

Chapter 29

IMPACT FEES*

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***Editor's note**—Ord. No. G-5984, § 1, adopted January 21, 2015, effective February 20, 2015, repealed Ch. 29 in its entirety. Section 2 (Exh. A) of said Ordinance added a new Ch. 29 to read as herein set out. Former Ch. 29 pertained to similar subject matter and derived from Ord. No. G-5660, § 1, adopted October 19, 2011, effective November 18, 2011, and Ord. No. G-5666, adopted November 30, 2011, effective December 30, 2011.

Cross reference—Building regulations, Ch. 9; sewer residential development occupational fee, Ch. 19A; sewer commercial and industrial development occupational fee, Ch. 19B; water residential development occupational fee, Ch. 19C; water commercial and industrial development occupational fee, Ch. 19D; water resources acquisition fee, Ch. 30; subdivisions, Ch. 32.

State law reference—Development fees, A.R.S. § 9-463.05.

Sec. 29-1. Title. +1

This chapter shall be known as the "Impact Fee Ordinance for the City of Phoenix, Arizona."

Date of Addition/Revision/Deletion - Section 29-1
 +1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

program charged at the time a building permit or service connection is obtained.

Appurtenance: Any fixed machinery or equipment, structure, or other fixture associated with a capital facility that is necessary for the operation, use, or maintenance of a capital facility.

Sec. 29-2. Legislative intent and purpose. +1

This chapter is adopted for the purpose of promoting the health, safety and general welfare of the residents of the City by:

A. Requiring new development to pay its proportionate share of the costs to the municipality associated with providing necessary public services to a development;

B. Setting forth standards and procedures for creating and assessing impact fees consistent with the requirements of Section 9-463.05, Arizona Revised Statutes ("A.R.S.");

C. Setting forth procedures for administering the impact fee program, including offsets, credits, and refunds of impact fees. All impact fee assessments, offsets, credits, or refunds must be administered in accordance with the provisions of this chapter.

Date of Addition/Revision/Deletion - Section 29-2
 +1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Capital facility: An asset having a useful life of three or more years that is a component of one or more of the categories of necessary public services provided by the City. A capital facility may include any associated purchase of real property, architectural and engineering services leading to the design and construction of buildings and facilities, improvements to existing facilities, improvements to or expansions of existing facilities, and associated financing and professional services. Wherever used herein, "infrastructure" shall have the same meaning as "capital facilities."

Charter school: A school authorized under Title 15, Chapter 1, Article 8, Arizona Revised Statutes.

City: The City of Phoenix, Arizona.

Commercial/retail: A land use category that includes general retail, retail centers, specialty retail, discount stores, car sales, supermarkets, convenience markets, service stations, banks and savings and loans, motion picture theaters, ~~lodging, hotel/motel, resorts, time shares,~~ and other commercial uses not elsewhere classified in other land use categories in this chapter.

Sec. 29-3. Definitions. +1

The following terms when used in this chapter shall have the following meanings unless the context requires otherwise. Singular terms shall include their plural.

Administrative charge: A non-refundable fee for the administration of the impact fee

Credit: A reduction in an assessed impact fee resulting from developer contributions to, payments for, construction of, or dedications for capital facilities included in an infrastructure financing plan (or as otherwise permitted by this chapter).

Credit agreement, final: A written agreement between the City and the

developer(s) of a subject development which determines the total value of credits to be issued to a subject

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development. A development agreement may substitute for a final credit agreement.

Credit agreement, preliminary: A written agreement between the City and the developer(s) of a subject development which only allocates estimated values of impact fee credits to a development; credits are not permitted to be issued with only a preliminary credit agreement. A development agreement may substitute for a preliminary credit agreement.

Credit allocation: A term used to describe when impact fee credits are distributed to a subject development after execution of a preliminary credit agreement, but not yet issued with a permit associated with the subject development.

Credit issuance: A term used to describe when the amount an impact fee assessed on a permit associated with a subject development is reduced by credits allocated to the same subject development.

Day care center: A public/institutional land use that is a facility for the daily care of dependent populations including infants, preschool and young children as well as elderly persons, typically taking place during daylight hours, although they may also offer care at other hours of the day. Such facilities may include classrooms, offices, eating and sleeping areas, and playgrounds or outdoor recreation areas.

Developer: An individual, group of individuals, partnership, corporation, limited liability company, association, municipal

corporation, State agency, or other person or entity undertaking land development activity, or their respective successors and assigns.

Development agreement: An agreement prepared in accordance with Section 9-500.05, Arizona Revised Statutes, which may include provisions regarding impact fee credits for a development and/or reimbursement to a developer for providing capital facilities included in the infrastructure financing plan.

Development occupational fee (DOF): A fee charged by the City of Phoenix at the time water and/or wastewater service is requested, pursuant to the provisions of Ordinances G-2664, G-2665, G-2666, and G-2667, as amended. A "development occupational fee" is not an "impact fee."

Drainage fixture unit (DFU): A drainage fixture unit shall be as defined in the adopted 2012 Uniform Plumbing Code, Table 702.1, or as defined in any successor code subsequently adopted by the City.

Dwelling unit: A house, apartment, mobile home or trailer, group of rooms, or single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters.

EDU (equivalent demand unit): A standardized measure of the demand that a particular land use type places on each category of necessary public service, in relation to the demand placed on the same necessary public service by a detached single-family dwelling unit. An EDU shall be a "service unit" for purposes of Section 9-463.05(T)(10), Arizona Revised Statutes.

EDU factor: A ratio determined by dividing an indicator of the use type demand by an indicator of the detached single-family dwelling unit demand. The EDU factor for a single-family dwelling unit is one.

Equipment: Machinery, computers, communication systems, tools, materials, and other supplies, but not including vehicles, that are needed by a capital facility to effectively provide the level of service specified by the infrastructure financing plan.

Financing or debt: Any debt, bond, note, loan, fund transfer or other obligation utilized to finance the construction or expansion of a capital facility identified in the infrastructure financing plan.

Fire protection: A necessary public service that includes fire stations, fire equipment, fire vehicles and all appurtenances for fire stations. Fire protection does not include vehicles and equipment used to provide administrative services, or helicopters or airplanes. Fire protection does not include any facility that is used for training firefighters from more than one station or substation.

General Plan: The General Plan for the City of Phoenix, Arizona, as may be adopted or amended.

Gross impact fee: The total impact fee to be assessed against a subject development, prior to subtraction of any offsets. The gross impact fee is calculated by multiplying the gross impact fee per EDU (for each category of necessary public service) by the applicable number of EDUs within the subject development.

Gross impact fee per EDU: The total future capital costs listed in the infrastructure financing plan for a category of necessary public service divided by the total new EDUs projected in that area for that category of necessary public service over the same time period.

Hospital: A public/institutional land use that is an institution for the diagnosis, care or treatment of two or more unrelated persons suffering from illness, injury, or deformity or

for the rendering of obstetrical or other professional care, other than in an emergency, where overnight accommodations are provided. The term "hospital" shall not be construed to include the office of a physician or practitioner.

Impact fee: A fee charged pursuant to Section 9-463.05, Arizona Revised Statutes. Wherever used herein, "impact fee" shall have the same meaning as "development fee" as used in Section 9-463.05, Arizona Revised Statutes.

Impact fee study: The written report developed pursuant to Section 29-8 that meets requirements as set forth in Section 9-463.05, Arizona Revised Statutes.

Industrial/warehouse: A land use category which may include one or more of the following: manufacturing, fabrication, processing, assembly, storage and distribution of raw materials and goods, including agricultural products and may also include office and maintenance areas. Only office areas that are accessory to an industrial/warehouse use shall be considered industrial/warehouse for the purpose of assessing impact fees.

Infrastructure financing plan (IFP): A single, coordinating document developed pursuant to Section 29-8 consisting of the land use assumptions, infrastructure improvements plans, and impact fee studies, plus other supporting documentation, required for each category of necessary public service for which an impact fee is charged.

Infrastructure improvements plan: A document or series of documents that meet the requirements set forth in Section 9-463.05, Arizona Revised Statutes, that are adopted pursuant to Section 29-8 to cover any category or combination of categories of necessary public services.

Land use assumptions: Projections of changes in land uses, densities, intensities and population for a service area over a period of at least ten years as specified in Section 29-8, upon which an infrastructure improvements plan is based.

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Level of service (LOS): A quantitative and/or qualitative measure of a category of necessary public service. LOS may be measured differently for each category of necessary public service, as identified in the applicable infrastructure improvements plan.

Libraries: A necessary public service which includes capital facilities within which literary, musical, artistic, or reference materials are kept (materials may be kept in any form of media such as electronic, magnetic, or paper) for noncommercial use by the public.

Lodging: A ~~commercial/retail~~ land use that includes facilities designed for occupancy by transients or as a residence for periods of less than one year, including hotels, motels, time-shares and resorts, ~~and, where appropriately zoned, associated restaurant, bar, personal and retail services, entertainment facilities, outdoor recreation activities such as golf, tennis, horseback riding, or swimming for guests. A facility approved under a separate building permit that is associated with, or accessory to a lodging facility, and intended for use by lodging facility occupants and non-occupants such as a restaurant, bar, retail shop, day spa, entertainment place, and conference or convention center shall be considered a separate land use for the purposes of this chapter. Conference or convention centers on the premises of a lodging facility shall be considered a separate land use for the purposes of this chapter.~~

Major arterials: A necessary public service encompassing roadway improvements included in the approved infrastructure financing plan and associated with public street projects on major arterial streets, as defined on the City's adopted Street Classification Map. This necessary public service was formerly known as "roadway facilities."

Mini Warehouse: A land use predominated by facilities in which a storage unit or vault is rented for the storage of non-perishable goods. Each storage unit is physically separated and access is restricted.

Necessary public service: "Necessary public service" shall have the meaning prescribed in Section 9-463.05(T)(5), Arizona Revised Statutes.

Net impact fee: The gross impact fee minus any applicable offsets.

Nursing home: A public/institutional land use that is a health care institution which is licensed by the Arizona State Department of Health Services as a skilled nursing facility for two or more unrelated persons.

Office: A land use category that includes general office and medical-dental office buildings. A general office building houses multiple tenants; it is a location where affairs of businesses, commercial or industrial organizations, or professional persons or firms are conducted. A medical-dental office is a facility that provides diagnoses and outpatient care on a routine basis but is unable to provide prolonged inhouse medical or surgical care. An office building may contain a mixture of tenants, and accessory tenant services such as a bank or savings and loan, a restaurant or cafeteria, and service retail facilities.

Offset: An amount which is subtracted from the overall costs of providing necessary public services to account for those capital

components of existing infrastructure or associated debt that have been or will be paid for by a development through taxes, fees (except for impact fees), and other revenue sources, as determined by the City pursuant to Section 298.

Parking structure: A multi-level structure built for the purpose of parking vehicles.

Parks: A necessary public service including but not limited to public parks, swimming pools and related capital facilities and equipment located on real property not larger than 30 acres in area, as well as public parks larger than 30 acres where facilities provide a direct benefit. Parks may contain, provide access to, or otherwise support an excluded park facility.

Police: A necessary public service, including vehicles and equipment, that is used by law enforcement agencies to preserve the public peace, prevent crime, detect and arrest criminal offenders, protect the rights of persons and property, regulate and control motorized and pedestrian traffic, and other duties as prescribed by law. Police facilities do not include vehicles and equipment used to provide administrative services, or helicopters or airplanes. Police facilities do not include any facility that is used for training officers from more than one station or substation.

Private school: A public/institutional land use that is an institution of learning offering education for children which charges students tuition, including some or all of the grades from kindergarten through twelfth grade. The site may contain athletic, dining, assembly and recreation facilities.

Public school: A public/institutional land use that is an institution of learning offering free education for all children, including some or all of the grades from kindergarten through

twelfth grade. The site may contain athletic, dining, assembly and recreation facilities.

Public/institutional: A category of land use that includes schools, hospitals, nursing homes, religious facilities, day care centers, and other similar public and quasi-public uses when not elsewhere classified in other land use categories in the fee schedule.

Religious facility: A public/institutional land use that is a facility for public worship services such as a church, synagogue, mosque, or temple which may include an assembly hall, sanctuary, meeting rooms, classrooms, and kitchen. Other uses located on the premises of a religious facility that operate independently shall be not be considered part of the religious facility for the purpose of assessing impact fees.

Residential, multi-family: A category of land use which typically has three or more dwelling units per lot. For the purpose of assessing impact fees, dwelling units which receive water service from a shared public water meter (excluding permitted single-family guesthouses) will be deemed multi-family.

Residential, single-family: A category of land use which typically has one or two dwelling units per lot (not including guesthouses and other permitted accessory structures). For the purpose of assessing impact fees when more than two dwelling units per lot exist (such as for duplexes, triplexes, and developments subdivided by a horizontal property regime), any dwelling unit having a separate public water meter will be deemed single-family.

Service area: An area specified in the approved IFP within which development will be served by capital facilities at a planned level of service and within which a substantial nexus (or direct benefit, as required by Section

9463.05, Arizona Revised Statutes) exists between the capital facilities and the development being served as prescribed in the applicable infrastructure improvements plan. Some or all of the capital facilities providing service to a service area may be physically located outside of that service area.

Shade structure: A structure whose primary purpose is to provide shade.

Storm drainage: A necessary public service including but not limited to regional drainage facilities (such as channels and retention/detention basins, plus related equipment) needed to provide sufficient storm water management for areas defined in the infrastructure improvements plan.

Subject development: A land area regulated by the same final site plan, final subdivision plat, planned community district master plans, planned unit development, specific plan, or similar as allowed by the Planning and Development Director.

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Substantial nexus: A substantial nexus exists where the demand for necessary public services created by an EDU can be reasonably quantified in terms of the actual burden that such EDU will impose on a given category of necessary public service.

Wastewater: A necessary public service including but not limited to sanitary sewers, lift stations, reclamation plants, wastewater treatment plants, and related equipment and appurtenances.

Water: A necessary public service including but not limited to those facilities necessary to provide for water services to a development, including the supply, transportation, treatment, purification and distribution of water, and any

equipment and appurtenances required for those facilities. This category does not include water resource projects as defined in Chapter 30.

Wireless communications facility (WCF): A facility as defined by the same term in the Zoning Ordinance, and a public/institutional land use for the purposes of this chapter.

Date of Addition/Revision/Deletion - Section 29-3

+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-4. Applicability. +1

Except as otherwise provided herein, this chapter shall apply to all development within any impact fee service area for the City of Phoenix, as defined in the adopted infrastructure financing plan, subject to the following:

A. *City Facilities Exemption.* This chapter shall not apply to the development of any City of Phoenix facility.

B. *School Facilities Exemption.* Per Sections 9-500.18 and 15-189.01, Arizona Revised Statutes, public schools, school districts, and charter schools are exempt from payment of impact fees.

C. *Water and Wastewater Connections Outside of City Limits.* The City will assess water and wastewater impact fees, or a payment in lieu of those fees (equal amount), to developments located outside of the City limits that will be served using existing and future facilities in adjacent impact fee service areas and are within the Phoenix Water Services Department service area. The Director of the Water Services Department will determine which service area and associated impact fee schedule will be used to determine the amount of the payment due at the time a

connection is purchased. D. *Other Applicabilities.*

1. *Parking Structure.* A parking structure that is accessory to other uses on the same site shall not incur additional impact fees, except those associated with any additional required water meters and/or sewer connections. A parking garage that is a primary use on a site shall be assessed impact fees as a commercial/retail use.
2. *Shade Structure.* A shade structure that is provided as a site amenity and accessory to another use (such as a picnic ramada, patio trellis, or covered parking/loading) shall not be assessed impact fees. A shade structure used for anything other than a site amenity (such as materials storage, outdoor dining, or any commercial or business operation) shall be assessed applicable impact fees based upon the use.
3. *Multi-Family Amenity Structures.*
Structures built as part of a multi-family residential development for use as an on-site resident amenity (such as a meeting room, office, fitness center,

pool ramada, or maintenance facility) and are not open for use by non-residents shall not be assessed additional impact fees, except for those associated with additional water or sewer connections. Off-site amenities, or amenity structures open to non-residents (such as a golf clubhouse, store, or commercial gym/spa) shall be assessed impact fees based upon the use.

- 4. *Wireless Communications Facility (WCF)*. A WCF shall only be assessed impact fees associated with water or sewer connections, and for any structure intended to be occupied on a regular basis.
- 5. *Existing Single-Family Homes*. A single-family home built prior to October 21, 1987, is exempt from payment of water and wastewater impact fees. This provision does not apply to a singlefamily home located outside of the City limits at the time a water or wastewater connection is provided.

Date of Addition/Revision/Deletion - Section 29-4
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-5. Authority for assessment of impact fees. +1

The City may assess and collect impact fees for costs of necessary public services in accordance with the following:

A. Impact fees shall be assessed against commercial, residential, and industrial developments; provided, that the City may identify additional categories or subcategories of development against which impact fees may be assessed.

B. The City shall analyze and define the impact fees to be charged in each service area

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for each necessary public service, based on the recommended gross impact fee per EDU calculated pursuant to Section 29-8.

C. No impact fees shall be charged, or credits issued, for any capital facility that does not fall into one of the categories of necessary public service identified in Section 29-8(C)(1).

D. Impact fees may not be used to provide a higher level of service to existing development or to facilitate stricter safety, efficiency, environmental, or other regulatory standards for existing capital facilities.

E. Impact fees may not be used to pay the City's administrative, maintenance, or other operating costs for the necessary public facilities.

F. Projected interest charges and financing costs can only be included in impact fees to the extent they represent principal and/or interest on the portion of any financing or debt used to finance the construction or expansion of a capital facility identified in the infrastructure improvements plan.

G. Costs for preparation of the infrastructure financing plan (including the infrastructure improvement plan and land use assumptions, plus the impact fee study) or other report or audit required by Section 9-463.05, Arizona Revised Statutes, may be included in the determination of impact fees.

H. All impact fees charged by the City are provided in the fee schedules, included as Appendix A of this chapter.

I. All impact fees shall meet the requirements of Section 9-463.05, Arizona Revised Statutes.

Date of Addition/Revision/Deletion - Section 29-5
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

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Sec. 29-6. Administration of the impact fee program. +1

A. *Separate Accounts.* Impact fees collected pursuant to this chapter shall be placed in separate, interest-bearing accounts for each necessary public service for each service area.

B. *Limitations on Use of Fees.* Impact fees and any interest thereon collected pursuant to this chapter shall only be spent on:

1. Capital facilities included in an approved infrastructure improvements plan, including related costs of financing or debt, so long as the capital facilities serve the same service area, and provide the same necessary public service for which the fee was collected.
2. Other costs authorized by this chapter and included in an approved infrastructure improvements plan.

C. *Time Limit.* Impact fees shall be spent within ten fiscal years of the date upon which they were collected, or within 15 fiscal years of the date upon which they were collected for water facilities or wastewater facilities.

D. *Administrative Charge.* There shall be a non-refundable administrative charge equal to one percent of the assessed gross impact fee which shall be due at the time impact fees are paid. The administrative charge is not an

impact fee, and cannot be reduced by any credits.

Date of Addition/Revision/Deletion - Section 29-6
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-7. Impact fee ordinance. +1

This chapter shall provide the framework for adoption and implementation of the impact fee program, as well as provide the adopted fee schedules to be for assessment of impact fees.

A. *General Compliance.* All impact fees, credits, reimbursements, or similar must be administered in accordance with the provisions of this chapter.

B. *Interpretations.* The Planning and Development Department Director's interpretation of the provisions of this chapter shall be final.

Date of Addition/Revision/Deletion - Section 29-7
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-8. Infrastructure financing plan. +1

Prior to assessment of a new or modified impact fee, the City shall prepare and adopt an infrastructure financing plan (IFP). The infrastructure financing plan will include the following: land use assumptions (LUA), an infrastructure improvements plan (IIP) for each necessary public service, and an impact fee study.

A. *Preparation of Infrastructure Financing Plan (IFP).* The Planning and Development Department, and/or other qualified professional(s), shall prepare the infrastructure financing plan in conjunction with each City department responsible for a necessary public service, in accordance with the scheduling procedures outlined herein.

B. *Land Use Assumptions (LUA)*. The IFP shall include the land use assumptions for each service area within which impact fees will be charged.

1. *Validity*. If the land use assumptions have not been updated within the last five years, the City shall evaluate the land use assumptions to determine whether changes are necessary. If, after general evaluation, the City determines that the land use assumptions are still valid, the City shall issue the report required in Section 29-10(B).
2. *Required Modifications to Land Use Assumptions*. If the City determines that changes to the land use assumptions are necessary in order to adopt or amend an infrastructure improvements plan, it shall make such changes as necessary to the land use assumptions in conjunction with the review and approval of the infrastructure improvements plan pursuant to Section 29-9.

C. *Infrastructure Improvements Plan (IIP)*. The City shall prepare an infrastructure improvements plan for each category of necessary public service for which an impact fee will be charged that evaluates the need for capital facilities for new development.

1. *Necessary Public Services*. The infrastructure improvements plan shall specify the categories of necessary public services for which the City intends to impose an impact fee, which may include any or all of the following:
 - a. Fire protection.
 - b. Police.
 - c. Parks.
 - d. Libraries.
 - e. Major arterials.

- f. Storm drainage.
- g. Water.
- h. Wastewater.

2. *Service Areas*. The IIP shall define and provide a map of all service areas within which a substantial nexus exists for the City to charge impact fees to provide a necessary public service.

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3. *Direct Benefit*. In cases where Section 9-463.05, Arizona Revised Statutes, requires a direct benefit from a proposed capital facility to the new development it will be serving, the direct benefit shall be evaluated and explained in the infrastructure improvements plan.
4. *Existing Level of Service*. For each necessary public service to be provided, the IIP shall evaluate and quantify the level of service provided to existing development in each service area.
5. *Adopted Level of Service*. For each necessary public service to be provided, the IIP shall identify and/or propose a level of service to be provided in each service area, based upon City-wide standards or policies.
6. *Existing Capacity*. For each necessary public service to be provided, the IIP shall analyze and identify the capacity of existing capital facilities serving each service area, specifically:
 - a. The level of utilization by existing development;
 - b. Any excess capacity available to serve new development;
 - c. Any existing or planned commitments or agreement for the

usage of excess, including reservations of capacity reserved through a development agreement;

- d. Any changes or upgrades to existing capital facilities that will be needed to maintain the adopted level of service, or to meet safety, efficiency, environmental, or other regulatory requirements for existing development;

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- e. Those portions of existing capital facilities that will be necessary to serve any new development for which impact fees will not be assessed.

- 7. *Future Development.* The IIP shall provide the existing number of equivalent demand units (EDUs), together with the projected number of new EDUs, for each service area. The projected number of new EDUs shall be based upon the City's land use assumptions and projected new development for a period not to exceed ten years (15 years for wastewater and water).
- 8. *EDU Factors.* For each necessary public service provided, the IIP shall provide a table of the EDU factors used for each type of development and/or land use.
- 9. *Future Demand.* In addition to existing excess capacities already identified for each necessary public service provided, the IIP shall analyze and identify new capital facilities (including expansion of existing facilities) required to provide the adopted level of service to the future development projected for

each service area in subsection (B)(7) of this section. The future demand shall take into account, and adjust for, any new development for which impact fees will not be assessed. Nothing in this subsection shall prohibit the City from additionally including projected demand for a longer period than described in subsection (B)(7) of this section.

- 10. *Future Costs for Existing Development.* If the IIP identifies any changes or upgrades to existing capital facilities that will be needed to maintain the adopted level of service, the associated costs shall be identified in the IIP. Additionally, the IIP shall identify any portion of the costs of new capital facilities which are attributable to existing development.
- 11. *Future Costs for New Development.* For each necessary public service provided, the IIP shall estimate the total costs to provide the capital facilities required to meet the demand generated by future development. The cost estimates may include: land acquisition, improvements, engineering and architectural services, studies leading to design, design, construction, and financing, as well as projected costs of inflation. The cost estimates may not include costs for administration or ongoing operation and maintenance of capital facilities, nor costs attributable to attaining or maintaining the existing level of service for existing development. Replacement capital facilities may only be included to the extent that additional capacity is provided to serve new development.

12. *Gross Impact Fee per EDU.* For each necessary public service provided, the IIP shall calculate a recommended gross impact fee per EDU for each service area by dividing the total future costs by the number of new EDUs projected.
13. *Alternative Revenues.* The IIP shall forecast revenues from taxes, fees, assessments, or other sources that will be available to fund any new or expanded capital facilities identified in the IIP, as follows:
- a. State-shared revenues, Federal revenues, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based upon the approved land use assumptions shall be included in the estimations, if applicable.
 - b. The IIP shall additionally estimate the time required for financing, construction, and implementation of the new or expanded capital facilities, as appropriate.
 - c. Beginning August 1, 2014, if the City imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate that is imposed on the majority of other transaction privilege tax classifications in the City, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of capital facilities provided to new development unless the excess portion is already utilized for such purpose.
14. *Community Facilities District.* In determining and assessing an impact fee applying to land in a community facilities district established under Title 48, Chapter 4, Article 6, Arizona Revised Statutes, the City shall take into account any capital facilities in the infrastructure improvements plan provided by the CFD and capital costs paid by the district for such capital facilities, and shall proportionally offset the assessed impact fees within the CFD.
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15. *Offsets.* Based on the amounts determined in subsections (B)(13) and (14) of this section, the IIP shall calculate an offset per EDU for each service area, and identify how they shall be applied.
16. *Net Impact Fee per EDU.* For each necessary public service provided, the IIP shall calculate a recommended net impact fee per EDU for each service area by subtracting the offset per EDU from the recommended gross impact fee per EDU.
17. *Limitations.* The adopted gross impact fee per EDU for each necessary public service shall not exceed the amount calculated pursuant to subsection (B)(12) of this section, though nothing in this section prohibits adoption of a lesser figure. If a lesser figure is adopted as the gross impact fee per EDU for a particular necessary public service, the same percentage reduction must be equally applied to:
- a. Each and all service areas;

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- b. Each and all categories of development or land use for which impact fees are assessed; and
- c. Each offset per EDU.

Date of Addition/Revision/Deletion - Section 29-8
 +1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

D. *Impact Fee Study.* The impact fee study shall summarize the contents of the infrastructure improvements plan, and provide the following information, at a minimum:

- 1. Maps of the proposed service area(s) within which an impact fee is to be assessed.
- 2. The number of existing and projected EDUs for each service area, based upon the land use assumptions.

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- 3. Information regarding all necessary public services for which impact fees are to be assessed.
- 4. Schedules of the proposed impact fees for each necessary public service, for each service area, on a per-EDU basis, including details of all offsets to be applied. However, the actual impact fees to be assessed shall be disclosed and adopted in the form of impact fee schedules described in Appendix A of this chapter.

E. *Multiple Documents.* More than one infrastructure improvements plan and associated impact fee study may be included within the infrastructure financing plan, so long as no more than one of each is effective for each category of necessary public service at any one time. Similarly, multiple categories of necessary public services may be included in a single infrastructure improvements plan and its associated impact fee study.

Sec. 29-9. Adoption or amendment of the infrastructure financing plan.

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A. *Adoption of an Infrastructure Financing Plan (IFP).* The infrastructure financing plan shall be adopted as follows:

- 1. *First Public Hearing—Draft IFP.* The City shall conduct a public hearing on the draft IFP, which consists of the land use assumptions (LUA) and the infrastructure improvements plans (IIP). Notice of this hearing shall be posted on the City’s public website, together with the draft IFP and any other documents used in preparation, a minimum of 60 days prior to the hearing.
- 2. *First Required Action—Draft IFP.* The City Council shall approve or disapprove the draft IFP within 60 days, but no sooner than 30 days, after the first public hearing.
- 3. *Second Public Hearing—Final IFP.* The City shall conduct a public hearing on the final IFP, which consists of the land use assumptions (LUA), infrastructure improvements plans, and the impact fee study. Notice of this hearing shall be posted on the City’s public website, together with the final IFP, a minimum of 30 days prior to the hearing.
- 4. *Second Required Action—Final IFP.* The City Council shall adopt by resolution or disapprove the final IFP within 60 days, but no sooner than 30 days, after the second public hearing.

5. *Adoption of Impact Fee Schedules.* Following adoption of the final IFP with the second required action, the City Council shall adopt the applicable revised impact fee schedules (to be incorporated in Appendix A of this chapter). Any revised impact fee schedule shall become effective no sooner than 75 days after adoption.

B. Amendment of the Infrastructure Financing Plan.

1. *Minor Amendment.* The City may update or amend the infrastructure financing plan or the impact fee schedules without a public hearing if all of the following apply:

- a. Any changes to the infrastructure improvements plan and/or the underlying land use assumptions will not add any new category of capital facilities to any service area.
- b. The changes in the infrastructure improvements plan and/or the underlying land use assumptions will not provide for a level of service higher than the adopted level of service for any service area.
- c. Based on an analysis of the impact fee study and the City’s adopted impact fee schedules, the changes in the infrastructure improvements plan and/or the underlying land use assumptions would not, individually or cumulatively with other amendments undertaken pursuant to this subsection, cause an impact fee in any service area to increase

by more than five percent above the impact fee that is provided in the current impact fee schedule.

d. *Posting.* At least 30 days prior to the date that any amendment pursuant to this section is adopted, the

City shall post the proposed amendment(s) to the infrastructure financing plan and/or impact fee schedules on the City’s public website.

e. *Effective Date.* Any changes to the impact fee schedules shall not be effective until 75 days after the approval of a minor amendment.

f. *Required Update.* An update required by Section 29-10 shall not be considered a minor amendment.

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2. *Major Amendment.* Any proposed amendment to the infrastructure financing plan and/or impact fee schedules which does not comply with the provisions of subsection (B)(1) of this section shall be considered a major amendment, and shall be processed in accordance with the provisions of subsection A of this section.

Date of Addition/Revision/Deletion - Section 29-9
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-10. Required update of the infrastructure financing plan.
+1

The City shall update the infrastructure improvements plan and impact fee study

pursuant to Section 29-9 for each necessary public service included in the infrastructure financing plan, within five years of most recent adoption and/or amendment for that necessary public service, subject to the following:

A. *Phased Updates.* The City may opt to phase the update required by this section, and only update the portions of the infrastructure improvements plan and impact fee study related to the categories of necessary public service addressed in each particular phase, so long as the time between updates does not exceed five years for any individual category of necessary public service.

B. *Alternative.* If, upon review of the infrastructure financing plan at the time of the prescribed update, the City determines that no changes to an infrastructure improvements plan, underlying land use assumptions, or impact fee study are needed for some or all categories of necessary public service, the City shall publish the following information on its public website:

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1. *Determination of No Changes.* A statement that the City has determined that no change is necessary to the infrastructure improvements plan and the impact fee study, and for which categories of necessary public service;
2. *Service Areas.* A map and description of the service area(s) covered by the infrastructure financing plan and/or category of necessary public service; and
3. *Contact Information.* An address to which any resident of the City may submit, within 60 days of publication on the website, a written request that the City update the infrastructure financing

plan and/or impact fee schedules (all or in part), including the reasons and basis for the request. The City shall consider and respond within 30 days to any timely requests submitted pursuant to this subsection.

Date of Addition/Revision/Deletion - Section 29-10
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-11. Assessment and collection of impact fees. +1

A. *Applicable Impact Fee Schedules and Assessment.* Impact fees shall be assessed according to the adopted fee schedules provided in Appendix A of this chapter, unless one of the following conditions applies:

1. *Single-Family Residential Development.* For a platted single-family residential development, the impact fee schedules in effect at the time the first building permit is issued within the development shall be applied to all subsequent permits issued within the same platted development for a period of 24 months following the date of issuance of the first building permit, subject to the limitations stated in subsection (A)(3) of this section.
2. *Non-Single-Family Residential Development.* For a commercial, industrial, or multi-family development, or any other development which is not considered single-family, the impact fee schedules in effect at the time of final approval of a site plan (or plat if no site plan is required) shall be applied to all subsequent permits issued within the same development for a period of 24 months following the final approval, subject to the limitations

stated in subsection (A)(3) of this section.

3. *Limitations.* The following limitations apply when assessing impact fees:
 - a. If a change is made to a singlefamily residential development within the 24-month periods identified in subsections (A)(1) and (2) of this section which increases the number of EDUs with the development, any permit issued after the change is made shall be assessed impact fees using the fee schedules in effect at the time of issuance of the permit.
 - b. If the City approves a new impact fee schedule during the 24-month periods identified in subsections (A)(1) and (2) of this section which would decrease the amount of the impact fee assessed, the City shall assess the lower impact fee for a permit issued after the effective date of the lower impact fee.

B. *Collection.* Impact fees, together with administrative charges assessed pursuant to Section 29-6(D), shall be calculated and collected prior to issuance of permission to commence development; specifically:

1. *Building Permit.* If a building permit is required for the development, all impact fees shall be paid at the time the building permit is issued, unless otherwise specified by a development agreement pursuant to Section 29-13.
2. *Water or Wastewater without a Building Permit.* If a building permit is not required for the development, but water or wastewater connections are required, any and all impact fees due

shall be paid at the time the water service connection is purchased. If only a wastewater connection is required, the impact fees shall be paid prior to approval of a connection to the wastewater system. Wastewater impact fees shall only be assessed if a development connects to the City's public sewer system or, as determined by the Water Services Director, is capable of discharging sewage to the City's public sewer system.

3. *Civil or Site Permit Only.* If the development is located in a service area with a storm drainage impact fee, and neither a building permit, nor water or wastewater service connection is required, the storm drainage impact fee due shall be paid at the time a civil or site permit is issued for the development.
4. *Limitation.* No building permit, water or wastewater connection, or civil/site permit shall be issued if an impact fee is not paid as directed in the previous subsections.
5. *Expansion or Change of Land Use.* If the building permit is for an expansion of an existing land use, or a change to a different land use type, the impact fee

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shall be assessed only for the additional impacts of the expansion or change.

6. *Issued or Voided Permits.* For issued permits that expire or are voided, impact fees and administrative charges shall be as follows:
 - a. If the original permittee is seeking to renew an expired or voided

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permit, and the impact fees paid for such development have not been refunded, then the permittee shall pay the difference between any impact fees paid at the time the permit was issued and those in the fee schedule at the time the permit is reissued or renewed.

- b. If a new or renewed permit for the same development is being sought by someone other than the original permittee, the new permit applicant shall pay the full impact fees specified in the fee schedule in effect at the time that the permits are reissued or renewed; provided, that if the original permittee has assigned the permits to the new permit applicant, the new permit applicant shall pay impact fees as specified in subsection (A)(6)(a) of this section.

C. *Exceptions.* Impact fees shall not be owed under the following conditions:

- 1. *Full Payment.* Impact fees were paid in full for the development, at the fee schedule applicable at the time of payment, and the permit(s) which triggered the collection of the impact fees have not expired or been voided.
- 2. *Modifications.* Modifications to existing residential or non-residential devel-

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opment that do not: (a) add new EDUs, (b) increase the impact of existing EDUs on existing or future capital facilities, or (c) change the land use type of the existing development to a

different category of development for which a higher impact fee would have been due. To the extent that any modification does not meet the requirements of this subsection, the impact fee due shall be the difference between the impact fee that was or would have been due on the existing development and the impact fee that is due on the development as modified.

- 3. *Water Meters for Landscape Irrigation Use Only.* Water meters which are classified by the City as being for landscape irrigation use only shall not be assessed a wastewater impact fee. If such a meter is subsequently reclassified as a general use meter, a wastewater impact fee shall be assessed and collected at the time of reclassification.

Date of Addition/Revision/Deletion - Section 29-11
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-12. Impact fee credits and credit agreements. +1

A. *Eligibility of Capital Facility.* Any facility for which impact fee credits are to be provided must meet the following requirements:

- 1. *Identification in the Infrastructure Financing Plan.* The IFP must identify the capital facility for which credits are requested as one for which an impact fee is assessed. If the City consents to amend the infrastructure financing plan pursuant to Section 29-9(B) to add a capital facility not previously identified in this manner, no credits may be allocated or issued prior to the amendment of the infrastructure financing plan.

2. *Provision or Financial Contribution.* Credits may be generated from a developer’s costs of dedication, construction, or other provision of an eligible capital facility, or from a payment or financial contribution towards the provision of an eligible capital facility, so long as the City does not otherwise compensate the developer for the same contributions.
3. *Service Area.* The capital facility provided must be located within, or provide direct service to, the service area within which the subject development is located.
4. *Functionality.* The capital facility provided must be functional and accepted by the City.

B. *Eligibility of Subject Development.* To be eligible for a credit, the subject development must be located within the service area of the eligible capital facility, and be assessed an impact fee for the applicable necessary public service.

C. *Calculation of Credits.* Credits will be based on the costs for an eligible capital facility identified in the adopted IFP, and shall comply with the following:

1. *Total Value.* The total value of the credits shall be the lesser of:
 - a. The projected cost of the capital facility, as provided in the approved IFP; or
 - b. The actual costs incurred by the applicant in providing the eligible capital facility. Actual costs are limited to costs associated with the same components, in the same proportions, used to determine the costs in the approved IFP.

In cases where a developer enters into an agreement with the City to jointly provide an eligible capital facility, the projected cost of the capital facility calculated from the approved IFP will be reduced to be proportionate with the developer’s contribution to the construction of the capital facility.

2. *Credits for Partially Completed Capital Facilities.* The City may elect to approve alternative credit values for a partially completed but functional eligible capital facility using one of the following methods:
 - a. Using values interpolated from costs identified in the approved infrastructure improvements plan for the completed capital facility; or
 - b. Using actual costs incurred by the applicant.
3. *Proportional Credit Values.* In the event that the impact fee schedules adopted in Appendix A of this chapter utilize a net fee per EDU which is less than the recommended net fee per EDU calculated in the approved impact fee study, credits based on costs identified in the infrastructure improvements plan will be provided in a manner proportionate with the adopted fee schedule. For example, if the adopted net fee per EDU is only 50 percent of the recommended net fee per EDU, the maximum credit value for facilities provided against that fee will be 50 percent of the estimated costs included in the IIP for that type of facility. Credits calculated using other methods permitted by this

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chapter are not subject to the provisions of this subsection.

D. *Allocation of Credits.* Credits must be allocated to a subject development prior to any issuance of credits with any permit associated with the subject development. Credits are allocated as follows:

1. *Developer Responsibility.* It is the responsibility of the developer to request allocation of impact fee credits through an application for a preliminary credit agreement (which may be part of a development agreement entered into pursuant to Section 29-13) with the City.
2. *Preliminary Credit Agreement.* The City Manager is authorized by this chapter to enter into a preliminary credit agreement with the controlling entity of a subject development, which will include, at a minimum, the following information and supporting documentation:
 - a. A legal description and map depicting the location of the subject development for which credit is being applied;
 - b. A description of the proposed development, including proposed building areas and/or number of units, and types of uses;
 - c. A list of the capital facilities, associated physical attributes, as stated in the approved IFP;
 - d. The costs associated with the capital facilities as stated in the approved IFP;
 - e. The estimated costs of construction of the capital facilities as provided by the developer;
 - f. A map depicting the location of the capital facilities that have been or will be provided;
 - g. The estimated value of credits to be applied within the subject development and the calculations leading to the estimated value of credits.
3. *Limitation on Prior Permits.* If a building permit is issued or a water/wastewater connection is purchased, and an impact fee is paid prior to execution of a preliminary credit agreement for the subject development, no credits may be allocated retroactively to that permit or connection. Credits may be allocated to any remaining permits for the subject development in accordance with the rest of this chapter.
4. *Successors and Assignments.* If the entity that provides an eligible capital facility sells or relinquishes a subject development (or portion thereof) that it owns or controls prior to execution of a preliminary credit agreement or development agreement, credits resulting from the eligible capital facility will only be allocated to the subject development if the entity legally assigns such rights and responsibilities to their successor(s) in interest for the subject development.
5. *Joint Development.* If multiple entities jointly provide an eligible capital facility, both entities must enter into a joint credit agreement with the City, and any request for the allocation of credit within the subject development(s) must be made jointly by the entities that provided the eligible capital facility.

6. *Allocation of Credits.* Upon execution of the preliminary credit agreement by the City and the applicant, credits shall be deemed allocated to the subject development.
 7. *Reallocation of Credits.* Credits may only be reallocated from or within a subject development with the City's approval of an amendment to an executed agreement, subject to the following conditions:
 - a. The entity who executed the original agreement with the City, or its legal successor in interest, and the entity that currently controls the subject development are parties to the request for reallocation; and
 - b. The reallocation proposal does not change the value of any credits already issued to the subject development.
- E. *Issuance of Credits.* Credits allocated pursuant to Section 29-13(D) may be issued and applied toward the impact fees upon execution of a final credit agreement, subject to the following:
1. *Developer Responsibility.* It is the responsibility of the developer to request issuance of impact fee credits through an application for a final credit agreement (which may be part of a development agreement entered into pursuant to Section 29-13) with the City.
 2. *Time Limitation.* An application for a final credit agreement shall be submitted to the City by the developer within two years of acceptance of the eligible capital facility by the City.
3. *Final Credit Agreement.* The City Manager is authorized by this chapter to enter into a final credit agreement with the controlling entity of a subject development, which will include, at a minimum, all of the same information as the preliminary credit agreement, and the following additional information:
 - a. Date of acceptance of the eligible capital facility by the City.
 - b. Final costs incurred by the developer to provide the eligible capital facility.
 - c. The total value of the credits to be issued, as determined by the City in accordance with subsection C of this section.
 - d. Map(s) and legal descriptions of the subject development(s) to which the credits will be applied.
 4. *Non-Transferability.* Credits issued for an eligible capital facility may only be applied to an impact fee assessed for the associated necessary public service for which the capital facility was provided, and for a subject development which is located in the service area which is served by the eligible capital facility.
 5. *Acceptance or Security.* Credits shall only be issued when the eligible capital facility from which the credits were derived has been accepted by the City, or when adequate security for the completion of the eligible capital facility has been provided in accordance with all terms of an executed development agreement.
 6. *Reduction in Impact Fee or Refund.* Where credits have been allocated pursuant to subsection D of this section,

and a final credit agreement has been executed, an impact fee due at the time a permit is issued or connection is purchased shall be reduced by the credit amount stated in or calculated from the executed final credit agreement, in an amount no greater than the impact fee assessed with that permit. Where credits have been allocated through an executed preliminary credit agreement, and a final credit agreement has not yet been executed, the impact fee shall be paid in full and a refund of the credit amount shall be due after a final credit agreement has been executed.

- 7. *Limitation on Credit Re-Issuance.* Credits, once issued, may not be rescinded or reallocated to another permit or parcel, except that credits may be released for reuse on the same subject development if a permit for which the credits were issued has expired or been voided, and is otherwise eligible for a refund under Section 29-15.
- 8. *Excess Credits.* Excess credits (credits exceeding the assessed impact fees due for a subject development) may be distributed to other eligible properties located within the same service area upon execution of a new or revised final credit agreement. Excess credits may not be reimbursed from City funds without execution of a development agreement pursuant to Section 29-13.

Date of Addition/Revision/Deletion - Section 29-12
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-13. Development agreements. +1

Development agreements containing provisions regarding impact fees, impact fee credits,

and/or disbursement of revenues from impact fee accounts shall comply with the following:

A. *Development Agreement Required.* A development agreement is required to authorize any of the following:

- 1. To issue credits prior to the City's acceptance of an eligible capital facility;
- 2. To reimburse the developer of an eligible capital facility using funds from impact fee accounts;
- 3. To allow non-standard payment of impact fees from other City accounts.

B. *General Requirements.* All development agreements shall be prepared and executed in accordance with Section 9-500.05, Arizona Revised Statutes, which includes approval by action of the City Council. Except where specifically modified by this section, all provisions of Section 29-12 shall apply to any credit agreement that is authorized as part of a development agreement.

C. *Early Credit Issuance.* A development agreement may authorize the issuance of credits prior to acceptance of an eligible capital facility by the city when the development agreement specifically states the form and value of the security (i.e., bond, letter of credit, etc.) to be provided to the City prior to issuance of any credits. The City shall determine the acceptable form and value of the security to be provided.

D. *Use of Reimbursements.* Funds reimbursed to developers from impact fee accounts for construction of an eligible capital facility must be utilized in accordance with applicable law and standard procedures for the use of City funds in construction or acquisition

of capital facilities, including Section 34-201, et seq., Arizona Revised Statutes.

E. *No Obligation.* Nothing in this section obligates the City to enter into any development agreement or to authorize any type of credit agreement or reimbursement plan permitted by this section.

Date of Addition/Revision/Deletion - Section 29-13

+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-14. Appeals. +1

An impact fee determination by City staff may be appealed in accordance with the following procedures:

A. *Limited Scope.* An appeal shall be limited to disputes regarding the calculation of the impact fees for a specific development and/or permit and calculation of EDUs for the development.

B. *Form of Appeal.* An appeal shall be initiated on such written form as the City may prescribe, and submitted to the Planning and Development Department for processing.

C. *Decision of the Planning and Development Director.* The Planning and Development Director, in consultation with the director(s) of the department(s) responsible for the associated necessary public service(s), shall act upon the appeal within 30 calendar days of the filing of the appeal. The applicant shall be notified in writing of the Planning and Development Director's decision.

D. *Appeal of the Planning and Development Director's Decision.* The applicant may further appeal the decision of the Planning and Development Director within 30 calendar days of the decision to the City Manager.

E. *Decision of the City Manager.* The City Manager shall act upon the appeal of the

Planning and Development Director's decision within 30 calendar days of the filing of the appeal with the City Manager's office. The applicant shall be notified in writing of the decision of the City Manager.

F. *Final Decision.* The decision of the City Manager regarding the appeal is final.

G. *Fees During Pendency.* Building permits may be issued during the pendency of an appeal if the applicant pays the impact fee due at the time the appeal is filed. Upon final disposition of an appeal, the fee shall be adjusted in accordance with the decision rendered, and a refund paid if warranted.

Date of Addition/Revision/Deletion - Section 29-14

+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-15. Refunds of impact fees. +1

A. *Refunds.* A refund (or partial refund) will be paid to any current owner of property within the City who submits a written request to the City and demonstrates that:

1. The owner of the subject real property or its predecessor in interest paid an impact fee for an applicable category of necessary public service on or after August 1, 2014; and
2. One of the following conditions exists:
 - a. The permit(s) which triggered the collection of the impact fee have: (1) expired or been voided prior to the commencement of the development for which the permits were issued; and (2) not been expended, encumbered, or pledged for the repayment of financing or debt.
 - b. The capital facility designed to serve the subject real property has been constructed, has the capacity

to serve the subject real property and any development for which

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there is reserved capacity, and the service which was to be provided by that capital facility has not been provided to the subject real property from that capital facility or from any other infrastructure.

- c. After collecting the fee to construct a capital facility, the City fails to complete construction of the capital facility within the time period identified in the infrastructure financing plan, as it may be amended, and the corresponding service is otherwise unavailable to the subject real property from that capital facility or any other infrastructure.
- d. Any part of an impact fee for a necessary public service (not including water or wastewater) is not spent within ten years of the City's receipt of the impact fee.
- e. Any part of an impact fee for water or wastewater facilities is not spent within 15 years of the City's receipt of the impact fee.
- f. The impact fee was calculated and collected for the construction cost to provide all or a portion of a specific capital facility serving the subject real property and the actual construction costs for the capital facility are less than the construction costs projected in the infrastructure improvements plan by a factor of ten percent or more. In such event, the current owner of the subject real property shall, upon request as set forth in this subsection A, be entitled to a refund for the difference between

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the amounts of the impact fee charged for and attributable to such construction cost and the amount the impact fee would have been calculated to be if the actual construction cost had been included in the fee study. The refund contemplated by this subsection shall relate only to the costs specific to the construction of the applicable capital facility and shall not include any related design, administrative, or other costs not directly incurred for construction of the capital facility that are included in the impact fee as permitted by Section 9-463.05, Arizona Revised Statutes.

B. *Earned Interest.* A refund of an impact fee shall include any interest actually earned on the refunded portion of the impact fee by the City from the date of collection to the date of refund. All refunds shall be made to the record owner of the property at the time the refund is paid.

C. *Refund to Government.* If an impact fee was paid by a governmental entity, any refund shall be paid to that governmental entity.

Date of Addition/Revision/Deletion - Section 29-15
+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Sec. 29-16. Oversight of impact fee program.

+1

A. *Annual Report.* By September 30 following each fiscal year, the City shall file with the City Clerk an unaudited annual report accounting for the collection and use of the fees for each service area and shall post the report on its website in accordance with Sections 9463.05(N) and (O), Arizona Revised Statutes, as amended.

B. *Biennial Review.* The City shall provide for a biennial, certified audit of the infrastructure financing plan, including the infrastructure improvements plan and land use assumptions, impact fee study, and impact fee schedules.

1. An audit pursuant to this subsection shall be conducted by one or more qualified professionals who are not employees or officials of the City and who did not prepare the infrastructure financing plan.
2. The audit shall review the collection and expenditures of development fees for each facility in the plan and provide written comments describing the amount of impact fees assessed, collected, and spent on capital facilities.
3. The audit shall describe the level of service in each service area, and evaluate any inequities in implementing the infrastructure improvements plan or imposing the impact fee.
4. The City shall post the findings of the audit on the City's public website and shall conduct a public hearing on the audit within 60 days of the release of the audit to the public.
5. For the purposes of this section, a certified audit shall mean any audit authenticated by one or more of the qualified professionals conducting the audit pursuant to subsection (B)(1) of this section.

Date of Addition/Revision/Deletion - Section 29-16

+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015

Appx. A. Impact fee schedules. +1

I. *Impact Fee Schedules.* Impact fees shall be assessed in accordance with the following fee schedules:

in the table below. This result is the **Total Gross Impact Fee.**

4. Multiply the number of EDUs by the associated

Schedule A: Fire Protection Impact Fees

Equivalent Demand Units (EDUs)	Land Use	EDU Factor ¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	Multi-Family	0.65 per	Dwelling Unit
	Commercial/Retail	0.78 per	1,000 sq. ft.
	Office	0.71 per	1,000 sq. ft.
	Industrial/Warehouse	0.28 per	1,000 sq. ft.
	Public/Institutional	0.69 per	1,000 sq. ft.
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Northwest/Deer Valley	\$513 <u>\$482</u> per	EDU
	Northeast	\$557 per	EDU
	Southwest	\$660 <u>\$654</u> per	EDU
	Ahwatukee	\$569 <u>\$551</u> per	EDU
Offsets	Offset Type	Offset Amount	Unit
	Debt Offset	\$38 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

A. *Fire Impact Fee.*

1. In the table below, find the Land Use type which applies to the Subject Development for which the Impact Fee is being calculated.
2. Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a 100,000 square foot retail development has 78 EDUs (100,000 sf/1,000 sf = 100; 100 x 0.78 EDUs per unit = 78 EDUs).
3. Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated

Offset stated in the table below. This result is the **Total Offset.**

5. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Fire Impact Fee.**
6. Credits, if applicable, may be applied to the Net Fire Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

B. Police Impact Fee.

1. In the table below, find the Land Use type which applies to the Subject Development for which the Impact Fee is being calculated.
2. Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a 100-unit multi-family project has 65 EDUs (100 units x 0.65 EDUs per unit = 65 EDUs).
3. Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.
4. Multiply the number of EDUs by the associated Offset stated in the table below. This result is the **Total Offset**.
5. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Police Impact Fee**.
6. Credits, if applicable, may be applied to the Net Police Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

Schedule B: Police Impact Fees

Equivalent Demand Units (EDUs)	Land Use	EDU Factor¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	Multi-Family	0.65 per	Dwelling Unit
	Commercial/Retail	0.78 per	1,000 sq. ft.
	Office	0.71 per	1,000 sq. ft.
	Industrial/Warehouse	0.28 per	1,000 sq. ft.
	Public/Institutional	0.69 per	1,000 sq. ft.
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Northwest/Deer Valley	\$500 per	EDU
	Northeast	\$546 per	EDU
	Southwest	\$529 per	EDU
	Ahwatukee	\$499 per	EDU
Offsets	Offset Type	Offset Amount	Unit
	Debt Offset	\$40 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

C. *Parks Impact Fee.*

1. In the table below, find the Land Use type which applies to the Subject Development for which the Impact Fee is being calculated.

65 EDUs (100 units x 0.65 EDUs per unit = 65 EDUs).

Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.

3. Multiply the number of EDUs by the associated Offset stated in the
- 4.

2. Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a 100-unit multi-family project has

5. table below. This result is the
6. **Total Offset.**

Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Parks Impact Fee**.

Credits, if applicable, may be applied to the Net Parks Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

Schedule C: Parks Impact Fees

Equivalent Demand Units (EDUs)	Land Use	EDU Factor ¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	Multi-Family	0.65 per	Dwelling Unit
	Commercial/Retail	0.05 per	1,000 sq. ft.
	Office	0.07 per	1,000 sq. ft.
	Industrial/Warehouse	0.02 per	1,000 sq. ft.
	Public/Institutional	0.05 per	1,000 sq. ft.
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Northwest/Deer Valley	\$2,175 per	EDU
	Northeast	\$3,008 per	EDU
	Southwest	\$3,346 per	EDU
	Ahwatukee	\$1,758 per	EDU
Offsets	Offset Type	Offset Amount	Unit
	PPPI Sales Tax Offset	\$655 per	EDU
	Debt Offset	\$400 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

D. *Libraries Impact Fee.*

- 3.

1. In the table below, find the Land
2. Use type which applies to the Subject Development for which the Impact Fee is being calculated.

Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a

4. Multiply the number of EDUs by the associated Offset stated in the table below. This result is the **Total Offset**.

Subtract the Total Offset from the Total Gross Impact Fee. This

100-unit multi-family project has 65 EDUs (100 units x 0.65 EDUs per unit = 65 EDUs).

Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.

6. result will be assessed as the **Net Libraries Impact Fee**.

Credits, if applicable, may be applied to the Net Libraries Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

Schedule D: Libraries Impact Fees

Equivalent Demand Units (EDUs)	Land Use	EDU Factor ¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	Multi-Family	0.65 per	Dwelling Unit
	Commercial/Retail	0.05 per	1,000 sq. ft.
	Office	0.07 per	1,000 sq. ft.
	Industrial/Warehouse	0.02 per	1,000 sq. ft.
	Public/Institutional	0.05 per	1,000 sq. ft.
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Northwest/Deer Valley	\$0 per	EDU
	Northeast	\$315 per	EDU
	Southwest	\$195 per	EDU
	Ahwatukee	\$0 per	EDU
Offsets	Offset Type	Offset Amount	Unit
	Debt Offset	\$83 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

E. *Major Arterials Impact Fee.*

1. In the table below, find the Land Use type which applies to the Subject Development for which the Impact Fee is being calculated.
2. Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a 100,000 square foot office development has 63 EDUs (100,000 sf/1,000 sf = 100; 100 x 0.63 EDUs per unit = 63 EDUs).
3. Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.
4. Multiply the number of EDUs by the associated Offset stated in the table below. This result is the **Total Offset**.
5. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Major Arterials Impact Fee**.

Schedule E: Major Arterials Impact Fees

Equivalent Demand Units (EDUs)	Land Use	EDU Factor ¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	Multi-Family	0.70 per	Dwelling Unit
	Commercial/Retail	1.37 per	1,000 sq. ft.
	<u>Lodging</u>	<u>0.41 per</u>	<u>Room</u>
	Office	0.63 per	1,000 sq. ft.
	Industrial/Warehouse	0.44 per	1,000 sq. ft.
	<u>Mini Warehouse</u>	<u>0.20 per</u>	<u>1,000 sq. ft.</u>
Public/Institutional	0.61 per	1,000 sq. ft.	
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Northwest/Deer Valley	\$2,553 per	EDU
	Northeast	\$2,737 per	EDU
	Southwest	\$918 per	EDU
	Ahwatukee	\$0 per	EDU
Offsets	Offset Type	Offset Amount	Unit
	AHUR Offset	\$106 per	EDU
	Debt Offset	\$239 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

F. *Storm Drainage Impact Fee.*

1. In the table below, find the Land Use type which applies to the

Subject 6. Credits, if applicable, may be applied to the Net Major Arterials Impact Fee using the EDU fac-

tor(s) stated below, as further detailed in Section 29-12.

Schedule F: Storm Drainage Impact Fees

using the EDU

Equivalent Demand Units (EDUs)	Land Use	EDU Factor ¹	Unit
	Single-Family	1.00 per	Dwelling Unit
	All other uses	4.00 per	Net Acre
Gross Impact Fees	Impact Fee Service Area	Gross Fee	Unit
	Estrella (North and South)	\$1,278 per	EDU
	Laveen (West and East)	\$1,277 per	EDU
Offsets	Offset Type	Offset Amount	Unit
	n/a	\$0 per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.

Development for which the Impact Fee is being calculated.

factor(s) stated below, as further detailed in Section 29-12.

2. Calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factor. For example, a 100-unit multi-family development on 20 net acres has 80 EDUs (20 net acres x 4.00 EDUs per acre = 80 EDUs).
3. Multiply the number of EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.
4. Multiply the number of EDUs by the associated Offset stated in the table below. This result is the **Total Offset**.
5. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Storm Drainage Impact Fee**.
6. Credits, if applicable, may be applied to the Net Storm Drainage Impact Fee

G. *Water Impact Fee.*

1. In the table below, find the Land Use type which applies to the Subject Development for which the Impact Fee is being calculated.
2. For residential developments, calculate the number of total Equivalent Demand Units (EDUs) for the project by using the associated EDU Factors. For example, a 100unit multi-family project with shared domestic meters and two 2" landscape meters has 60.6 EDUs (100 units x 0.38 EDUs per unit = 38 EDUs, plus two 2" meters @ 11.30 EDUs/meter = 22.6 EDUs). 3. For non-residential developments:

- a. Identify the number, size, and types of meters required for the development.
 - b. Calculate the number of total Equivalent Demand Units (EDUs) for the project by totaling the number of EDUs associated for each type of meter. For example, a restaurant which has a 2" compound meter for commercial use, and a 1" landscape meter, has 14.84 EDUs (11.30 EDUs for 2" meter plus 3.54 EDUs for 1" meter).
4. Multiply the number of total EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee**.
5. Multiply the number of EDUs by the associated Offsets stated in the table below. Where Development Occupational Fees have been charged, include that amount in the offset calculations. This result is the **Total Offset**.
 6. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Water Impact Fee**.
 7. Credits, if applicable, may be applied to the Net Water Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

Schedule G: Water Impact Fees

	Land Use		EDU Factor ¹	Unit	
	Equivalent Demand Units (EDUs)	Multi-Family, sharing common meter(s)		0.38 per	Dwelling Unit
Multi-Family, individually metered		1.00 per	Dwelling Unit		
Single-Family, up to 1" meter		1.00 per	Dwelling Unit		
Single-Family, 1.5" meter		3.33 per	Dwelling Unit		
Single-Family, 2" meter		5.33 per	Dwelling Unit		
Meter Size					
All Other Land Uses and/or Additional Meters		0.75"	2.12 per	Meter	
		1"	3.54 per	Meter	
		1.5"	7.06 per	Meter	
		2" Compound or Displacement	11.30 per	Meter	
		2" Turbine	13.42 per	Meter	
		3" Compound	24.74 per	Meter	
		3" Turbine	30.74 per	Meter	
		4" Compound	42.40 per	Meter	
		4" Turbine	53.00 per	Meter	
		6" Compound	95.40 per	Meter	
6" Turbine	113.06 per	Meter			

		8" Compound	113.06 per	Meter
		8" Turbine	197.86 per	Meter
Gross Impact Fees	Impact Fee Service Area		Gross Fee	Unit
	Northern (Northwest, Deer Valley, and Northeast)		\$7,016 per	EDU
	Southern (Estrella North and South, Laveen West and East, and Ahwatukee)		\$4,580 per	EDU
Offsets	Offset Type		Offset Amount	Unit
	Water Rate Offset		\$481 per	EDU
	Development Occupational Fees ²		Variable per	EDU

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.
2. Development Occupational Fees, which are variable depending on the type of development, are included in the calculation of the Total Offset when they are charged to the same Subject Development.

H. *Wastewater Impact Fee.*

lent Demand Units (EDUs) for the

1. In the table below, find the Land project by using the associated Use type which applies to the Sub-EDU Factors. For example, a 100-ject Development for which the unit multi-family project with

Impact Fee is being calculated. shared domestic meters and two 2" landscape meters has 49 EDUs

2. For residential developments, cal- (100 units x 0.49 EDUs per unit = culate the number of total Equiva- 49 EDUs). No EDUs are assigned

to the landscape meters since meter plus 0 EDUs for landscape meter).
 landscape meters are not assessed
 Wastewater Impact Fees per Section 29-11(C).

3. For non-residential developments:
 - a. Identify the number, size, and types of meters required for the development.
 - b. Calculate the number of total Equivalent Demand Units (EDUs) for the project by totaling the number of EDUs associated for each type of meter. For example, a restaurant which has a 2" compound meter for commercial use, and a 1" landscape meter, has 11.99 EDUs (11.99 EDUs for 2"
4. Multiply the number of total EDUs by the associated Gross Impact Fee for the applicable Service Area stated in the table below. This result is the **Total Gross Impact Fee.**
5. Multiply the number of EDUs by the associated Offsets stated in the table below. Where Development Occupational Fees have been charged, include that amount in the offset calculations. This result is the **Total Offset.**
6. Subtract the Total Offset from the Total Gross Impact Fee. This result will be assessed as the **Net Wastewater Impact Fee.**

7. Credits, if applicable, may be applied to the Net Wastewater Impact Fee using the EDU factor(s) stated below, as further detailed in Section 29-12.

Schedule H: Wastewater Impact Fees

Equivalent Demand Units (EDUs)	Land Use		EDU Factor¹		Unit	
	Multi-Family, sharing common meter(s)		0.49	per	Dwelling Unit	
	Multi-Family, individually metered		1.00	per	Dwelling Unit	
	Single-Family, up to 1" meter		1.00	per	Dwelling Unit	
	Single-Family, 1.5" meter		3.33	per	Dwelling Unit	
	Single-Family, 2" meter		5.33	per	Dwelling Unit	
			Meter Size			
	All Other Land Uses and/or Additional Meters		0.75"	2.25	per	Meter
			1"	3.76	per	Meter
			1.5"	7.49	per	Meter
			2" Compound or Displacement	11.99	per	Meter
			2" Turbine	14.24	per	Meter
			3" Compound	26.26	per	Meter
			3" Turbine	32.63	per	Meter
			4" Compound	45.00	per	Meter
4" Turbine			56.25	per	Meter	
6" Compound			101.25	per	Meter	
6" Turbine	119.99	per	Meter			
8" Compound	119.99	per	Meter			
8" Turbine	209.99	per	Meter			
Gross Impact Fees	Impact Fee Service Area		Gross Fee		Unit	
	Northwest		\$4,012	per	EDU	
	Northeast		\$4,012	per	EDU	
	Deer Valley		\$2,103	per	EDU	
	Estrella North		\$2,103	per	EDU	
	Estrella South		\$3,984	per	EDU	
	Laveen West		\$3,829	per	EDU	
	Laveen East		\$2,103	per	EDU	
	Ahwatukee		\$2,103	per	EDU	
Offsets	Offset Type		Offset Amount		Unit	
	Wastewater Revenue Offset		\$282	per	EDU	
	Development Occupational Fees ²		Variable	per	EDU	

1. At the option of the applicant or at the direction of the Planning and Development Director, the EDU Factor used to calculate the fee may be determined by an independent impact analysis, pursuant to the provisions of Section III of this Appendix.
2. Development Occupational Fees, which are variable depending on the type of development, are included in the calculation of the Total Offset when they are charged to the same Subject Development.

II. *Independent Impact Analysis*. At the EDUs, or the EDU factor, used to calculate option of the applicant or the Planning and impact fees for a Subject Development may be Development Director, the total number of determined by an Independent Impact Analysis if the type of proposed use is not within or comparable to the land use types stated in the Fee Schedules provided in this Appendix. If this option is chosen, the following shall apply:

- A. The applicant shall be responsible for preparing the Independent Impact Analysis, which shall be reviewed for approval by the Planning and Development Director prior to payment of the impact fee(s) to which the analysis applies.
- B. An Independent Impact Analysis shall measure and discuss the impact the Subject Development will have on the Necessary Public Service(s) included in the Infrastructure Financing Plan, and shall be based on the same methodologies used in the calculation of the Gross Cost per EDU in the Infrastructure Improvements Plan.
- C. An Independent Impact Analysis shall utilize only professionally acceptable data, assumptions, and evaluation methods.
- D. After review of the Independent Impact Analysis submitted by the applicant, the Planning and Development Director shall accept or reject the analysis and provide written notice to the applicant of the decision. If an independent impact analysis is rejected, the written notice shall provide an explanation of the insufficiencies of the analysis.
- E. The decision of the Planning and Development Director may be appealed pursuant to Section 29-14(D).

Date of Addition/Revision/Deletion - Appx. A

+1 Addition on 1-21-2015 by Ordinance No. G-5984, eff. 2-20-2015