to the development as shown on the specific infrastructure financing plan." Chapter 29 provisions "apply to all development within any planning area of the city of Phoenix at such time as a specific infrastructure financing plan for that planning area has been adopted . . ." Infrastructure financing plans specify needs for each of the following categories of capital facilities:

- Equipment Repair Facilities
- Fire Protection
- Libraries

- Major Streets and Bridges
- Parks
- Police
- Solid Waste Disposal
- Storm Drainage
- Wastewater
- Water

The City Code states that the Planning Department shall recommend to the City Council a schedule for the preparation of specific infrastructure financing plans for each of the villages in the General Plan or other areas as may be designated by the City Council. In recommending an order of priority for the preparation of such plans, the department shall take into consideration (1) the anticipated growth of each village; (2) the extent to which existing capital facilities can serve more intensive development than now exists; and (3) such other factors as will further the implementation of the General Plan.

### Water Resources Acquisition Fee

Development is required to pay a Water Resources Acquisition Fee to fund its proportionate share of the costs associated with providing water resources to new development. Water resources projects include the acquisition of water rights or the construction of facilities that increase the amount of water available. Examples include purchase of additional annual rights for diversion of Central Arizona Project water and construction of water reclamation facilities that treat wastewater for turf or agricultural irrigation.

Water Resources Acquisitions Fees are assessed on the cost of providing water resources to various parts of the city based on their water rights. The area served by the Salt River Project has the lowest fees, the area included in the original Central Arizona Project allocation has higher fees and the area north of the original Central Arizona Project allocation area (north of Jomax Road) has the highest fees.

### Development Occupational Fees

Water and Sewer Development Occupational Fees are assessed citywide and are based on the size of water meters, except for residential uses which are assessed based on the type and number of housing units. Revenues from the fees are used to construct growth-related water and wastewater capital facilities or pay debt service on those facilities. These fees predate the development impact fees. Since both fees are for

construction of the same facilities, the Development Occupational fees paid are subtracted from the wastewater and water portions of the development impact fees.

### **Infill Housing Program**

Phoenix also provides incentives for owner-occupied single-family housing development. These incentives include waivers of Development Occupational Fees and construction permit fees and accelerated plan review. Fee revenue funds are reimbursed from other city funding sources.

In 1995 the City Council established an infill housing program. The goals of the program include:

- Encourage development of vacant or underutilized land located in the mature central portions of Phoenix.
- Encourage a wide variety of housing styles, types and price ranges, appropriate to the surrounding neighborhoods.
- Encourage and focus on owner occupied housing to help fight blight and decay within the central city and promote neighborhood stability through home ownership.