

Land Use Assumptions, Infrastructure Improvements Plan and Development Fees

Prepared for:

Town of Wellton, Arizona

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EXECUTIVE SUMMARY

The Town of Wellton hired TischlerBise to document land use assumptions, prepare an Infrastructure Improvements Plan (IIP), and update development fees pursuant to Arizona Revised Statutes 9-436.05. Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions.

The IIP for each type of infrastructure is in the middle section of this document and the Land Use Assumptions may be found in Appendix C. The proposed development fees are displayed in the beginning of this document, shown in Figures 2 and 3.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development's proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies.

This update of the Town's Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

- Parks and Recreational Facilities
- Public Safety Facilities (Police and Fire)
- Streets Facilities
- Water Facilities

This plan also includes all necessary elements required to be in full compliance with SB 1525.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

Arizona Revised Statutes 9-463.05 (hereafter referred to as "development fee enabling legislation") governs how development fees are calculated for municipalities in Arizona. During the state legislative session of 2011, Senate Bill 1525 (SB 1525) was introduced which significantly amended the development fee enabling legislation. The changes included:

- Amending existing development fee programs by January 1, 2012.
- Abandoning existing development fee programs by August 1, 2014.
- New development fee program structure revolving around a unified Land Use Assumptions document and Infrastructure Improvements Plan.
- New adoption procedures for the Land Use Assumptions, Infrastructure Improvements Plan, and development fees.
- New definitions, including "necessary public services" which defines what categories and types of infrastructure may be funded with development fees.
- Time limitations in development fee collections and expenditures.
- New requirements for credits, "grandfathering" rules, and refunds.

This update of the Town's development fees will be in compliance with all of the new requirements of SB 1525.

Necessary Public Services

Under the new requirements of the development fee enabling legislation, development fees may be only used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, drainage, flood control, library, streets, fire and police, and neighborhood parks and recreation. Additionally, a necessary public service includes any facility that was financed before June 1, 2011 and that meets the following requirements:

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

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an Infrastructure Improvements Plan (hereafter referred to as the “IIP”). For each necessary public service that is the subject of a development fee, by law, the infrastructure improvements plan shall include the following seven elements:

- A description of the existing necessary public services in the service area and the cost to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed on this state, as applicable.
- An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
- A description of all or the parts of the necessary public services or facility expansion and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in the state, as applicable.
- A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
- The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.
- The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
- A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

Qualified Professionals

The IIP must be developed by qualified professionals using general accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure financing analyses, user fee/cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

Conceptual Development Fee Calculation

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

Evaluation of Credits

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

DEVELOPMENT FEE METHODOLOGY

Development fees for the necessary public services made necessary by new development must be based on the same level of service provided to existing development in the service area. There are three basic methodologies used to calculate development fees. They examine the past, present, and future status of infrastructure. The objective of evaluating these different methodologies is to determine the best measure of the demand created by new development for additional infrastructure capacity.

- **Cost recovery (past)** is used in instances when a community has oversized a facility or asset in anticipation of future development. This methodology is based on the rationale that new development is repaying the community for its share of the remaining unused capacity.
- **Incremental expansion method (present)** documents the current level of service for each type of public facility. The intent is to use revenue collected to expand or provide additional facilities, as needed to accommodate new development, based on the current cost to provide capital improvements.
- **Plan-based method (future)** utilizes a community’s capital improvement plan and/or other adopted plans or engineering studies to guide capital improvements needed to serve new development.

A summary is provided in Figure 1 showing the methodologies, components and allocations used to calculate the development fees.

Figure 1: Recommended Calculation Methodologies

| Type of Fee | Cost Recovery (past) | Incremental Expansion (present) | Plan-Based (future) |
|------------------|----------------------|---------------------------------|---|
| 1. Parks | | Improved Park Land | |
| 2. Public Safety | | Vehicles and Officer Equip. | |
| 3. Streets | | Lane Miles of Collectors | |
| 4. Water | | | Water Production and Treatment Improvements |

PROPOSED DEVELOPMENT FEES

Based on the data, assumptions, and calculation methodologies in the Land Use Assumptions and Infrastructure Improvements Plans, the maximum supportable development fees are presented in the Parks and Recreational Facilities Infrastructure Improvements Plan, Public Safety Infrastructure Improvements Plan, Street Facilities Infrastructure Improvements Plan, and Water Facilities Infrastructure Improvements Plan, respectively.

Based on discussions with Town Officials and staff since the adoption of the IIP on March 4, 2014, the development fees proposed for adoption, as shown in Figures 2 and 3, reflect policy decisions regarding the Town’s Development Fee Study.

The Town will remove:

1. The community centers and trails components from the Parks and Recreational Facilities development fee.
2. The public safety buildings component from the Public Safety Facilities development fee.
3. The water main component from the Water Facilities development fee.

The Town will also:

1. Reduce the Street Facilities development fee to 29% of the maximum supportable amount.
2. Reduce the Water Facilities development fee to 40% of the maximum supportable amount.

Proposed non-utility development fees are displayed in Figure 2.

Figure 2: Proposed Non-Utility Development Fees

| Proposed Non-Utility Development Fees | | | | |
|--|-------|---------------|---------|----------------|
| Land Use | Parks | Public Safety | Streets | Total |
| <i>Residential (per Housing Unit)</i> | | | | |
| Single Unit | \$735 | \$428 | \$473 | \$1,636 |
| 2+ Units | \$606 | \$352 | \$403 | \$1,361 |
| <i>Nonresidential (per 1000 sq ft of floor area)</i> | | | | |
| Industrial | \$462 | \$678 | \$259 | \$1,399 |
| Commercial | \$515 | \$2,740 | \$947 | \$4,203 |
| Institutional | \$252 | \$990 | \$379 | \$1,621 |
| Office & Other Services | \$855 | \$1,073 | \$410 | \$2,337 |

Proposed utility development fees are shown in Figure 3.

Figure 3: Proposed Utility Development Fees

| Proposed Utility Development Fees | |
|-----------------------------------|---------|
| Per Meter | Water |
| 0.75 | \$1,243 |
| 1.00 | \$1,307 |
| 1.50 | \$1,464 |
| 2.00 | \$1,653 |

CURRENT DEVELOPMENT FEES

Wellton’s current non-utility development fees are shown in Figure 4. All the fees are listed at zero because the Town does not have development fees for these categories and relied on developer agreements for much of the infrastructure necessitated by new development.

Figure 4: Current Non-Utility Development Fees

| Current Non-Utility Development Fees | | | | |
|---|--------------|----------------------|----------------|--------------|
| Land Use | Parks | Public Safety | Streets | Total |
| <i>Residential (per Housing Unit)</i> | | | | |
| Single Unit | \$0 | \$0 | \$0 | \$0 |
| 2+ Units | \$0 | \$0 | \$0 | \$0 |
| <i>Nonresidential (per 1000 sq ft of floor area)</i> | | | | |
| Industrial | \$0 | \$0 | \$0 | \$0 |
| Commercial | \$0 | \$0 | \$0 | \$0 |
| Institutional | \$0 | \$0 | \$0 | \$0 |
| Office & Other Services | \$0 | \$0 | \$0 | \$0 |

Wellton’s current utility development fees are shown in Figure 5.

Figure 5: Current Utility Development Fees

| Current Utility Development Fees | |
|---|--------------|
| Per Meter | Water |
| 0.75 | \$800 |
| 1.00 | \$1,443 |
| 1.50 | \$7,766 |
| 2.00 | \$9,650 |

DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the proposed and current non-utility development fees are displayed in Figure 6.

Figure 6: Difference Between Proposed and Current Non-Utility Development Fees

| Increase or Decrease | | | | |
|--|-------|---------------|---------|----------------|
| Land Use | Parks | Public Safety | Streets | Total |
| <i>Residential (per Housing Unit)</i> | | | | |
| Single Unit | \$735 | \$428 | \$473 | \$1,636 |
| 2+ Units | \$606 | \$352 | \$403 | \$1,361 |
| <i>Nonresidential (per 1000 sq ft of floor area)</i> | | | | |
| Industrial | \$462 | \$678 | \$259 | \$1,399 |
| Commercial | \$515 | \$2,740 | \$947 | \$4,203 |
| Institutional | \$252 | \$990 | \$379 | \$1,621 |
| Office & Other Services | \$855 | \$1,073 | \$410 | \$2,337 |

The differences between the proposed and current utility development fees are displayed in Figure 7.

Figure 7: Difference Between Proposed and Current Utility Development Fees

| Increase or Decrease | | |
|----------------------|-----------|----------|
| Per Meter | Water | % Change |
| 0.75 | \$443 | 55% |
| 1.00 | (\$136) | -9% |
| 1.50 | (\$6,302) | -81% |
| 2.00 | (\$7,997) | -83% |

To obtain the total development fee for a residential unit, utility fees must be added to non-utility fees. Assuming a 0.75 meter for a single residential unit, current and proposed total development fees are shown in Figure 8.

Figure 8: Current and Proposed Total Fees for a Single Unit

| Total Fees for Single Unit Residential | | |
|--|----------|-----------|
| Current | Proposed | \$ Change |
| \$800 | \$2,879 | \$2,079 |

PARKS AND RECREATIONAL FACILITIES IIP

ARS 9-463.05 (T)(7)(g) defines the facilities and assets which can be included in the Parks and Recreational Facilities IIP:

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

The Parks and Recreational Facilities IIP includes components for parks, community centers, trails, and professional services costs for preparing the Parks and Recreational Facilities IIP and development fees. The incremental expansion methodology is used to calculate the Parks and Recreational Facilities IIP.

Service Area

The Town of Wellton plans to provide a uniform level-of-service and equal service for parks and recreational facilities throughout the Town. As a result, the service area for the Parks and Recreational Facilities IIP is townwide.

Proportionate Share

The development fee for Parks and Recreational Facilities is calculated on a per capita basis for residential development. For nonresidential development, the fee methodology allocates the capital cost of infrastructure on a per employee basis.

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. In Wellton, Parks and Recreational Facilities development fees are based on both residential and nonresidential development. To determine the proportionate share for Parks and Recreational Facilities, the number of residents in 2011 (2,930) is multiplied by the number of days per year (365), and the number of inflow commuters (171) is multiplied by an average number of work days per year (5 days per week for 50 weeks a year.) The shares of this total (96% for residential and 4% for nonresidential) are used to allocate the costs of Parks and Recreational Facilities by land use type.

Figure PR1: Residents and Inflow Commuters in 2011

| Residents | Inflow Commuters | Cumulative Impact Days per Year | | | Cost Allocation for Parks | |
|-----------|------------------|---------------------------------|------------------|-----------|---------------------------|----------------|
| | | Residential* | Nonresidential** | Total | Residential | Nonresidential |
| 2,930 | 171 | 1,069,450 | 42,750 | 1,112,200 | 96% | 4% |

* Days per Year = **365**

** 5 Days per Week x 50 Weeks per Year = **250**

Source: Inflow/ Outflow Analysis, OnTheMap web application, U.S. Census Bureau.

EXISTING FACILITIES

Parks

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. The Town currently has 9.9 acres of parks. The residential level-of-service for parks is 3.1 acres per thousand persons, which is found by multiplying the number of park acres (9.9) by the residential proportionate share (96%), dividing this total by the 2013 population (3,072 persons) and multiplying this total by 1,000. The nonresidential level of service is 1.6 acres per 1,000 jobs, which is found by multiplying the number of park acres (9.9) by the nonresidential proportionate share (4%), dividing this total by the number of jobs in 2013 (254) and multiplying this total by 1,000.

The improvement cost per acre of a park in Wellton is \$90,600 and the land purchase cost per acre is \$75,000, totaling \$165,600 in park costs per acre. The land cost purchase is the expected cost to purchase park land in Wellton, provided by Town staff. The improvement cost per acre was the cost to develop Butterfield Park. The cost per person for the park component is determined to be \$512.27 per person, which is found by multiplying the residential level of service (3.1 acres per 1,000 persons) by the total parks cost (\$165,600) and dividing by 1,000. The cost per job is \$258.53, which is found by multiplying the nonresidential level of service (1.6 acres per 1,000 jobs) by the total parks cost per acre (\$165,000) and dividing by 1,000. The inventory, level of service, and cost analysis are shown in Figure PR2.

Figure PR2: Incremental Expansion - Parks

| <i>Park</i> | <i>Total Acres</i> |
|------------------|--------------------|
| Butterfield Park | 8.8 |
| West Side Park | 1.1 |
| Total | 9.9 |

| | |
|--|------------------|
| Improvement Cost per Acre ¹ | \$90,600 |
| Land Purchase Cost per Acre ² | \$75,000 |
| Total Cost per Acre | \$165,600 |

1. Cost of improvements/ amenities to upgrade Butterfield Park.
2. Cost of land for 5 acre park according to Town of Wellton.

| <i>Level of Service (LOS) Standards</i> | <i>Residential</i> | <i>Nonresidential</i> |
|---|--------------------|-----------------------|
| Total Acres | 9.9 | |
| Proportionate Share | 96% | 4% |
| 2013 Service Units (Persons/ Jobs) | 3,072 | 254 |
| LOS: Acres per 1,000 Persons/ Jobs | 3.1 | 1.6 |

| <i>Cost Analysis</i> | <i>Residential</i> | <i>Nonresidential</i> |
|------------------------------------|--------------------|-----------------------|
| Average Cost per Acre | \$165,600 | |
| LOS: Acres per 1,000 Persons/ Jobs | 3.1 | 1.6 |
| Cost Per Person/ Job | \$512.27 | \$258.53 |

Community Centers

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. The inventory of includes Wellton’s Community Center, which is 7,569 square feet. The residential level of service is 2.4 square feet per person, which is found by multiplying the total square footage (7,569) by the residential proportionate share (96%) and dividing this by the 2013 population (3,072). The nonresidential level of service is 1.2 square feet per job, which is found by multiplying the total square footage (7,569) by the nonresidential proportionate share (4%) and dividing this by the number of jobs in 2013 (254).

The average cost per square foot of a community center is \$139 based on Marshall Valuation Service. This cost per square foot multiplied by the levels of service results in a community center cost per person of \$328.74 and a cost per job of \$165.91.

Figure PR3: Incremental Expansion – Community Centers

| <i>Facility</i> | <i>Square Feet</i> |
|------------------|--------------------|
| Community Center | 7,569 |

| | |
|---|--------------|
| Cost per Square Foot¹ | \$139 |
|---|--------------|

1. Marshall Valuation Service, 2010. Updated to current dollars using CPI.

| <i>Level of Service (LOS) Standards</i> | <i>Residential</i> | <i>Nonresidential</i> |
|---|--------------------|-----------------------|
| Total Square Feet | 7,569 | |
| Proportionate Share | 96% | 4% |
| 2013 Service Units (Persons/ Jobs) | 3,072 | 254 |
| LOS: Square Feet per Person/ Job | 2.4 | 1.2 |

| <i>Cost Analysis</i> | <i>Residential</i> | <i>Nonresidential</i> |
|----------------------------------|--------------------|-----------------------|
| Cost per Square Foot | \$139 | |
| LOS: Square Feet per Person/ Job | 2.4 | 1.2 |
| Cost Per Person/ Job | \$328.74 | \$165.91 |

Trails

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. Wellton has a downtown pedestrian network of 7,559 linear feet which includes pathways through the Town. The residential level of service is 2.4 linear feet per person which is found by multiplying the total linear feet (7,559) by the residential proportionate share (96%) and dividing this total by the 2013 population (3,072). The nonresidential level of service is 1.2 linear feet per job, which is found by multiplying the total linear feet (7,559) by the nonresidential proportionate share (4%) and dividing this total by the number of jobs in 2013 (254). The total cost of the network is \$427,043, which is equal to a cost per linear foot of \$56. This cost multiplied by the levels of service yields a trails cost per person of \$132.27 and a cost per job of \$66.75.

Figure PR4: Incremental Expansion – Trails

| <i>Trail</i> | <i>Linear Feet</i> | <i>Cost¹</i> | <i>Cost per Linear Ft</i> |
|-----------------------------|--------------------|-------------------------|---------------------------|
| Downtown Pedestrian Network | 7,559 | \$427,043 | \$56 |

1. Town of Wellton.

| <i>Level of Service (LOS) Standards</i> | <i>Residential</i> | <i>Nonresidential</i> |
|--|--------------------|-----------------------|
| Linear Feet | 7,559 | |
| Proportionate Share | 96% | 4% |
| 2013 Service Units (Persons/ Jobs) | 3,072 | 254 |
| <i>LOS: Linear Feet per Person/ Job</i> | 2.4 | 1.2 |

| <i>Cost Analysis</i> | <i>Residential</i> | <i>Nonresidential</i> |
|------------------------------------|--------------------|-----------------------|
| Cost per Linear Foot | \$56 | |
| LOS: Linear Feet per Person/ Job | 2.4 | 1.2 |
| <i>Cost Per Person/ Job</i> | \$132.27 | \$66.75 |

Excluded Costs

Development fees in Wellton exclude costs of to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. Parks and Recreational Facilities development fees will only pay for additional park land and improvements, community centers, and trails to accommodate new development, based on the same level-of-service provided to existing residents and jobs.

Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. The levels of service established above for improved parks, community centers, and trails are the standards the Town wishes to maintain using the incremental expansion method for new development. Thus, there is no available

capacity for new development based on the current inventory. New development will be served by Parks and Recreational Facilities improvement capital projects.

INFRASTRUCTURE NEEDS ANALYSIS

Projected Service Units

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. As shown in Figure PR5 and determined in the Land Use Assumptions, it is estimated there will be 822 additional persons and 279 jobs over the next ten years.

Demand for Facility Expansions and Costs

ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. The projected service units (822 persons for residential development and 279 jobs for nonresidential development) are multiplied by their respective residential and nonresidential levels of service for each IIP component. This new development will demand an additional 3 acres of parks, 2,278 square feet of community centers, and 2,275 linear feet of trails.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. The ten-year totals of the projected demand for each existing public service category are multiplied by their respective costs to determine the total cost of each to accommodate the projected demand over the next ten years. For example, the projected development requires 3 additional acres of parks. This is multiplied by the park cost per acre of \$165,600 to determine the total cost of parks improvements to be \$496,800. This calculation was repeated to determine a 10 year cost of \$316,600 for community centers and \$127,400 for trails. These components total \$940,800.

Figure PR5: Projected Demand for Parks and Recreational Facilities

| | Park Improvements and Land | | Community Centers | | Trails | |
|-------------------|----------------------------|-------------------------|-------------------|------------------------|--------|------------------------|
| Res LOS | 3.1 | acres per 1,000 persons | 2.4 | square feet per person | 2.4 | linear feet per person |
| Nonres LOS | 1.6 | acres per 1,000 jobs | 1.2 | square feet per job | 1.2 | linear feet per job |
| Cost | \$165,600 | per acre | \$139 | per square foot | \$56 | per linear foot |

| | | Projected Demand | | | | |
|---|--------|--------------------------|-----------------------|------------------|---|-----------------------|
| | | Service Unit: Persons | Service Unit: Jobs | Parks (acres) | Recreational Facilities (square ft) | Trails (linear ft) |
| Base | FY2013 | 3,072 | 254 | 10 | 7,569 | 7,559 |
| 1 | 2014 | 3,146 | 273 | 10 | 7,767 | 7,757 |
| 2 | 2015 | 3,222 | 294 | 11 | 7,970 | 7,960 |
| 3 | 2016 | 3,299 | 317 | 11 | 8,180 | 8,170 |
| 4 | 2017 | 3,378 | 341 | 11 | 8,397 | 8,386 |
| 5 | 2018 | 3,459 | 368 | 11 | 8,620 | 8,609 |
| 6 | 2019 | 3,542 | 396 | 12 | 8,850 | 8,838 |
| 7 | 2020 | 3,627 | 427 | 12 | 9,088 | 9,076 |
| 8 | 2021 | 3,714 | 459 | 12 | 9,333 | 9,320 |
| 9 | 2022 | 3,803 | 495 | 13 | 9,586 | 9,573 |
| 10 | 2023 | 3,895 | 533 | 13 | 9,847 | 9,834 |
| Ten-Yr Total | | 822 | 279 | 3 | 2,278 | 2,275 |
| Cost of Park Land and Improvements | | | | \$496,800 | | |
| Cost of Community Center Improvements | | | | | \$316,600 | |
| Cost of Trail Improvements | | | | | | \$127,400 |
| Total Cost of Improvements and Expansions to Accommodate New Development | | | | | | \$940,800 |

PARKS AND RECREATIONAL FACILITIES IIP

Figure PR6 displays identified Parks and Recreational Facilities projects that will accommodate new development in the Town over the next ten years. The Town of Wellton is planning to build a Multi-Sport Complex for \$500,000. Improvements include fields, bleachers, a snack bar, and lights. The land for the complex is expected to cost \$375,000. Additionally, the Town is planning to fund a new community center, and only the first 3,000 square feet can be funded through development fees, as required by the Act. (The cost of \$417,000 represents the approximate cost of a 3,000 square foot community center.) The Town also plans to construct additional linear feet to its downtown pedestrian network. These improvements and expansions total \$1,075,000.

Figure PR6: Necessary Parks and Recreational Facilities Expansions

| Project | 10-Yr Total |
|---|--------------------|
| <i>Land and Improvements</i> | |
| Land for Complex | \$375,000 |
| Multi-Sport Complex (includes improvements) | \$500,000 |
| <i>Community Centers</i> | |
| Community Center (3,000 square feet) | \$417,000 |
| <i>Trails</i> | |
| Downtown Pedestrian Network | \$125,000 |
| Total | \$1,042,000 |

Source: Town of Wellton

PROPOSED PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Based on policy decisions by the Town of Wellton since the adoption of the IIP on March 4, 2014, the Town is removing the community centers and trails component from the proposed Parks and Recreational Facilities development fee. The proposed fee below just lists the Parks component.

Ratio of Service Unit to Development Unit

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. For residential development, average number of persons per housing unit provides the necessary conversion. Nonresidential development uses employees per KSF as the conversion from service unit to development unit. This ratio is shown in Figure PR7.

Revenue Credit

Included in the maximum supportable development fees is a *Revenue Credit* of 1% percent. The unadjusted Parks and Recreational Facilities development fees per service unit would generate more revenue over the next ten years, based on the approved Land Use Assumptions, than the identified growth cost of improved parkland of \$501,000. To ensure that no more fee revenue is collected than the Town plans to spend, the potential gross cost per service unit is reduced by the revenue credit to calculate the net capital cost per service unit. Based on the gross capital costs per service unit, the projected development fee revenue would equal \$502,000. To formula to calculate the *Revenue Credit* is as follows: $(\$502,000 - \$501,000) / \$501,000 = 1.5$ percent (rounded).

Proposed Parks and Recreational Facilities Development Fees

Infrastructure standards and cost factors for Parks and Recreational Facilities are summarized in the upper portion of Figure PR7. Updated development fees for Parks and Recreational Facilities are shown in the column with green shading.

Figure PR7: Proposed Parks and Recreational Facilities Development Fees

| Cost per Person | | |
|----------------------------------|-----------------|------|
| Park Land and Improvements | \$512.27 | |
| Professional Services | \$10.84 | |
| Revenue Credit | (\$5.23) | 1.0% |
| Net Cost per Service Unit | \$517.88 | |

Residential Development Fees per Housing Unit

| Development Type | Persons per Housing Unit | Proposed Fee | Current Fee | Increase (Decrease) |
|------------------|--------------------------|--------------|-------------|---------------------|
| Single Unit | 1.42 | \$735 | \$0 | \$735 |
| 2+ Units | 1.17 | \$606 | \$0 | \$606 |

| Cost per Job | | |
|----------------------------------|-----------------|------|
| Park Land and Improvements | \$258.53 | |
| Professional Services | \$1.53 | |
| Revenue Credit | (\$2.60) | 1.0% |
| Net Cost per Service Unit | \$257.46 | |

Nonresidential Development Fees per 1,000 Square Feet of Floor Area

| Development Type | Employees per KSF | Proposed Fee | Current Fee | Increase (Decrease) |
|-------------------------|-------------------|--------------|-------------|---------------------|
| Industrial | 1.79 | \$462 | \$0 | \$462 |
| Commercial | 2.00 | \$515 | \$0 | \$515 |
| Institutional | 0.98 | \$252 | \$0 | \$252 |
| Office & Other Services | 3.32 | \$855 | \$0 | \$855 |

FORECAST OF REVENUES

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)).

Parks and Recreational Facilities Development Fee Revenue

The top of Figure PR8 summarizes the growth related cost of infrastructure in Wellton over the next ten years (approximately \$501,000 for Parks and Recreational Facilities.) Wellton should receive approximately \$498,000 in parks and recreational facility fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

Figure PR8: Projected Parks and Recreational Facilities Development Fee Revenue

Ten-Year Growth-Related Costs for Parks and Recreational Facilities

| | |
|----------------------------|------------------|
| Park Land and Improvements | \$496,800 |
| Professional Services | \$4,367 |
| Total (rounded) | \$501,000 |

| | | Single Unit | 2+ Units | Industrial | Commercial | Institutional | Office & Other Services |
|---------------------------------|------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|------------------------------------|
| | | \$735 | \$606 | \$462 | \$515 | \$252 | \$855 |
| | | per housing unit | per housing unit | per 1000 Sq Ft | per 1000 Sq Ft | per 1000 Sq Ft | per 1000 Sq Ft |
| <i>Year</i> | | <i>Hsg Units</i> | <i>Hsg Units</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> |
| Base | 2013 | 1,996 | 222 | 28 | 45 | 20 | 22 |
| 1 | 2014 | 2,045 | 227 | 30 | 49 | 21 | 24 |
| 2 | 2015 | 2,093 | 233 | 33 | 52 | 23 | 26 |
| 3 | 2016 | 2,144 | 238 | 35 | 56 | 25 | 28 |
| 4 | 2017 | 2,195 | 244 | 38 | 61 | 27 | 30 |
| 5 | 2018 | 2,248 | 250 | 41 | 66 | 29 | 33 |
| 6 | 2019 | 2,302 | 256 | 44 | 71 | 31 | 35 |
| 7 | 2020 | 2,357 | 262 | 48 | 76 | 34 | 38 |
| 8 | 2021 | 2,414 | 268 | 51 | 82 | 36 | 41 |
| 9 | 2022 | 2,471 | 275 | 55 | 88 | 39 | 44 |
| 10 | 2023 | 2,531 | 281 | 60 | 95 | 42 | 48 |
| Ten-Yr Increase | | 535 | 59 | 32 | 50 | 22 | 26 |
| Projected Fees => | | \$393,000 | \$36,000 | \$15,000 | \$26,000 | \$6,000 | \$22,000 |
| Total Projected Revenues | | | \$498,000 | | | | |

PUBLIC SAFETY FACILITIES IIP

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

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

The Public Safety Facilities IIP includes components for fire and police stations, vehicles and officer equipment, and the cost of professional services for preparing the Public Safety IIP and development fees. Incremental expansion is used to calculate each element of the Public Safety Facilities IIP.

Service Area

The service area for the Public Safety Facilities IIP is Townwide.

Proportionate Share

The development fee for Public Safety is calculated on a per capita basis for residential development. For nonresidential development, the fee methodology allocates the capital cost of infrastructure on a per trip basis.

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. In Wellton, Public Safety Facilities development fees are based on both residential and nonresidential development. As shown in Figure PS1, functional population was used to allocate Public Safety Facilities costs to residential and nonresidential development. Functional population is similar to what the U.S. Census Bureau calls “daytime population” by accounting for people living and working in a jurisdiction. Residents that don’t work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Wellton are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for Wellton, the cost allocation for residential development is 83% while nonresidential development accounts for 17% of the demand for Public Safety Facilities infrastructure.

Figure PS1: Proportionate Share

| <u>Service Units in 2011</u> | | | Demand Hours/Day | Person Hours |
|---|-------|-----|-----------------------------|---------------------------------------|
| Residential | | | | |
| Population* | 2,930 | | | |
| 82% Residents Not Working | 2,390 | | 20 | 47,800 |
| 18% Resident Workers** | 540 | | | |
| 6% Worked in Town** | | 30 | 14 | 420 |
| 94% Worked Outside Town** | | 510 | 14 | 7,140 |
| | | | | Residential Subtotal |
| | | | | 55,360 |
| | | | | Residential Share => 83% |
| Nonresidential | | | | |
| Non-working Residents | 2,390 | | 4 | 9,560 |
| Jobs Located in Town** | 201 | | | |
| Residents Working in Town** | | 30 | 10 | 300 |
| Non-Resident Workers (inflow commuters) | | 171 | 10 | 1,710 |
| | | | | Nonresidential Subtotal |
| | | | | 11,570 |
| | | | | Nonresidential Share => 17% |
| | | | | TOTAL |
| | | | | <u>66,930</u> |

* 2011 count, U.S. Census Bureau.
 ** Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.

The development fee for Public Safety Facilities is calculated on a per capita basis for residential development. Nonresidential development fees are calculated using trips as the service unit. TischlerBise recommends using nonresidential vehicle trips as the best demand indicator for public safety facilities and equipment. Trip generation rates are used for nonresidential development because vehicle trips are highest for commercial developments, such as shopping centers, and lowest for industrial development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent with the relative demand for public safety from nonresidential development.

EXISTING FACILITIES

Public Safety Buildings

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. The Wellton Police Department and Wellton Fire Department are housed in separate buildings. The Fire Department has a 6,315 square foot fire station. The Police Department has a 1,056 square foot department office. Based on Wellton’s Schedule of Premises, the insurance value of these facilities totals \$1,190,000, resulting in an average value per square foot of \$161. The incremental expansion methodology is used to calculate the public safety building portion of the fee, so the cost per person and trip to expand a public safety building is determined. The level of service for residential development is 2.0 square feet per person, and the nonresidential level of service is 1.3 square feet per trip. This results in a per person cost of \$321.48 and a per trip cost of \$211.87.

Figure PS2: Incremental Expansion – Public Safety Buildings

| <i>Site</i> | <i>Sq. Ft.</i> | <i>Insurance Value</i> | <i>Value per Sq Ft</i> |
|----------------|----------------|------------------------|------------------------|
| Fire Station | 6,315 | \$1,074,000 | \$170 |
| Police Station | 1,056 | \$116,000 | \$110 |
| Total | 7,371 | \$1,190,000 | \$161 |

Source: Town of Wellton.

| Level of Service (LOS) Standards | <i>Residential</i> | <i>Nonresidential</i> |
|--|--------------------|-----------------------|
| Total Square Footage | 7,371 | |
| Proportionate Share | 83% | 17% |
| 2013 Service Units (Persons/ Trips) | 3,072 | 955 |
| LOS: Square Feet per Person/ Trip | 2.0 | 1.3 |

| Cost Analysis | <i>Residential</i> | <i>Nonresidential</i> |
|-----------------------------------|--------------------|-----------------------|
| Average Cost per Square Foot | \$161 | |
| LOS: Square Feet per Person/ Trip | 2.0 | 1.3 |
| Cost Per Person/ Trip | \$321.48 | \$211.87 |

Public Safety Vehicles and Officer Equipment

The Town plans to maintain the current level of service for public safety vehicles and officer equipment; thus the incremental expansion methodology is used to calculate this component of the Public Safety IIP and development fee.

The Town currently has 8 units of public safety vehicles and communication equipment for officers. Based on the current inventory, the proportionate share factors, and current development, the existing level of service for public safety vehicles and officer equipment is 2.2 units per thousand persons and 1.4 units per thousand vehicle trips to nonresidential development. The average cost of a public safety unit is \$154,000. Using this average cost, the cost per person of a public safety unit is \$332.86 and the cost per vehicle trip to nonresidential development of a public safety unit is \$219.31, as shown in Figure PS3.

Figure PS3: Incremental Expansion – Vehicles and Officer Equipment

| <i>Items</i> | <i>Department</i> | <i>#</i> | <i>Unit Cost</i> | <i>Total</i> |
|--------------------------------------|-------------------|----------|------------------|--------------------|
| Fire Engine ¹ | Fire | 2 | \$450,000 | \$900,000 |
| Patrol Vehicle ² | Police | 5 | \$48,000 | \$240,000 |
| Communication Equipment ¹ | Fire and Police | 1 | \$92,000 | \$92,000 |
| Total | | 8 | | \$1,232,000 |

| | |
|--------------------------|------------------|
| Average Unit Cost | \$154,000 |
|--------------------------|------------------|

1. Unit Cost is average cost in Yuma area.
2. Unit Cost Provided by Town of Wellton Police Department.

| <i>Level of Service (LOS) Standards</i> | <i>Residential</i> | <i>Nonresidential</i> |
|--|--------------------|-----------------------|
| Total Units | 8 | |
| Proportionate Share | 83% | 17% |
| 2013 Service Units (Persons/ Trips) | 3,072 | 955 |
| LOS: Units per 1,000 Persons/ Trips | 2.2 | 1.4 |

| <i>Cost Analysis</i> | <i>Residential</i> | <i>Nonresidential</i> |
|-----------------------------------|--------------------|-----------------------|
| Average Unit Cost | \$154,000 | |
| LOS: Units per Person/ Trip | 2.2 | 1.4 |
| Unit Cost per Person/ Trip | \$332.86 | \$219.31 |

Excluded Costs

Development fees in Wellton exclude costs of to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. Public Safety Facilities development fees will only pay for additional facilities, vehicles and officer equipment to accommodate new development, based on the same level-of-service provided to existing residents and trips.

Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. The levels of service established above for facilities and vehicles and officer equipment are the standards the Town wishes to maintain using the incremental expansion method for new development. Thus, there is no available capacity for new development based on the current inventory. New development will be served by public safety capital projects.

INFRASTRUCTURE NEEDS ANALYSIS

Projected Service Units

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. TischlerBise projects an additional 822 persons and 1,071 trips over the next ten years.

Demand for Facility Expansions and Costs

ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. This new development will demand an additional 3,044 public safety facility square feet and 3 units of vehicles and officer equipment. ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. The ten-year totals of the projected demand for each existing public service category are multiplied by their respective costs to determine the total cost of each to accommodate the projected demand over the next ten years. There is a 10 year cost of \$490,100 in building square feet and \$462,000 in vehicles and officer equipment. These components total \$952,100.

Figure PS4: Projected Demand for Public Safety Facilities

| | Public Safety Buildings | | Vehicles and Officer Equipment | |
|-------------------|-------------------------|------------------|--------------------------------|-------------------------|
| Res LOS | 2.0 | sq ft per person | 2.2 | units per 1,000 persons |
| Nonres LOS | 1.3 | sq ft per trip | 1.4 | units per 1,000 trips |
| Cost | \$161 | per sq ft | \$154,000 | per unit |

| | | Projected Demand | | | |
|---|------|--------------------------|------------------------|----------------------|--------------------------------------|
| | | Service Unit: Persons | Service Unit: Trips | Buildings (Sq Ft) | Vehicles and Equipment (Units) |
| Base | 2013 | 3,072 | 955 | 7,371 | 8 |
| 1 | 2014 | 3,146 | 1,034 | 7,622 | 8 |
| 2 | 2015 | 3,222 | 1,108 | 7,869 | 9 |
| 3 | 2016 | 3,299 | 1,193 | 8,134 | 9 |
| 4 | 2017 | 3,378 | 1,295 | 8,426 | 9 |
| 5 | 2018 | 3,459 | 1,403 | 8,729 | 9 |
| 6 | 2019 | 3,542 | 1,505 | 9,028 | 10 |
| 7 | 2020 | 3,627 | 1,621 | 9,350 | 10 |
| 8 | 2021 | 3,714 | 1,743 | 9,683 | 11 |
| 9 | 2022 | 3,803 | 1,873 | 10,032 | 11 |
| 10 | 2023 | 3,895 | 2,026 | 10,415 | 11 |
| Ten-Yr Total | | 822 | 1,071 | 3,044 | 3 |
| Cost of Public Safety Facilities | | | | \$490,100 | |
| Cost of Vehicles and Officer Equipment | | | | | \$462,000 |
| Total Cost of Improvements and Expansions to Accommodate New Development | | | | | \$952,100 |

PUBLIC SAFETY FACILITIES IIP

Wellton has plans to acquire a vacant federal facility or a vacant bank to become a joint-use public safety facility for the Wellton Police Department, Wellton Fire Department, and Tri-Valley Ambulance. Wellton also must purchase new vehicles and officer equipment to accommodate the increase in population. These projects total \$962,000.

Figure PS5: Necessary Public Safety Facilities and Expansions

| Project | 10-Yr Total |
|---|------------------|
| <i>Public Safety Facilities</i> | |
| Joint Use Public Safety Facility (acquisition of facility and improvements) | \$500,000 |
| <i>Vehicles and Equipment</i> | |
| New Vehicles and Equipment (approximately 3 units) | \$462,000 |
| Total | \$962,000 |

Source: Town of Wellton.

PROPOSED PUBLIC SAFETY FACILITIES DEVELOPMENT FEE

Based on policy decisions by the Town of Wellton since the adoption of the IIP on March 4, 2014, the Town is removing the public safety buildings component from the proposed Public Safety Facilities development fee. The proposed fee below just lists the vehicles and officer equipment component.

Ratio of Service Unit to Development Unit

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Figure PS6 displays the ratio of a service unit to various types of land uses for residential and nonresidential development. The residential development table displays the persons per housing unit for single unit residential and residential structures with two or more units.

Nonresidential development fees are calculated using trips as the service unit. TischlerBise recommends using nonresidential vehicle trips as the best demand indicator for public safety facilities and equipment. Trip generation rates are used for nonresidential development because vehicle trips are highest for commercial developments, such as shopping centers, and lowest for industrial/warehouse development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent with the relative demand for public safety from nonresidential development. Other possible nonresidential demand indicators, such as employment or floor area, will not accurately reflect the demand for service. For example, if employees per thousand square feet were used as the demand indicator, public safety development fees would be too high for office and institutional development because offices typically have more employees per 1,000 square feet than retail uses. If floor area were used as the demand indicator, Public Safety Facilities development fees would be too high for industrial development.

Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 9th Edition 2012). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate

development fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%.

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

Revenue Credit

Included in the maximum supportable development fees is a *Revenue Credit* of 12% percent. The unadjusted Public Safety Facilities development fees per service unit would generate more revenue over the next ten years, based on the approved Land Use Assumptions, than the identified growth cost of improvements of \$466,000. To ensure that no more fee revenue is collected than the Town plans to spend, the potential gross cost per service unit is reduced by the revenue credit to calculate the net capital cost per service unit. Based on the gross capital costs per service unit, the projected development fee revenue would equal \$522,000. To formula to calculate the *Revenue Credit* is as follows: $(\$522,000 - \$466,000) / \$466,000 = 12$ percent (rounded).

Proposed Public Safety Facilities Development Fees

Infrastructure standards and cost factors for public safety are summarized in the upper portion of Figure PS6. Updated development fees for public safety facilities are shown in the column with green shading.

Figure PS6: Proposed Public Safety Facilities Development Fees

| Cost Per Person | | |
|----------------------------------|-----------------|-------|
| Vehicles and Equipment | \$332.83 | |
| Professional Services | \$9.37 | |
| Revenue Credit | (\$41.06) | 12.0% |
| Net Cost per Service Unit | \$301.14 | |

Residential Development Fees per Housing Unit

| <i>Unit Type</i> | <i>Persons per Housing Unit</i> | <i>Proposed Fee</i> | <i>Current Fee</i> | <i>Increase Decrease</i> |
|------------------|---------------------------------|---------------------|--------------------|--------------------------|
| Single Unit | 1.42 | \$428 | \$0 | \$428 |
| 2+ Units | 1.17 | \$352 | \$0 | \$352 |

| Cost Per Trip | | |
|----------------------------------|-----------------|-------|
| Vehicles and Equipment | \$219.34 | |
| Professional Services | \$1.66 | |
| Revenue Credit | (\$26.52) | 12.0% |
| Net Cost per Service Unit | \$194.48 | |

Nonresidential Development Fees per 1,000 Square Feet of Floor Area

| <i>Development Type</i> | <i>Inbound Vehicle Trips per KSF</i> | <i>Proposed Fee</i> | <i>Current Fee</i> | <i>Increase Decrease</i> |
|-------------------------|--------------------------------------|---------------------|--------------------|--------------------------|
| Industrial | 3.5 | \$678 | \$0 | \$678 |
| Commercial | 14.1 | \$2,740 | \$0 | \$2,740 |
| Institutional | 5.1 | \$990 | \$0 | \$990 |
| Office & Other Services | 5.5 | \$1,073 | \$0 | \$1,073 |

FORECAST OF REVENUES

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)).

Public Safety Facilities Development Fee Revenue

The top of Figure PS7 summarizes the growth related cost of infrastructure in Wellton over the next ten years (approximately \$466,000 for Public Safety Facilities.) Wellton should receive approximately \$459,000 in Public Safety Facilities development fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

Figure PS7: Projected Public Safety Facilities Development Fee Revenue

Ten-Year Growth-Related Costs for Public Safety Facilities

| | |
|------------------------|------------------|
| Vehicles and Equipment | \$462,000 |
| Professional Services | \$4,367 |
| Total (rounded) | \$466,000 |

| | | <i>Single Unit</i> \$428 per housing unit | <i>2+ Units</i> \$352 per housing unit | <i>Industrial</i> \$678 per 1000 Sq Ft | <i>Commercial</i> \$2,740 per 1000 Sq Ft | <i>Institutional</i> \$990 per 1000 Sq Ft | <i>Office & Other Services</i> \$1,073 per 1000 Sq Ft |
|---------------------------------|------|---|--|--|--|---|---|
| <i>Year</i> | | <i>Hsg Units</i> | <i>Hsg Units</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> |
| Base | 2013 | 1,996 | 222 | 28 | 45 | 20 | 22 |
| 1 | 2014 | 2,045 | 227 | 30 | 49 | 21 | 24 |
| 2 | 2015 | 2,093 | 233 | 33 | 52 | 23 | 26 |
| 3 | 2016 | 2,144 | 238 | 35 | 56 | 25 | 28 |
| 4 | 2017 | 2,195 | 244 | 38 | 61 | 27 | 30 |
| 5 | 2018 | 2,248 | 250 | 41 | 66 | 29 | 33 |
| 6 | 2019 | 2,302 | 256 | 44 | 71 | 31 | 35 |
| 7 | 2020 | 2,357 | 262 | 48 | 76 | 34 | 38 |
| 8 | 2021 | 2,414 | 268 | 51 | 82 | 36 | 41 |
| 9 | 2022 | 2,471 | 275 | 55 | 88 | 39 | 44 |
| 10 | 2023 | 2,531 | 281 | 60 | 95 | 42 | 48 |
| <i>Ten-Yr Increase</i> | | 535 | 59 | 32 | 50 | 22 | 26 |
| Projected Fees => | | \$229,000 | \$21,000 | \$22,000 | \$137,000 | \$22,000 | \$28,000 |
| Total Projected Revenues | | | \$459,000 | | | | |

STREET FACILITIES IIP

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

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

The Street Facilities IIP includes components for arterial street improvement and the cost of professional services of preparing the Street Facilities IIP and Development Fees.

Service Area

The service area for the Street Facilities IIP is Townwide.

Proportionate Share

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

EXISTING FACILITIES

Description

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. Wellton’s streets inventory includes Los Angeles Ave., which is 2 miles long and has 4 lanes, totaling 8 lane miles, and William St. north of Los Angeles Ave., which is .6 lane miles. There is excess capacity on Los Angeles Ave., so this analysis assumes that it has 2 lanes of capacity, resulting in a total of 4.6 lane miles.

Figure S1: Lane Miles of Capacity

| Classification | Lane Miles |
|-----------------|------------|
| Major Collector | 4.0 |
| Minor Collector | 0.6 |
| Total | 4.6 |

Source: Town of Wellton.

Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services.

In the Yuma area, a suggested daily per-lane capacity of a collector is 6,700, which is a collector standard in Yuma County. (A lane capacity standard was not available specifically for Wellton.)

Figure S2: Daily Capacity

| Functional Classification | Daily Per-lane Capacity |
|---------------------------|-------------------------|
| Collector | 6,700 |

An estimated cost per lane mile in Wellton of \$821,000 is shown below, based on the short-term costs of design and construction of improvements to County 11th Street, from Avenues 29 to 31. (The short term costs involve paving the road to upgrade it from a road with no classification to a rural collector. Future improvements are also planned that include providing pedestrian and bicycle facilities.)

Figure S3: Cost per Lane Mile

| Current Lane Miles | Future Lane Miles | Increase in Lane Miles | Total Cost | Cost per Lane Mile |
|--------------------|-------------------|------------------------|-------------|--------------------|
| 2.2 | 4.4 | 2.2 | \$1,805,760 | \$821,000 |

Source: Town of Wellton.

Excluded Costs

The development fee does not include the costs of repair, operation or maintenance or the cost to upgrade or replace existing necessary public services in order to meet stricter standards for existing development or to provide a higher level of service for new development. New development will only pay for additional streets improvements, based on the same level-of-service provided to existing residents.

INFRASTRUCTURE NEEDS ANALYSIS

Service Units

Wellton Street Facilities Development Fees are based on average weekday vehicle miles of travel, adjusted for commuting patterns and pass-by trips and weighted by trip length. A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). Components used to determine the service units, including trip generation rates, adjustments for commuting patterns and pass-by trips, and trip length weighting factors.

Customized Trip Generation Rates per Housing Unit

As an alternative to simply using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip rates using local demographic data. Key independent variables needed for the analysis (i.e. vehicles available, housing units, households and persons) are available from American Community Survey 2010 data for Wellton. Customized average weekday trip generation rates by type of home are shown in Figure S4.

Figure S4: Residential Trip Generation Rates by Type of Housing

| | Households (2) | | | | Vehicles per Household by Tenure |
|----------------------|------------------------|---------------------------|------------------------|--------------|----------------------------------|
| | Vehicles Available (1) | Single Unit per Structure | 2+ Units per Structure | Total | |
| Owner-occupied | 1,477 | 833 | 7 | 840 | 1.76 |
| Renter-occupied | 329 | 207 | 36 | 243 | 1.35 |
| Total | 1,806 | 1,040 | 43 | 1,083 | 1.67 |
| Housing Units (6) => | | 1,438 | 74 | 1,512 | |

| Units per Structure | Persons (3) | Trip Ends (4) | Vehicles Available | Trip Ends (5) | Average Trip Ends | Trip Ends per Housing Unit |
|---------------------|--------------|---------------|--------------------|---------------|-------------------|----------------------------|
| Single Units | 2651 | 6,892 | 1,745 | 10,090 | 8,491 | 5.90 |
| 2+ Units | 79 | 210 | 61 | 534 | 372 | 5.03 |
| Total | 2,730 | 7,102 | 1,806 | 10,624 | 8,863 | 5.86 |

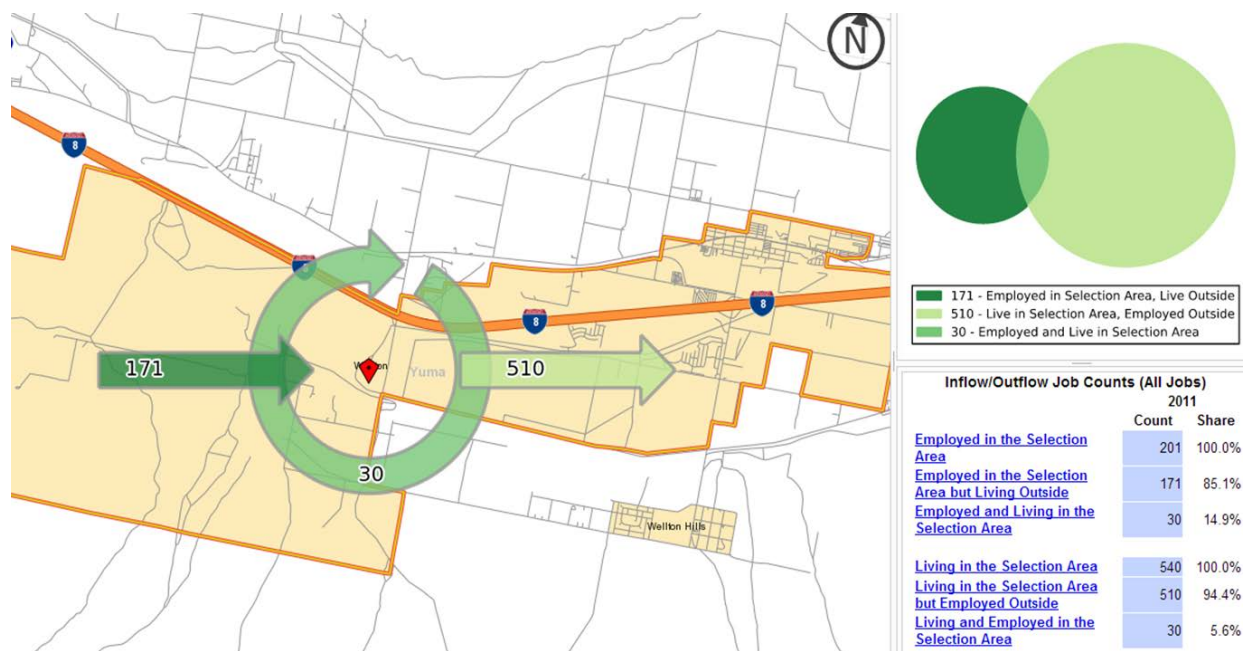
1. Vehicles available by tenure from Table B25046, American Community Survey, 2006-2010.
2. Households by tenure and units in structure from Table B25032, American Community Survey, 2006-2010.
3. Persons by units in structure from Table B25033, American Community Survey, 2006-2010.
4. Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is $EXP(0.91 * LN(\text{persons}) + 1.52)$. To approximate the average population of the ITE studies, persons were divided by 5 and the equation result multiplied by 5. For 2+ unit housing (ITE 220), the fitted curve equation is $(3.47 * \text{persons}) - 64.48$.
5. Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is $EXP(0.99 * LN(\text{vehicles}) + 1.81)$. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 7 and the equation result multiplied by 7. For 2+ unit housing (ITE 220), the fitted curve equation is $(3.94 * \text{vehicles}) + 293.58$.
6. Housing units from Table B25024, American Community Survey, 2006-2010.

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

Adjustments for Commuting Patterns and Pass-By Trips

Residential development has a larger trip adjustment factor of 65% to account for commuters leaving Wellton for work. According to the 2009 National Household Travel Survey, weekday work trips are typically 31% of production trips (i.e., all out-bound trips, which are 50% of all trip ends). As shown in the figure below, the Census Bureau’s web application OnTheMap indicates that 94% of resident workers traveled outside the town for work in 2011. In combination, these factors (0.31 X 0.50 X 0.94 = .15) support the additional 15% allocation of trips to residential development.

Figure S5: OnTheMap Inflow/ Outflow Analysis



Nonresidential development fees are calculated using trips as the demand unit. Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 9th Edition 2012). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate development fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%.

For commercial development, the trip adjustment factor is less than 50% because retail development and some services attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, the ITE data indicates that 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of

all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends. These factors are shown to derive inbound vehicle trips for each type of nonresidential land use.

Trip Length Weighting Factor by Type of Land Use

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

Average Trip Length

With 4.6 lane miles of system improvements and a lane capacity standard of 6,700 vehicles per lane, the development fee road network has approximately 30,820 vehicle miles of capacity (i.e., 6,700 vehicles per lane traveling the entire 4.6 miles) and an unweighted average trip length of approximately 3.35 miles. However, using a series of spreadsheet iterations, TischlerBise determined the average trip length to be 2.85 miles.

Travel Demand Model

TischlerBise created an aggregate travel model to convert development units within Wellton to vehicle trips and vehicle miles of travel. The travel demand model inputs, as described above, are summarized in the table below.

Figure S6: Travel Demand Model Inputs

| | Dev Type | Weekday VTE | Dev Unit | Trip Adj | Trip Length Wt Factor |
|-------------------------|-------------------------|--------------------|-----------------|-----------------|------------------------------|
| | Single Unit | 5.90 | HU | 65% | 121% |
| | 2+ Units | 5.03 | HU | 65% | 121% |
| | Industrial | 6.97 | KSF | 50% | 73% |
| | Commercial | 42.70 | KSF | 33% | 66% |
| | Institutional | 15.43 | KSF | 33% | 73% |
| | Office & Other Services | 11.03 | KSF | 50% | 73% |
| Avg Trip Length (miles) | 2.85 | | | | |
| Capacity Per Lane | 6,700 | | | | |
| Cost per Lane-Mile | \$821,000 | | | | |

Projected Services Units

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. Projected development in Wellton over the next 10 years, and the corresponding need for additional lane miles, is shown in Figure S7. Trip generation rates and trip adjustment factors convert project development into average weekday vehicle trips. A typical vehicle trip, such as a person leaving their home and traveling to work, generally begins on a local street that connects to a collector street, which connects to an arterial road and eventually to a state or interstate highway. The progression of travel up and down the functional classification chain limits the average trip length determination, for the purpose of development fees, to the following question, “What is the average vehicle trip length on development fee system improvements (i.e., major roads listed in the CIP)?”

As shown in Figure S7, new development will demand 3,316 trips over the next ten years.

Demand for Facility Expansions and Costs

ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. The travel demand model inputs above are used to derive level of service in Vehicle Miles of Travel and future needs of lane miles and improved intersections. A Vehicle Mile of Travel (VMT) is a measurement unit equal to one vehicle traveling one mile. In the aggregate, VMT is the product of vehicle trips multiplied by the average trip length¹. As shown below, existing infrastructure standards using the average trip length of 2.85 miles in Wellton are 1.5 lane-miles of arterials per 10,000 VMT. To maintain the existing infrastructure standards, Wellton needs an additional 1.5 lane miles of system improvements to accommodate projected development over the next ten years.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. Using the cost factor shown above (\$821,000 per lane mile), the total cost of system improvements is estimated to be approximately \$1,200,000 over ten years.

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

Figure S7: Projected Travel Demand

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2023 | 10-Year Increase |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| | Base | 1 | 2 | 3 | 4 | 5 | 10 | |
| Single Units | 1,996 | 2,045 | 2,093 | 2,144 | 2,195 | 2,248 | 2,531 | 535 |
| 2+ Units | 222 | 227 | 233 | 238 | 244 | 250 | 281 | 59 |
| Industrial KSF | 28 | 30 | 33 | 35 | 38 | 41 | 60 | 32 |
| Commercial KSF | 45 | 49 | 52 | 56 | 61 | 66 | 95 | 50 |
| Institutional KSF | 20 | 21 | 23 | 25 | 27 | 29 | 42 | 22 |
| Office & Other Services KSF | 22 | 24 | 26 | 28 | 30 | 33 | 48 | 26 |
| <i>Single Unit Trips</i> | 7,655 | 7,842 | 8,028 | 8,221 | 8,418 | 8,622 | 9,706 | 2,050 |
| <i>2+ Unit Trips</i> | 725 | 743 | 760 | 779 | 797 | 817 | 919 | 194 |
| <i>Industrial Trips</i> | 98 | 105 | 115 | 122 | 132 | 143 | 209 | 112 |
| <i>Commercial Trips</i> | 634 | 690 | 733 | 789 | 860 | 930 | 1339 | 705 |
| <i>Institutional Trips</i> | 102 | 107 | 117 | 127 | 137 | 148 | 214 | 112 |
| <i>Office & Other Services Trips</i> | 121 | 132 | 143 | 154 | 165 | 182 | 265 | 143 |
| Total Vehicle Trips | 9,335 | 9,619 | 9,897 | 10,193 | 10,511 | 10,841 | 12,651 | 3,316 |
| Vehicle Miles of Travel (VMT) | 30,761 | 31,618 | 32,467 | 33,362 | 34,303 | 35,281 | 40,589 | 9,828 |
| LANE MILES | 4.6 | 4.7 | 4.9 | 5.0 | 5.1 | 5.3 | 6.1 | 1.5 |
| ANL LN MI | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | |
| Lane Miles per 10,000 VMT | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | |
| Annual Cost (millions) | | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$1.2 |

STREET FACILITIES IIP

The following are planned Street Facilities projects in Wellton over the next ten years to accommodate new growth. The three projects listed below each involve paving a road that has no classification to upgrade it to a rural minor collector. Wellton is trying to secure federal or state funding for these projects. The scenario displayed below shows the cost Wellton will be responsible for if the projects are funded 80% through grants.

Figure S8: Potential Streets Improvements and Expansions

| Project | Classification | Description | FY13-14 to FY15-16 | FY15-16 to FY22-23 | Wellton Cost (20%) |
|----------------------------|--|--|--------------------|--------------------|--------------------|
| County 11 - Avenue 29 - 31 | Current - None Future - Rural Minor Collector | Pave roadway to upgrade from roadway with no classification to rural minor collector | \$1,805,760 | | \$361,152 |
| County 12 - Avenue 25 - 27 | Current - None Future - Rural Minor Collector | Pave roadway to upgrade from roadway with no classification to rural minor collector | \$1,730,768 | | \$346,154 |
| County 12 - Avenue 29 - 31 | Current - None Future - Rural Minor Collector | Pave roadway to upgrade from roadway with no classification to rural minor collector | | \$1,762,178 | \$352,436 |
| Total | | | \$3,536,528 | \$1,762,178 | \$1,059,741 |

Source: Town of Wellton.

PROPOSED STREET FACILITIES DEVELOPMENT FEE

Based on policy decisions since the adoption of the IIP on March 4, 2014, the Town of Wellton will reduce the Street Facilities development fee to 29% of the maximum supportable amount, and apply street development fee revenues to County 12 – Avenue 29-31. (This is the last project in Figure S8: Potential Streets Improvements and Expansions).

Ratio of Service Units to Development Units

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Figure S9 displays the ratio of a service unit to various types of land uses for residential and nonresidential development, which includes weekday vehicle trip ends and their respective adjustment and weighting factors.

Revenue Credit

Included in the maximum supportable development fees is a *Revenue Credit* of 1 percent. The unadjusted Street Facilities development fees per service unit would generate more revenue over the next ten years, based on the approved Land Use Assumptions, than the identified growth cost of improvements of \$1,216,000. To ensure that no more fee revenue is collected than the Town plans to spend, the potential gross cost per service unit is reduced by the revenue credit to calculate the net capital cost per service unit. Based on the gross capital costs per service unit, the projected development fee revenue would equal \$1,224,000. To formula to calculate the *Revenue Credit* is as follows: $(\$1,224,000 - 1,216,000) / \$1,216,000 = 1$ percent (rounded).

Proposed Street Facilities Development Fee

The proposed Streets Facilities Development Fees are shown in the figure below. Attraction trips by type of development are multiplied by the capacity cost per average length vehicle trip to yield the Street Facilities Development fees. Given a cost factor of \$821,000 per lane mile, which is shared by 6,700 vehicles on an average weekday, the capital cost is \$122.54 per VMT.

The input variables discussed above yield the proposed Development Fees shown in the lower section of Figure S9. For example, the Streets Facilities Development Fees for a Single Unit house is $5.90 \times 65\% \times 121\% \times 2.85 \times (\$122.54 + \$1.93 - \$1.24) = \$1,630$ per unit.

Figure S9: Proposed Street Facilities Development Fees

| Infrastructure Standards | | |
|---------------------------------------|-----------|----|
| Average Miles per Vehicle Trip | 2.85 | |
| Syst. Improvements Cost per Ln Mile | \$821,000 | |
| Lane Capacity (vehicles per day) | 6,700 | |
| Cost per VMT | \$122.54 | |
| Cost per VMT of Professional Services | \$1.93 | |
| Revenue Credit | (\$1.24) | 1% |

| Residential (per Housing Unit) | | | | | | | |
|---------------------------------------|---------------------------|------------------------------|-------------------------------|-------------------------|--------------------------------|-------------|-----------------------|
| Development Type | Weekday Vehicle Trip Ends | Trip Rate Adjustment Factors | Trip Length Weighting Factors | Maximum Supportable Fee | 29% of Maximum Supportable Fee | Current Fee | Increase / (Decrease) |
| Single Unit | 5.90 | 65% | 121% | \$1,630 | \$473 | \$0 | \$473 |
| 2+ Units | 5.03 | 65% | 121% | \$1,389 | \$403 | \$0 | \$403 |

| Nonresidential (per 1,000 sq ft) | | | | | | | |
|---|---------------------------|------------------------------|-------------------------------|-------------------------|--------------------------------|-------------|-----------------------|
| Development Type | Weekday Vehicle Trip Ends | Trip Rate Adjustment Factors | Trip Length Weighting Factors | Maximum Supportable Fee | 29% of Maximum Supportable Fee | Current Fee | Increase / (Decrease) |
| Industrial | 6.97 | 50% | 73% | \$893 | \$259 | \$0 | \$259 |
| Commercial | 42.70 | 33% | 66% | \$3,266 | \$947 | \$0 | \$947 |
| Institutional | 15.43 | 33% | 73% | \$1,305 | \$379 | \$0 | \$379 |
| Office & Other Services | 11.03 | 50% | 73% | \$1,414 | \$410 | \$0 | \$410 |

FORECAST OF REVENUES

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS 9-463.05(E)(7)).

Street Facilities Development Fee Revenue

The top of Figure S10 summarizes the growth related cost of infrastructure in Wellton over the next ten years (approximately \$352,000 for Street Facilities.) Wellton should receive approximately \$351,000 in Street Facilities Development Fee revenue over the next ten years, if actual development matches the Land Use Assumptions documented in Appendix C.

Figure S10: Projected Street Facilities Development Fee Revenue

Ten-Year Growth-Related Costs for Streets Facilities

| | |
|-----------------------|------------------|
| County 12, Ave 29-31 | \$352,000 |
| Professional Services | \$8,733 |
| Total (rounded) | \$361,000 |

| | | <i>Single Unit</i> | <i>2+ Units</i> | <i>Industrial</i> | <i>Commercial</i> | <i>Institutional</i> | <i>Office & Other Services</i> |
|---------------------------------|------|--------------------|------------------|-------------------|-------------------|----------------------|------------------------------------|
| | | \$473 | \$403 | \$259 | \$947 | \$379 | \$410 |
| | | per housing unit | per housing unit | per 1000 Sq Ft | per 1000 Sq Ft | per 1000 Sq Ft | per 1000 Sq Ft |
| <i>Year</i> | | <i>Hsg Units</i> | <i>Hsg Units</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> | <i>KSF</i> |
| Base | 2013 | 1,996 | 222 | 28 | 45 | 20 | 22 |
| 1 | 2014 | 2,045 | 227 | 30 | 49 | 21 | 24 |
| 2 | 2015 | 2,093 | 233 | 33 | 52 | 23 | 26 |
| 3 | 2016 | 2,144 | 238 | 35 | 56 | 25 | 28 |
| 4 | 2017 | 2,195 | 244 | 38 | 61 | 27 | 30 |
| 5 | 2018 | 2,248 | 250 | 41 | 66 | 29 | 33 |
| 6 | 2019 | 2,302 | 256 | 44 | 71 | 31 | 35 |
| 7 | 2020 | 2,357 | 262 | 48 | 76 | 34 | 38 |
| 8 | 2021 | 2,414 | 268 | 51 | 82 | 36 | 41 |
| 9 | 2022 | 2,471 | 275 | 55 | 88 | 39 | 44 |
| 10 | 2023 | 2,531 | 281 | 60 | 95 | 42 | 48 |
| <i>Ten-Yr Increase</i> | | 535 | 59 | 32 | 50 | 22 | 26 |
| Projected Fees => | | \$253,000 | \$24,000 | \$8,000 | \$47,000 | \$8,000 | \$11,000 |
| Total Projected Revenues | | | \$351,000 | | | | |

WATER FACILITIES IIP

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

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

The Water Facilities Infrastructure Improvements Plan and development fees include components for water production and treatment improvements, water lines, and the cost of professional services of preparing the Water Facilities IIP and development fees.

Service Area

The service area for the Water Facilities IIP is Townwide.

Proportionate Share

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

The Water Facilities IIP and development fees are assessed on both residential and nonresidential development as both types of development create a burden for additional water facilities. Customers divided by land use are used to determine the proportionate share of this burden. In 2012, approximately 90% of water customers in Wellton were residential customers, accounting for 61% of the average day demand. Approximately 10% are nonresidential customers, accounting for 39% of the average day demand.

WATER CONNECTIONS AND FLOW

Level of service for water is based on average day gallons per connection per day. The current level-of-service for residential development for water service is 256 gallons per connection per average day. For nonresidential connections, water demand averages 1,457 gallons per day. In 2012, each nonresidential water connection averaged 2 jobs.

Figure W1: Water Level of Service

| | Avg Gallons per Day ¹ | 2012 Connections |
|----------------|----------------------------------|------------------|
| Residential | 218,736 | 854 |
| Nonresidential | 139,848 | 96 |
| TOTAL | 358,584 | 950 |

Source: Town of Wellton.

| <i>Level of Service (LOS) Standards</i> | <i>Residential</i> |
|--|--------------------|
| Average Residential Gallons Per Day | 218,736 |
| 2012 Residential Connections | 854 |
| LOS: Gallons per Connection per Day | 256 |

1. 2012 linear trend projection of average day gallons based on Town of Wellton water billing records from 2009 to 2011, increased by 7.49% for non-billed water.

| <i>Level of Service (LOS) Standards</i> | <i>Nonresidential</i> |
|--|-----------------------|
| Average Nonresidential Gallons Per Day | 139,848 |
| 2012 Nonresidential Connections | 96 |
| LOS: Gallons per Connection per Day | 1,457 |

Projected Service Units

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. Based on Wellton's Land Use Assumptions it is projected there will be a 10 year increase of 234 residential connections and 114 nonresidential connections, as shown in Figure W2. The increase in water customers will demand a total of 0.40 MGD over the next fifteen years, with a total projected need of .60 million gallons per day of water capacity by 2023.

Figure W2: Projected Water Customers and Usage

| Year | Population | Jobs | Connections | | | Service Unit: MGD | | |
|----------------------|------------|------------|-------------|------------|------------|-------------------|-------------|-------------|
| | | | Residential | Nonres. | Total | Residential | NonRes. | Total |
| Base 2013 | 3,072 | 254 | 875 | 103 | 978 | 0.22 | 0.15 | 0.37 |
| 1 2014 | 3,146 | 273 | 896 | 111 | 1,007 | 0.23 | 0.16 | 0.39 |
| 2 2015 | 3,222 | 294 | 917 | 120 | 1,037 | 0.23 | 0.17 | 0.41 |
| 3 2016 | 3,299 | 317 | 939 | 129 | 1,068 | 0.24 | 0.19 | 0.43 |
| 4 2017 | 3,378 | 341 | 962 | 139 | 1,101 | 0.25 | 0.20 | 0.45 |
| 5 2018 | 3,459 | 368 | 985 | 150 | 1,135 | 0.25 | 0.22 | 0.47 |
| 6 2019 | 3,542 | 396 | 1,009 | 161 | 1,170 | 0.26 | 0.23 | 0.49 |
| 7 2020 | 3,627 | 427 | 1,033 | 174 | 1,207 | 0.26 | 0.25 | 0.52 |
| 8 2021 | 3,714 | 459 | 1,057 | 187 | 1,244 | 0.27 | 0.27 | 0.54 |
| 9 2022 | 3,803 | 495 | 1,083 | 202 | 1,285 | 0.28 | 0.29 | 0.57 |
| 10 2023 | 3,895 | 533 | 1,109 | 217 | 1,326 | 0.28 | 0.32 | 0.60 |
| 10-Year Total | 822 | 279 | 234 | 114 | 348 | 0.06 | 0.17 | 0.23 |

WATER FACILITIES IMPROVEMENTS AND COSTS

Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. As shown below, the Water Plant has a production capability of 600 gallons per minute. This results in a daily production capability of 864,000 gallons, with remaining capacity of 505,416. The Water Plant has a 2,000,000 gallon storage capacity.

Figure W3: Water Plant Capacity

| <i>Facility</i> | <i>Current Avg Daily Production (gallons)</i> | <i>Production Capability (GPM)</i> | <i>Daily Production Capability (gallons)</i> | <i>Remainder (gallons)</i> |
|-----------------|---|------------------------------------|--|----------------------------|
| Water Plant | 358,584 | 600 | 864,000 | 505,416 |

| | <i>Storage Capacity (gallons)</i> |
|-------------|-----------------------------------|
| Water Plant | 2,000,000 |

Source: Town of Wellton.

Infrastructure Improvement Plan for Production and Treatment

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years.

To accommodate new growth and increase capacity, Wellton is planning to fund a clarifer and two 150 gpm gravity filters. These items will increase potable water production capacity to 1,200 gpm. The Water Treatment Plan is operating with one clarifier at present. If this unit fails or is in need of repair, the treatment plant must be shutdown. This project would prevent this type of shutdown.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. Figure W4 shows the costs broken down for the projects listed below. The projects will increase the capacity of the system to 1,200 gpm, or 864,000 gallons per day. This results in an average capital cost of \$0.92 per gallon of system capacity.

Figure W4: Necessary Water Improvements and Expansions

| Project | Town Cost |
|-------------------------------------|------------------|
| Raw Water site: sump/ pumps/ piping | \$75,000 |
| Clarifier/ piping | \$352,950 |
| 2150 gpm filters and piping | \$178,200 |
| Cleary well pumps/ piping and sump | \$57,000 |
| Generator for distribution station | \$135,000 |
| Total Expenditure | \$798,150 |
| Gallons of Capacity | 864,000 |
| Cost per Gallon | \$0.92 |

MAJOR LINES

Description

ARS 9-463.05(E)(1) requires a description of the existing necessary public services and the costs to upgrade or replace these services to meet existing needs and usage. For the purpose of development fees, all water lines with a diameter of 12 inches or larger are considered to be system improvements. There are a total of 30,573 linear feet of water mains 12" and above in Wellton. Dividing the total number of linear feet (30,573) by 978 total water customers in 2013 results in a level of service of 31 linear feet per customer. Wellton's 2008 Water System Master Plan lists the cost per linear foot of each size of water main. These costs are updated for inflation to 2013 dollars, then multiplied by the linear feet of the water mains in Wellton to obtain the total cost. Using these totals, the average cost per linear foot of water mains is \$90. Multiplying \$90 by the level of service of 31 linear feet per customer results in a cost of \$2,816 per customer.

Figure W5: Water Main Level of Service

| <i>Water Main Diameter Size</i> | <i>Linear Feet</i> | <i>Cost per Linear Foot¹</i> | <i>2008 Total</i> | <i>Updated for Inflation²</i> |
|---------------------------------|--------------------|---|-------------------|--|
| 24" | 9,400 | \$138 | \$1,297,200 | \$1,391,420 |
| 16" | 8,473 | \$72 | \$610,056 | \$654,366 |
| 12" | 12,700 | \$52 | \$660,400 | \$708,367 |
| Total | 30,573 | | | \$2,754,154 |

1. Town of Wellton Water System Master Plan (2008).
2. Updated to 2013 dollars using CPI.

Level of Service (LOS) Standards

| | |
|--------------------------------------|-----------|
| Linear Feet of Mains 12" and Above | 30,573 |
| 2013 Water Customers | 978 |
| LOS: Linear feet per Customer | 31 |

Cost Analysis

| | |
|-------------------------------------|----------------|
| LOS: Linear Feet per Customer | 31 |
| Average Cost per Linear Foot | \$90 |
| Water Main Cost per Customer | \$2,816 |

Excluded Costs

Development fees in Wellton exclude costs of to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The major line component will only pay for additional linear feet to accommodate new development, based on the same level-of-service provided to existing customers.

Current Use and Available Capacity

ARS 9-463.05(E)(2) requires an analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services. As established above, the level of service is 31 linear feet per customer. This is the level of service the Town wishes to maintain using the incremental expansion method for new development. Thus, there is no available capacity for new development based on the current inventory. New development will be served by future water major line projects.

Projected Service Units

ARS 9-463.05(E)(5) requires the total number of service units necessitated by and attributable to new development. As shown in Figure W2, determined using the Land Use Assumptions, it is estimated there will be 348 additional water customers over the next ten years.

Demand for Facility Expansions and Costs

ARS 9-463.05(E)(6) requires the projected demand for necessary public services or facility expansions required by service units for the next ten years. These projected service units (348 customers) are multiplied by the current level-of-service for water lines (31 linear feet per customer). This new development will demand approximately 10,879 additional linear feet of water mains.

ARS 9-463.05(E)(3) requires a description the necessary public services and their costs necessitated by and attributable to development including a forecast of the costs. The projected demand for improved water mains (10,879 linear feet) is multiplied by the total cost per linear foot of water mains (\$90). This results in a 10-year water main improvement cost of \$980,000.

Figure W6: Projected Demand for Water Mains

| Water Mains | | |
|-------------|------|--------------------------|
| LOS | 31 | linear feet per customer |
| Cost | \$90 | per linear foot |

| | | | | Projected Demand | |
|---------------------|------|-----------------------------|------------------------------|------------------|--|
| | | Service Units: Customers | Water Mains (Linear Feet) | | |
| Base | 2013 | 978 | 30,573 | | |
| 1 | 2014 | 1,007 | 31,480 | | |
| 2 | 2015 | 1,037 | 32,417 | | |
| 3 | 2016 | 1,068 | 33,386 | | |
| 4 | 2017 | 1,101 | 34,418 | | |
| 5 | 2018 | 1,135 | 35,481 | | |
| 6 | 2019 | 1,170 | 36,575 | | |
| 7 | 2020 | 1,207 | 37,732 | | |
| 8 | 2021 | 1,244 | 38,888 | | |
| 9 | 2022 | 1,285 | 40,170 | | |
| 10 | 2023 | 1,326 | 41,452 | | |
| Ten-Yr Total | | 348 | 10,879 | | |
| Cost of Mains | | | \$980,000 | | |

WATER FACILITIES IIP

Figure W7 displays the 10-year infrastructure improvements plan for Water Facilities, which shows the projects described above, including the water production and treatment improvements and water mains. In total, there is a 10 year need for \$1,778,150 in water improvements and expansions to accommodate new growth.

Figure W7: Water IIP

| Project | 10-Year Cost |
|--|--------------------|
| Raw Water site: sump/ pumps/ piping | \$75,000 |
| Clarifier/ piping | \$352,950 |
| 2150 gpm filters and piping | \$178,200 |
| Cleary well pumps/ piping and sump | \$57,000 |
| Generator for distribution station | \$135,000 |
| Water Mains (approximately 11,000 linear feet) | \$980,000 |
| Total Cost | \$1,778,150 |

PROPOSED WATER FACILITIES DEVELOPMENT FEES

Based on policy decisions by the Town of Wellton since the adoption of the IIP on March 4, 2014, the Town of Wellton will reduce the Water Facilities development fee to 40% of the maximum supportable amount

Ratio of Service Units to Development Units

ARS 9-463.05(E)(4) requires a conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial. Residential water development fees are assessed on a per unit basis, based on average day gallons per customer. Nonresidential development fees are assessed by size and type of water meter needed to serve the development. The nonresidential water development fees are calculated by multiplying the number of gallons per unit by the capacity ratio for the corresponding size and type of water meter multiplied by the cost per gallon, shown in Figure W8.

Revenue Credit

A revenue credit is not recommended for Water Facilities because the ten year growth costs exceed the projected Water Facilities Fee revenue.

Proposed Water Facilities Development Fees

The proposed development fees for Water Facilities are shown in Figure W8. The development fee is derived from the average daily water flow per residential unit (256), multiplied by the cost per gallon of capacity (\$0.92). Also, each new customer pays the cost of water lines (\$2,816) and of professional services for preparing the IIP and development fee (\$55.63.)

Figure W8: Proposed Water Facilities Development Fees

Standards:

| Demand Indicators | |
|--|---------|
| ERU Gallons per Average Day | 256 |
| Cost Factors per Gallon of Capacity | |
| Net Capital Cost per Gallon of Capacity | \$0.92 |
| Cost Factors per Customer | |
| Incremental Expansion Cost of Water Mains | \$2,816 |
| Professional Services | \$55.63 |

| | | Maximum Supportable Fee | 40% of Maximum Supportable Fee | | | | |
|---------------------------------|--------------|--------------------------------|---------------------------------------|----------------|--------------|---------------------|----------|
| Residential (per dwelling unit) | | \$3,108 | \$1,243 | | | | |
| Nonresidential | | | | | | | |
| Meter Size (inches) | | Capacity Ratio ¹ | Per Meter | Per Meter | Current Fees | Increase (Decrease) | % Change |
| 0.75 | Displacement | 1.00 | \$3,108 | \$1,243 | \$800 | \$443 | 55% |
| 1.00 | Displacement | 1.67 | \$3,267 | \$1,307 | \$1,443 | (\$136) | -9% |
| 1.50 | Displacement | 3.33 | \$3,660 | \$1,464 | \$7,766 | (\$6,302) | -81% |
| 2.00 | Compound | 5.33 | \$4,133 | \$1,653 | \$18,499 | (\$16,846) | -91% |
| 3.00 | Compound | 10.67 | \$5,396 | \$2,159 | \$36,368 | (\$34,209) | -94% |
| 4.00 | Compound | 16.67 | \$6,816 | \$2,726 | \$72,105 | (\$69,379) | -96% |

1. AWWA. (2012). M6 Water Meters–Selection, Installation, Testing and Maintenance, Fifth Edition.

FORECAST OF REVENUES

Appendix A provides the forecast of revenues required by Arizona’s enabling legislation.

Development Fee Revenue

Revenue projections shown below assume implementation of the proposed Water Facilities development fees and that development over the next ten years is consistent with the Land Use Assumptions described in Appendix C. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the development fee revenue. As shown at the bottom of Figure W9, development fee revenues are projected to be approximately \$460,000.

Figure W9: Projected Water Facilities Development Fee Revenue

| | | | <i>Ten-Year Growth-Related Costs for Water Facilities</i> | |
|--|--|--|---|--------------------|
| | | | Water CIP | \$798,150 |
| | | | Water Lines - Incremental | \$980,000 |
| | | | Professional Services | \$8,733 |
| | | | Total (rounded) | \$1,787,000 |

| | | <i>Residential</i> \$1,243 per connection | <i>Nonresidential</i> \$1,464 per 1.5" connection |
|---------------------------------|------|--|--|
| <i>Year</i> | | <i>Connections</i> | <i>Connections</i> |
| Base | 2013 | 875 | 103 |
| 1 | 2014 | 896 | 111 |
| 2 | 2015 | 917 | 120 |
| 3 | 2016 | 939 | 129 |
| 4 | 2017 | 962 | 139 |
| 5 | 2018 | 985 | 150 |
| 6 | 2019 | 1,009 | 161 |
| 7 | 2020 | 1,033 | 174 |
| 8 | 2021 | 1,057 | 187 |
| 9 | 2022 | 1,083 | 202 |
| 10 | 2023 | 1,109 | 217 |
| <i>Ten-Yr Increase</i> | | <i>234</i> | <i>114</i> |
| Projected Fees => | | \$290,000 | \$170,000 |
| Total Projected Revenues | | | \$460,000 |

APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES

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

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

Wellton does not have a higher than normal construction excise tax rate, so the required offset described above is not applicable. Figures A1-A4 displays projected non-development fee revenue over the next 5 years. **Although the projected revenues display an increase revenues per person and job, these revenues will offset by an increase in operating, maintenance, and replacement capital costs, so they will not be available to fund capital projects to accommodate new growth.**

The required forecast of non-development fee revenue that might be used for growth-related capital costs is shown in Figure A1. General Fund revenues are highlighted in light purple. Highway user taxes are highlighted in green and water/trash revenues are shown in blue. The revenue forecasts were provided by Town of Wellton.

Figure A1: Projected Revenue

| | Base Year | Future1 | Future2 | Future3 | Future4 | Future5 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Fund Revenues | FY13-14 | FY14-15 | FY15-16 | FY16-17 | FY17-18 | FY18-19 |
| City Sales Tax | \$17,800 | \$18,512 | \$19,252 | \$20,022 | \$20,823 | \$21,656 |
| State Sales Tax | \$6,678 | \$6,945 | \$7,222 | \$7,511 | \$7,812 | \$8,124 |
| Vehicle License Tax | \$2,690 | \$2,797 | \$2,909 | \$3,026 | \$3,147 | \$3,272 |
| State Shared Revenue - Income Tax | \$8,622 | \$8,967 | \$9,325 | \$9,698 | \$10,086 | \$10,490 |
| Total General Fund Revenues | \$35,789 | \$37,220 | \$38,709 | \$40,257 | \$41,868 | \$43,542 |

HURF Fund Revenues

| | | | | | | |
|--------------|---------|---------|---------|---------|---------|---------|
| HURF Revenue | \$5,314 | \$5,526 | \$5,747 | \$5,977 | \$6,216 | \$6,465 |
|--------------|---------|---------|---------|---------|---------|---------|

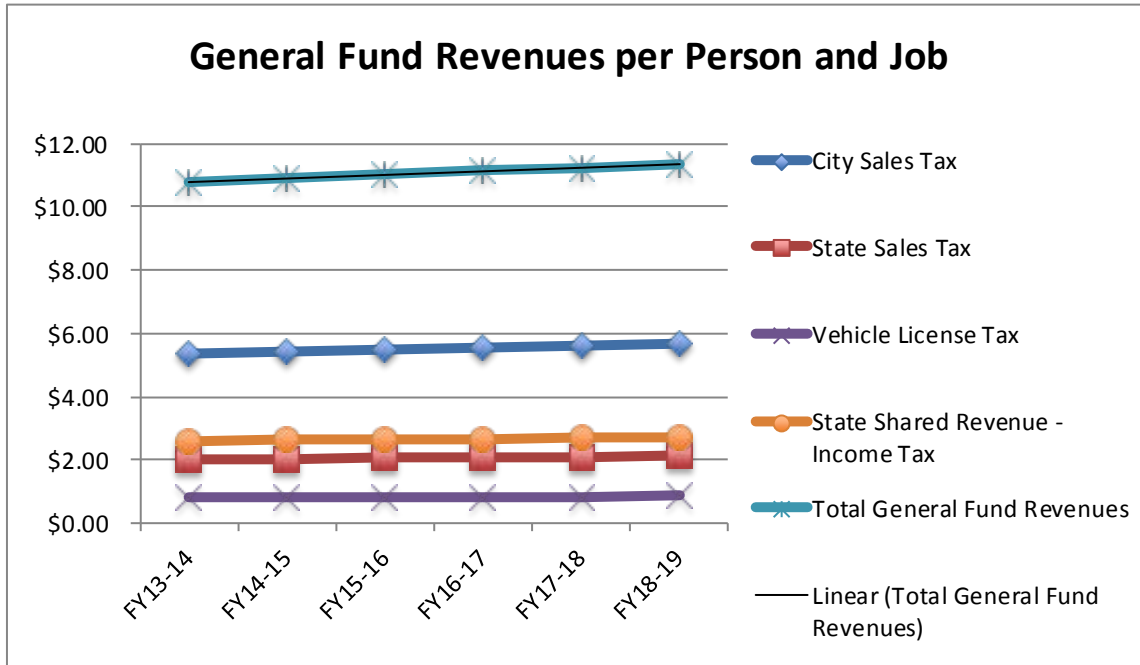
Other Capital-Related Fund Revenues

| | | | | | | |
|--------------|----------|----------|----------|----------|----------|----------|
| Water/ Trash | \$21,900 | \$22,776 | \$23,688 | \$24,635 | \$25,620 | \$26,645 |
|--------------|----------|----------|----------|----------|----------|----------|

Source: Town of Wellton.

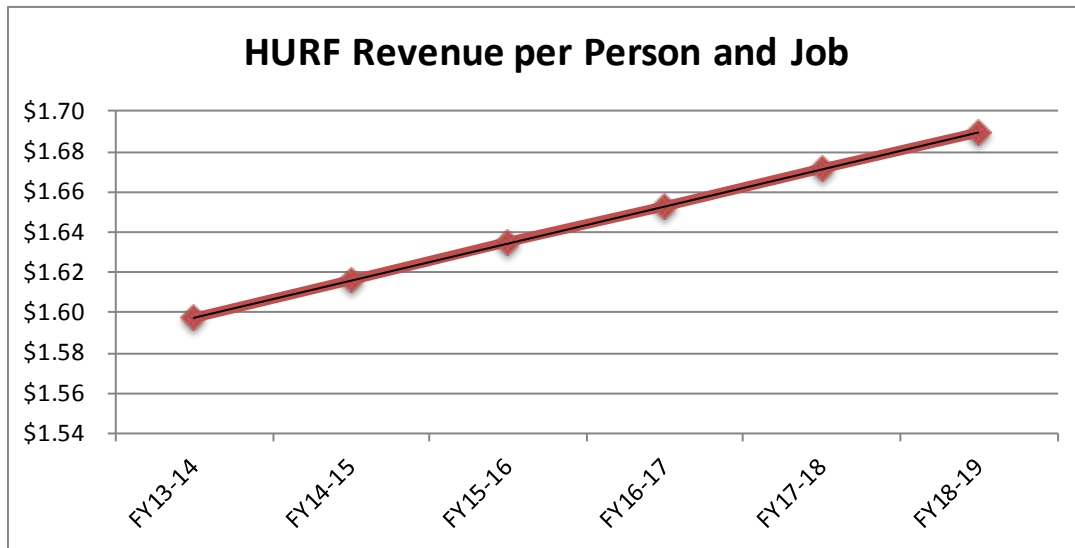
As shown below, total General Fund revenues per person and job are slightly expected to increase over the next five years. However, historically there has been very little General Fund revenue devoted to capital projects. The projected increase in General Fund revenue will be offset by an increase in operating, maintenance, and replacement capital costs.

Figure A2: General Fund Revenues



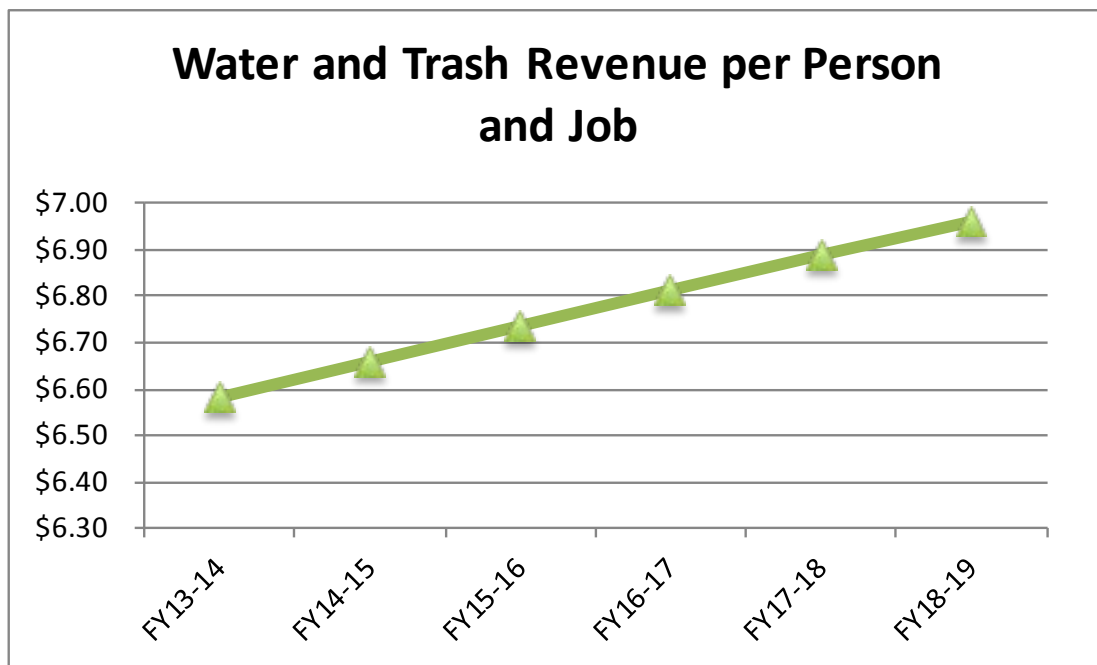
As shown in Figure A3, HURF revenues are projected to slightly rise per person and job. HURF revenue is devoted to highway operation and maintenance. The projected increase in HURF revenue will be devoted to this purpose and not to capital projects to accommodate new growth.

Figure A3: HURF Revenue per Person and Job



Lastly, Figure A4 shows Water and Trash revenue per person and job. This revenue is expected to slightly increase over time. This revenue will be offset by an increase in operations and maintenance costs.

Figure A4: HURF Revenue per Person and Job



APPENDIX B: COST OF PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see 9-463.05.A). Because development fees must be updated at least every five years, the cost of professional services is allocated to the projected increase in service units, over five years (see Figure B1). Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience”.

Figure B1: Professional Services Costs

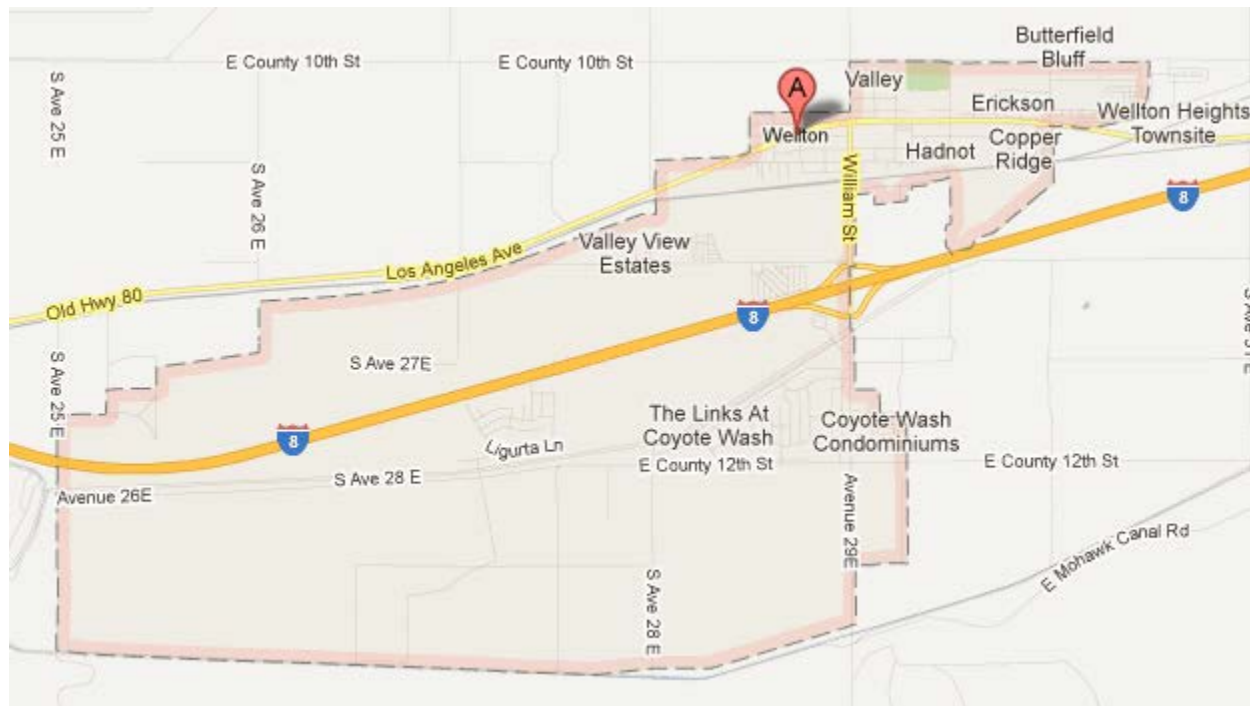
| Necessary Public Service | Cost | Assessed Against | Proportionate Share | Units | FY2013 | FY2018 | Change | Cost per Service Unit |
|--------------------------|-----------------|-------------------------------|---------------------|--------------|--------|--------|--------|-----------------------|
| Parks and Recreation | \$4,367 | Residential | 96% | Population | 3,072 | 3,459 | 387 | \$10.84 |
| | | Nonresidential | 4% | Jobs | 254 | 368 | 114 | \$1.53 |
| Public Safety | \$4,367 | Residential | 83% | Population | 3,072 | 3,459 | 387 | \$9.37 |
| | | Nonresidential | 17% | Nonres Trips | 955 | 1,403 | 448 | \$1.66 |
| Streets | \$8,733 | All Development | 100% | VMT | 30,761 | 35,281 | 4,521 | \$1.93 |
| Water | \$8,733 | Residential Nonresidential | 100% | Customers | 978 | 1,135 | 157 | \$55.63 |
| Total | \$26,200 | | | | | | | |

APPENDIX C: LAND USE ASSUMPTIONS

Service Area

The estimates and projections of residential and nonresidential development in this Land Use Assumptions document are for areas within the boundaries of the Town of Wellton. The map below illustrates the area within the Town's boundaries.

Figure C1: Map of Town of Wellton Service Area



Summary of Growth Indicators

Arizona Revised Statutes (ARS) 9-463.05 (T)(6) requires the preparation of a Land Use Assumptions document which shows:

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

TischlerBise has prepared this Land Use Assumptions document which details current demographic **estimates** and future development **projections** for both residential and nonresidential development that will be used in the infrastructure improvement plan (IIP) and calculation of the development fees. The development projections are used for calculating the level of service (LOS) to be provided to future development by planned capital projects or existing infrastructure that was oversized in anticipation of new development. The development projections are also used in forecasting the amount and cost of infrastructure required by new development that will be documented in the cash flow analysis.

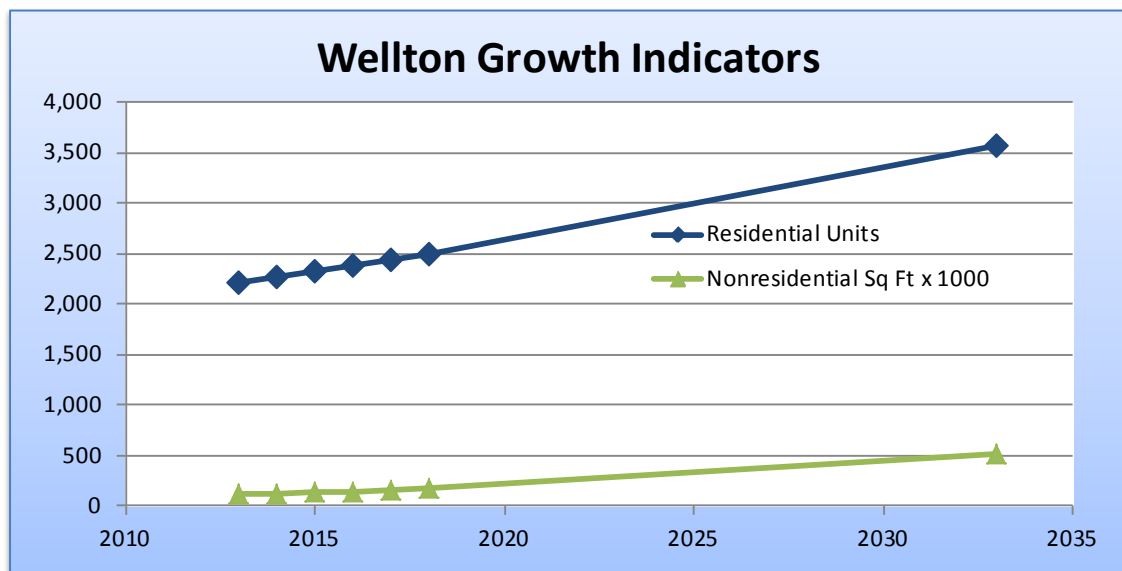
Development fee methodologies are designed to reduce sensitivity to accurate development projections in the determination of the proportionate-share fee amounts. If actual development is slower than projected, development fee revenues will also decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the Town will receive an increase in development fee revenue, but will also need to accelerate the capital improvements program to keep pace with development.

Development Projections and growth rates are summarized in Figure C2. Wellton specific base data for the demographic analysis and development projections include 2010 census calculations of population and housing units and American Community Survey tables. The projected increase in housing units is based on the Yuma Metropolitan Planning Organization’s 2033 population projection for the County from the 2010-2033 Regional Transportation Plan. Projected population was converted to housing units using the 2010 average of 1.38 year-round residents per housing unit. The Arizona Revised Statutes (ARS) 9-463.05 requires that “a municipality shall update the land use assumptions and infrastructure improvements plan at least every five years.” Therefore, the impact fee study did not vary the persons per housing unit ratio over time, nor assume any change to the residential vacancy rate in Wellton. For housing units, the impact fee study assumes a compound annual growth rate of 2.4%.

The projected increase nonresidential floor area is based on the Yuma Metropolitan Planning Organization’s 2033 growth rate for jobs in the County. (See 2010-2033 Regional Transportation Plan.) Projected jobs within Wellton were converted to nonresidential floor area using average square-foot-per-employee multipliers provided by the Institute of Transportation Engineers. For nonresidential development, the development fee study assumes a compound annual growth rate of 8.0%.

Figure C2: Development Projections and Growth Rates

| | Year | | | | | | | 2013 to 2018 Average Annual | |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|--------------------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2033 | Increase | Compound Growth Rate |
| Residential Units | 2,218 | 2,272 | 2,326 | 2,382 | 2,439 | 2,498 | 3,565 | 56 | 2.4% |
| Nonresidential Sq Ft x 1000 | 115 | 124 | 134 | 144 | 156 | 169 | 517 | 11 | 8.0% |



RESIDENTIAL DEVELOPMENT

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

Current Estimates of Residential Development

The 2010 Census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS) which is limited by sample-size constraints in areas with relatively few residents. For towns like Wellton, data on detached housing units are now combined with attached single units (commonly known as townhouses). One way to address this limitation is to derive fees by housing unit size, as discussed further below, is to address this ACS data limitation. Because townhouses and mobile homes generally have less floor area than detached units, fees by housing would ensure proportionality and facilitate construction of affordable units.

According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. Development fees often use per capita standards and persons per housing unit or persons per household to derive proportionate-share fee amounts. When persons per housing unit are used in the fee calculations, infrastructure standards are derived using year-round population. When persons per household are used in the fee calculations, the impact fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. TischlerBise recommends that development fees for residential development in the Town of Wellton be imposed according to the number of year-round residents per housing unit.

Census data indicates that Town had 2,081 housing units in 2010. As shown in Figure C3, in 2010, dwellings with a single unit per structure (detached, attached, and mobile homes) averaged 1.42 persons per housing unit. Dwellings in structures with multiple units (including boats, RVs, and vans) averaged 1.17 year-round residents per unit.

Figure C3: Person per Housing Unit by Type of Housing Unit

2008 Summary by Type of Housing from American Community Survey

| Units in Structure | Renter & Owner | | | Housing Units | Persons per Housing Unit |
|--------------------|----------------|-------------|-----------------------|---------------|--------------------------|
| | Persons | House-holds | Persons per Household | | |
| Single Unit* | 2,452 | 931 | 2.63 | 1,329 | 1.84 |
| 2+ Units | 278 | 152 | 1.83 | 183 | 1.52 |
| TOTAL | 2,730 | 1,083 | 2.52 | 1,512 | 1.81 |

Source: Tables B25024, B25032, B25033, and B26001. 2010 American Community Survey, U.S. Census Bureau.

2010 Census

| | | | | | |
|----------------|-------|-------|------|-------|------|
| Single Unit* | 2,589 | 1,049 | 2.47 | 1,829 | 1.42 |
| 2+ Units | 293 | 171 | 1.71 | 252 | 1.17 |
| Subtotal | 2,882 | 1,220 | | 2,081 | |
| Group Quarters | 3 | | | | |
| TOTAL | 2,882 | | | 2,081 | 1.38 |

Source: Totals from Summary File 1, U.S. Census Bureau.

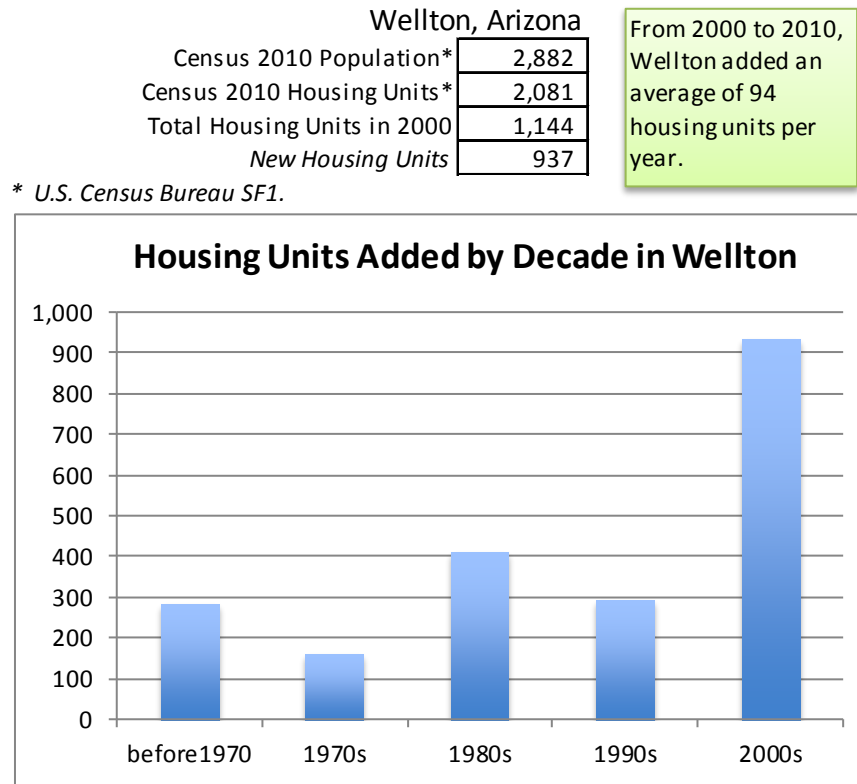
* Single unit includes detached, attached, and mobile homes

** 2+ units includes multi-family buildings, boats, vans, and RVs

Recent Residential Construction

From 2000-2010, Wellton has increased by an average of 94 housing units per year. The chart at the bottom of Figure C4 indicates the estimated number of housing units added by decade in Wellton. Housing units per decade saw a large increase during the 2000's.

Figure C4: Housing Units by Decade



Source for 1990s and earlier is Table B25034, American Community Survey, 2010.

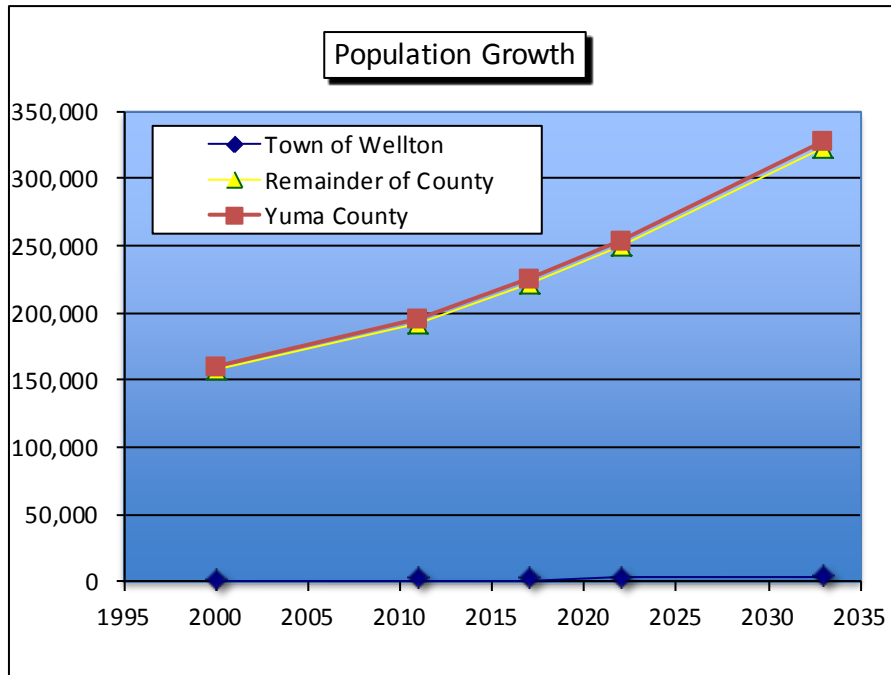
Population forecast

To provide context for population and job growth in Wellton, TischlerBise prepared comparisons to Yuma County projections. Yuma Metropolitan Planning Organization (YMPO) 2033 Transportation Plan expects 327,948 persons in Yuma County by 2033. Figure C5 indicates the Town’s share of countywide population over time, which increases from 1.14% to 1.51% over time. An exponential growth formula was derived to calculate the population for 2017 and 2022 for the County and 2017-2033 for the Town based on the County growth rate. Population projections could not be found in the Wellton General Plan.

Figure C5: Town of Wellton Population Share

| | 2000 | 2011 | 2017 | 2022 | 2033 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Yuma County | 160,026 | 195,751 | 225,332 | 253,370 | 327,948 |
| Town of Wellton | 1,829 | 2,930 | 3,378 | 3,803 | 4,937 |
| Remainder of County | 158,197 | 192,821 | 221,954 | 249,566 | 323,011 |
| Town Share | 1.14% | 1.50% | 1.50% | 1.50% | 1.51% |

Sources: Yuma County 2000-2011 from Census. Yuma County 2033 from Table II-12, YMPO 2033 Regional Transportation Plan. Town of Wellton 2000 - 2011 from Census. An exponential growth formula derived 2017 and 2022 population for both the County and Town. Town of Wellton 2033 population assumes same growth rate as county of 2.4%.



NON-RESIDENTIAL DEVELOPMENT

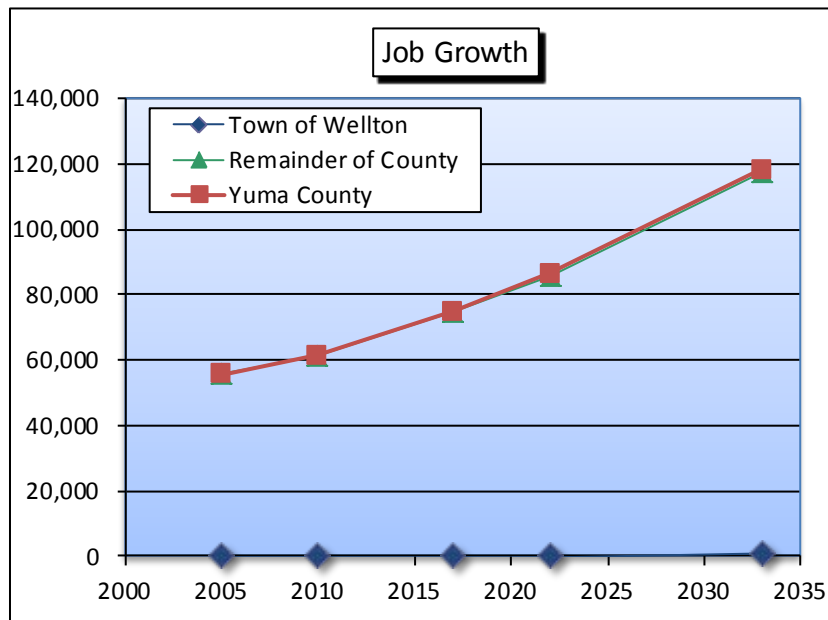
Jobs Forecast

In addition to data on residential development, the calculation of development fees requires data on nonresidential development. TischlerBise uses the term “jobs” to refer to employment by place of work. Similar to the population share evaluation discussed above, countywide jobs are shown in Figure C6 along with the Town of Wellton share. County and Town data for 2005 and 2010 are from OnTheMap, the U.S. Census Bureau’s web application. OnTheMap estimates journey-to-work jobs used to analyze commuting patterns. Countywide and Town jobs in 2033 are from Table II-13 of the Yuma Metropolitan Planning Organization 2033 Regional Transportation Plan. An exponential growth rate was derived to calculate job projections for 2017 and 2022.

Figure C6: Town of Wellton Job Share

| | 2005 | 2010 | 2017 | 2022 | 2033 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Yuma County | 55,715 | 61,284 | 74,856 | 86,354 | 118,252 |
| Town of Wellton | 164 | 203 | 341 | 495 | 1,120 |
| Remainder of County | 55,551 | 61,081 | 74,515 | 85,859 | 117,132 |
| Town Share | 0.3% | 0.3% | 0.5% | 0.6% | 0.9% |

Sources: 2000 Yuma County and Town of Wellton are from the Census Transportation Planning Package (CTPP). County and Town data for all jobs 2005-2010 are from OnTheMap, U.S. Census Bureau web application. County and Town 2033 projections are from Table II-13, 2033 Regional Transportation Plan, Yuma MPO, scaled by the ratio of OnTheMap to TPO jobs in 2005. An exponential growth formula derived 2017 and 2022 job projections for both the County and Town.



Jobs by Type of Nonresidential Development

Figure C7 indicates the Town’s 2010 job estimate and nonresidential floor area, estimated using square feet per employee multipliers obtained from the Institute of Transportation Engineers (ITE 2012). The prototype development for Industrial jobs is light industrial. The prototype for Commercial is an average-size shopping center. The prototype for Institutional development is an elementary school. For Office and Other Services, the development prototype is an average-sized office. General land use types are based on two-digit industry sectors, with the percentage distribution of jobs by type of development from U.S. Census Bureau’s OnTheMap web application.

Figure C7: Jobs and Floor Area Estimate

| | 2010 Jobs (1) | | Sq Ft per Job (2) | Floor Area |
|-----------------------------|------------------|------|----------------------|------------|
| Industrial | 53 | 26% | 433 | 22,949 |
| Commercial (3) | 73 | 36% | 500 | 36,500 |
| Institutional (4) | 16 | 8% | 1018 | 16,288 |
| Office & Other Services (5) | 61 | 30% | 301 | 18,361 |
| TOTAL | 203 | 100% | | 94,098 |

- (1) OnTheMap web application, U.S. Census Bureau.
- (2) Trip Generation, Institute of Transportation Engineers, 2012.
- (3) Retail, Food and Accommodation Services.
- (4) Education and Public Administration.
- (5) Major sectors are Health Care, Administration & Support (office jobs), and Professional/Scientific/Technical Services.

In Figure C8, gray shading indicates four nonresidential development prototypes used by TischlerBise to estimate floor area in Wellton.

Figure C8: Employee and Building Area Ratios

| ITE Code | Land Use / Size | Demand Unit | Wkdy Trip Ends Per Dmd Unit* | Wkdy Trip Ends Per Employee* | Emp Per Dmd Unit** | Sq Ft Per Emp |
|-------------------------------------|----------------------------|-------------|------------------------------|------------------------------|--------------------|---------------|
| Commercial / Shopping Center | | | | | | |
| 820 | Shopping Center (avg size) | 1,000 Sq Ft | 42.70 | na | 2.00 | 500 |
| General Office | | | | | | |
| 710 | General Office (avg size) | 1,000 Sq Ft | 11.03 | 3.32 | 3.32 | 301 |
| Other Nonresidential | | | | | | |
| 770 | Business Park*** | 1,000 Sq Ft | 12.44 | 4.04 | 3.08 | 325 |
| 760 | Research & Dev Center | 1,000 Sq Ft | 8.11 | 2.77 | 2.93 | 342 |
| 610 | Hospital | 1,000 Sq Ft | 13.22 | 4.50 | 2.94 | 340 |
| 565 | Day Care | student | 4.38 | 26.73 | 0.16 | na |
| 550 | University/College | student | 1.71 | 8.96 | 0.19 | na |
| 540 | Community College | student | 1.23 | 15.55 | 0.08 | na |
| 530 | High School | 1,000 Sq Ft | 12.89 | 19.74 | 0.65 | 1,531 |
| 520 | Elementary School | 1,000 Sq Ft | 15.43 | 15.71 | 0.98 | 1,018 |
| 254 | Assisted Living | bed | 2.66 | 3.93 | 0.68 | na |
| 620 | Nursing Home | 1,000 Sq Ft | 7.60 | 3.26 | 2.33 | 429 |
| 320 | Motel | room | 5.63 | 12.81 | 0.44 | na |
| 110 | Light Industrial | 1,000 Sq Ft | 6.97 | 3.02 | 2.31 | 433 |
| 130 | Industrial Park | 1,000 Sq Ft | 6.83 | 3.34 | 2.04 | 489 |
| 140 | Manufacturing | 1,000 Sq Ft | 3.82 | 2.13 | 1.79 | 558 |
| 150 | Warehousing | 1,000 Sq Ft | 3.56 | 3.89 | 0.92 | 1,093 |

* Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).

** Employees per demand unit calculated from trip rates, except for Shopping Center data, which are derived from Development Handbook and Dollars and Cents of Shopping Centers, published by the Urban Land Institute.

*** According to ITE, a Business Park is a group of flex-type buildings served by a common roadway system. The tenant space includes a variety of uses with an average mix of 20-30% office/commercial and 70-80% industrial/warehousing.

DETAILED DEVELOPMENT PROJECTIONS

Demographic data shown in Figure 9 provides key inputs for updating development fees in the Town of Wellton. Cumulative data are shown at the top and projected annual increases by type of development are shown at the bottom of the table. As discussed earlier, TischlerBise recommends the use of persons per housing unit to derive development fees. Therefore, vacancy rates and number of households are not essential to the demographic analysis.

Figure C9: Annual Demographic Data

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2023 | 2033 |
|--|-------|-------|-------|---------|-------|-------|-------|-------|-------|-------|-------|
| Cumulative | | | | Base Yr | 1 | 2 | 3 | 4 | 5 | 10 | 20 |
| Year-Round Population | 2,882 | 2,930 | 3,000 | 3,072 | 3,146 | 3,222 | 3,299 | 3,378 | 3,459 | 3,895 | 4,937 |
| Jobs | 203 | 219 | 236 | 254 | 273 | 294 | 317 | 341 | 368 | 533 | 1,120 |
| Housing Units | 2,081 | 2,116 | 2,166 | 2,218 | 2,272 | 2,326 | 2,382 | 2,439 | 2,498 | 2,812 | 3,565 |
| SF | 1,873 | 1,904 | 1,949 | 1,996 | 2,045 | 2,093 | 2,144 | 2,195 | 2,248 | 2,531 | 3,209 |
| MF | 208 | 212 | 217 | 222 | 227 | 233 | 238 | 244 | 250 | 281 | 357 |
| Jobs to Housing Ratio | 0.10 | 0.10 | 0.11 | 0.11 | 0.12 | 0.13 | 0.13 | 0.14 | 0.15 | 0.19 | 0.31 |
| Persons per Hsg Unit | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 |
| Nonres Sq Ft in thousands (KSF) | | | | | | | | | | | |
| Industrial | 23 | 24 | 26 | 28 | 30 | 33 | 35 | 38 | 41 | 60 | 126 |
| Commercial | 37 | 39 | 42 | 45 | 49 | 52 | 56 | 61 | 66 | 95 | 201 |
| Institutional | 16 | 17 | 18 | 20 | 21 | 23 | 25 | 27 | 29 | 42 | 89 |
| Office & Other Services | 18 | 19 | 21 | 22 | 24 | 26 | 28 | 30 | 33 | 48 | 101 |
| Total | 94 | 99 | 107 | 115 | 124 | 134 | 144 | 156 | 169 | 245 | 517 |
| Avg Sq Ft Per Job | 400 | 453 | 454 | 453 | 454 | 455 | 454 | 457 | 460 | 460 | 462 |
| Annual Increase | | | | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 | 22-23 | 24-33 |
| Population | | | | 72 | 74 | 76 | 77 | 79 | 81 | 91 | 116 |
| Jobs | | | | 18 | 20 | 21 | 23 | 24 | 26 | 38 | 80 |
| Housing Units | | | | 52 | 54 | 54 | 56 | 57 | 59 | 66 | 84 |
| Industrial/Warehouse KSF | | | | 2 | 2 | 3 | 2 | 3 | 3 | 5 | 9 |
| Commercial KSF | | | | 3 | 4 | 3 | 4 | 5 | 5 | 7 | 15 |
| Institutional KSF | | | | 2 | 1 | 2 | 2 | 2 | 2 | 3 | 6 |
| Office & Other Services KSF | | | | 1 | 2 | 2 | 2 | 2 | 3 | 4 | 7 |
| Total Nonresidential KSF/Yr => | | | | 8 | 9 | 10 | 10 | 12 | 13 | 19 | 37 |