



Public Hearing on Land Use Assumptions and Infrastructure Improvements Plans for Updating the Development Impact Fee Program - Citywide

Request to hold a public hearing on the Land Use Assumptions (LUAs) and Infrastructure Improvements Plans (IIPs) that establish a base analysis for the Development Impact Fee Program update as required by Arizona Revised Statutes (ARS).

Summary

Development impact fees are assessed on building permits obtained with designated impact fee service areas to help pay for certain capital facilities that are necessary to serve new development. Arizona’s impact fee enabling statute (ARS 9-463.05) requires cities to review and, if necessary, update fees every five years. In addition, to maintaining compliance with impact fee statutes, updating the impact fee program helps ensure fees are in-line with current raw materials, labor and development demand along with projected growth/service needs, infrastructure plans, and overall facility costs. Phoenix currently administers nine development impact fee programs: Fire Protection, Police, Parks, Libraries, Major Arterials, Storm Drainage, Water, Wastewater, and Water Resources Acquisition. As proposed, the update would divide Water and Wastewater into Water Treatment, Water Transmission, Wastewater Treatment, and Wastewater Collection for a total of eleven programs. The City’s last impact fee update was approved by Council on January 29, 2020, and the fees took effect later that spring.

This public hearing is being conducted in accordance with ARS 9-463.05(D) that requires a public hearing on LUAs and IIPs, no less than 60 days after releasing plans to the public. Proposed LUAs and IIPs, along with supplemental reports, were posted to the City’s website on or before August 2, 2024, and can be viewed online at: www.phoenix.gov/pddsite/Pages/Proposed2025InfrastructureFinancingPlan.

Proposed IIPs for each fee category have been updated to reflect current growth projections and inflation in construction costs since the last fee update. Facility cost estimates assumed in the proposed IIPs have been escalated at three percent per year to 2028 dollars to account for normal inflation.

Other notable proposed changes to the impact fee program include:

Fire: Replaced the 'incremental' approach with a 'plan-based' approach to better align capital facility needs with the Fire Department's service delivery model.

Police: Incorporated new development's share of debt service for Police Headquarters and Cactus Park Precinct.

Parks: Incorporated new development's eligible share of debt service for 'civic space' parks in Desert View and Estrella Villages. Added trailhead amenities to better serve the preserve lands that are a key resource for future recreational opportunities, particularly in north Phoenix.

Library: Incorporate new development's eligible share of debt service for 'civic space' branch libraries in Desert View and Estrella Villages.

Storm Drainage: Updated cost estimates and Flood Control District of Maricopa County contributions for approved projects in Paradise Ridge, Estrella and Laveen impact fee service areas.

Major Arterials: Restructured the program to focus on bridges and specific regional road segments that are anticipated prior to development of adjacent lands. This will allow the city to participate in major bridge projects while constructing to require private development to construct roadway improvements along the properties frontage.

Water Treatment: Water Treatment is proposed to be separated from the current "Water" fee and would be assessed Citywide. The newly authorized Water Resiliency Program, contained in the proposed Water Treatment Fee, will ensure a robust water future that supports on-going development in the City.

Water Transmission: Water Transmission is proposed to be separated from the current 'Water' fee and would continue to be assessed in the northern and southern impact fee service areas.

Wastewater Treatment: Wastewater Treatment is proposed to be separated from the current "Wastewater" fee and would be assessed Citywide. As proposed, areas north of the Central Arizona Project (CAP) would be assessed for new treatment plant and solids handling capacity. While areas south of CAP would be assessed for solids handling capacity, but not new treatment plant capacity.

Wastewater Collection: Wastewater Collection is proposed to be separated from the

current "Wastewater" fee and would be assessed in the Northern impact fee service area, excluding Deer Valley, and Estrella South area.

Water Resource Acquisition: Updated to include the City's participation in the Bartlett Dam project to store more water and increase future water supplies.

The LUAs and IIPs are the principal planning documents needed to support changes to development impact fee assessments. Additional information can be found on the 2025 Impact Fee Update website (link above). The *Impact Fee Service Area Map* is attached as **Attachment A** and provides a map of all Impact Fee Area "Building Blocks" including Water Resources Acquisition Fee Areas shown as "Off" and "On" Project. A *Preliminary Net Fee Summary* is attached as **Attachment B** and contains the combined preliminary net fee for each "Building Block" area.

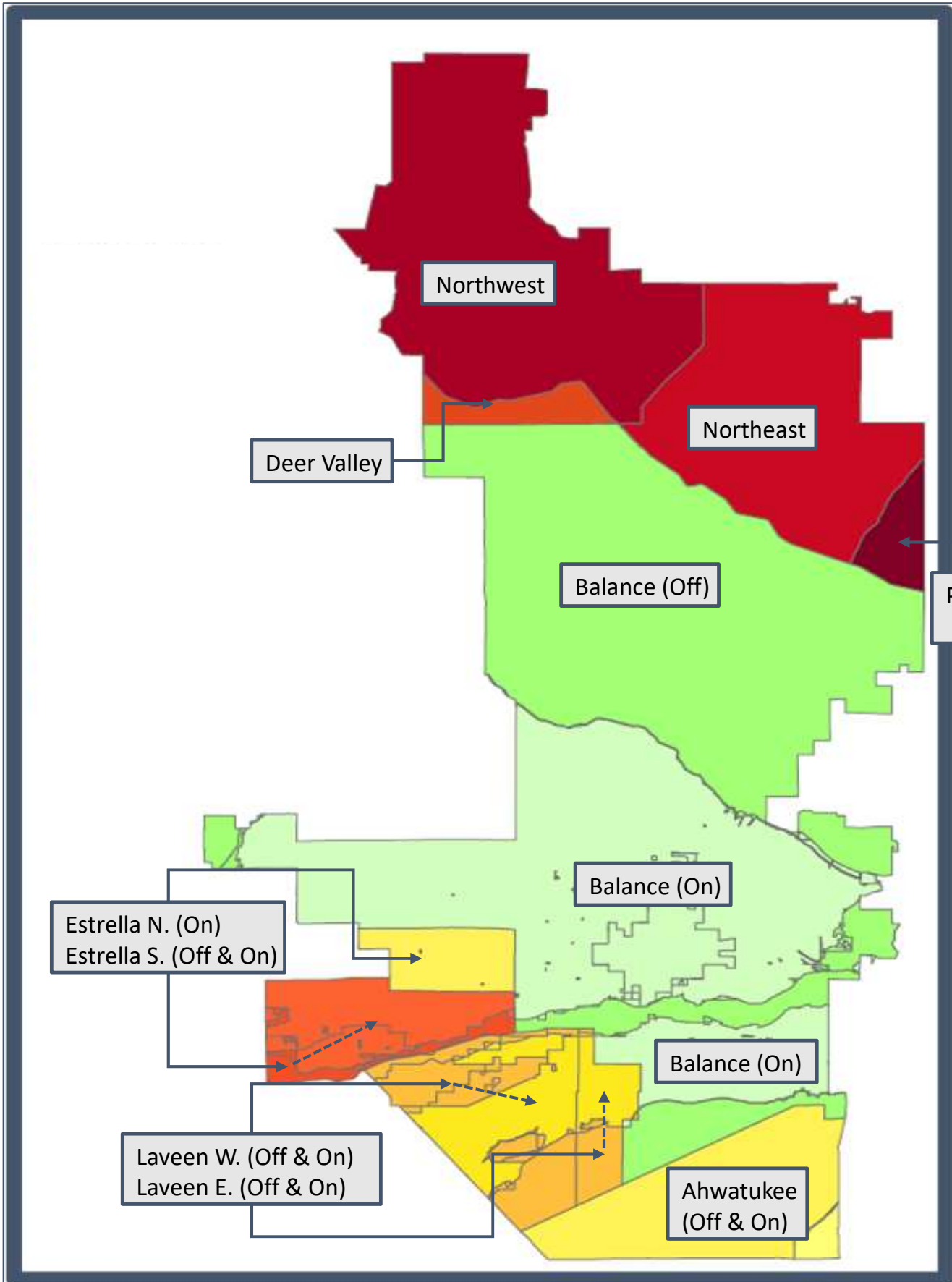
Next Steps

Between 30 and 60 days after this public hearing, Council is required to take action on the LUAs and IIPs. If approved, a notice of intention to assess a development fee will be released to the public and posted on the City's website. No less than 30 days after posting the notice of intent, a subsequent public hearing will be conducted on the proposed development fees. Between 30 and 60 days after the public hearing on proposed development fees, Council is required to take action on the proposed development fees.

Responsible Department

This item is submitted by Deputy City Manager Alan Stephenson and the Planning and Development Department.

IMPACT FEE ASSESSMENT AREAS



COMBINED NET IMPACT FEES (\$/EDU)

Impact Fee Area	Total
Northwest	\$36,985
Deer Valley	\$28,324
Northeast	\$36,336
Paradise Ridge	\$39,430
Estrella North (Off Project)	\$14,625
Estrella North (On Project)	\$12,502
Estrella South (Off Project)	\$21,535
Estrella South (On Project)	\$19,412
Laveen West (Off Project)	\$14,819
Laveen West (On Project)	\$12,696
Laveen East (Off Project)	\$14,819
Laveen East (On Project)	\$12,696
Ahwatukee (Off Project)	\$11,927
Ahwatukee (On Project)	\$9,804
Balance of the City (Off Project)	\$8,172
Balance of the City (On Project)	\$6,049

Notes: Facility cost estimates used to calculate fees have been escalated to 2028 dollars. The offset for Water and Sewer Development Occupational Fees is not included.