

Infrastructure Improvements Plan and Development Fee Report

**Prepared for:
Sedona, Arizona**

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EXECUTIVE SUMMARY

The City of Sedona, Arizona, contracted with TischlerBise to document land use assumptions, prepare the Infrastructure Improvements Plan (hereinafter referred to as the "IIP"), and update development fees within the Sedona Service Area pursuant to Arizona Revised Statutes ("ARS") § 9-436.05 (hereafter referred to as the "Enabling Legislation"). 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. The proposed development fees are displayed in the Development Fee Report in the next section.

Development fees are one-time payments used to construct system improvements needed to accommodate future 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 Sedona's Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

1. Parks and Recreational Facilities
2. Police Facilities
3. Street Facilities

Sedona will retire debt related to its City Hall before the adoption of this IIP. Since that was the only component in the General Government Facilities development fee, TischlerBise excluded General Government Facilities from this update. Sedona decided to end collection of its Storm Drainage Facilities development fees due to future development's limited demand for storm drainage projects. This plan includes all necessary elements required to be in full compliance with SB 1525.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

The Enabling Legislation governs how development fees are calculated for municipalities in Arizona.

Necessary Public Services

Under the requirements of the Enabling Legislation, development fees may only be 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, library, street, fire, police, and neighborhood parks and recreational. 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 IIP. For each necessary public service that is the subject of a development fee, by law, the IIP shall include the following seven elements:

1. A description of the existing necessary public services in the service area and the costs 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 in this state, as applicable.
2. 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.
3. A description of all or the parts of the necessary public services or facility expansions 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 this state, as applicable.
4. 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.
5. 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.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
7. 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 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.” 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/Offsets

Regardless of the methodology, a consideration of credits/offsets is integral to the development of a legally defensible development fee. There are two types of credits/offsets that should be addressed in development fee studies and ordinances. The first is a revenue credit/offset 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/offset 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/offset 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 REPORT

METHODOLOGY

Development fees for the necessary public services made necessary by future development must be based on the same level of service (“LOS”) 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 future development for additional infrastructure capacity. Each method has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss basic methods for calculating development fees and how those methods can be applied.

- **Cost Recovery** (past improvements) - The rationale for recoupment, often called cost recovery, is that future development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before future development can take place.
- **Incremental Expansion** (concurrent improvements) - The incremental expansion method documents current LOS standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. Future development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.
- **Plan-Based** (future improvements) - The plan-based method allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

DEVELOPMENT FEE COMPONENTS

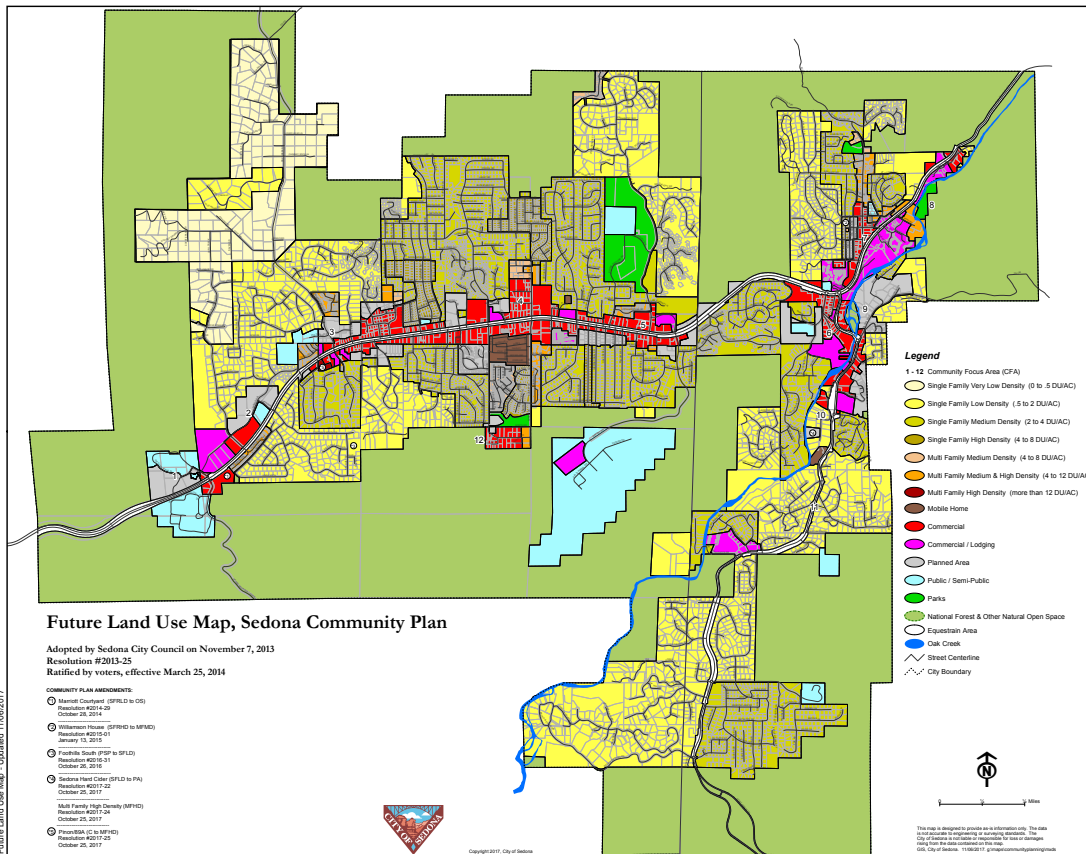
Figure 1 summarizes service areas, methodology, and infrastructure cost components for each development fee. Because Sedona plans to provide a uniform level of service for all types of infrastructure included in this infrastructure improvements plan, the service area for all fee components is the City of Sedona.

Figure 1: Proposed Development Fee Service Areas, Methods, and Cost Components

Facility Type	Service Area	Cost Recovery	Incremental Expansion	Plan-Based	Cost Allocation
Parks and Recreation	Citywide	N/A	Land, Improvements, Facilities	Development Fee Report	Parks Population, Jobs
Police	Citywide	N/A	Facilities, Vehicles, Communications Equipment	Development Fee Report	Peak Population, Vehicle Trips
Street	Citywide	N/A	Arterial Street Improvements	Other Street Improvements, Development Fee Report	Vehicle Miles of Travel

SERVICE AREA

The map below illustrates the area within Sedona’s service area.



PROPOSED DEVELOPMENT FEES

Development fees for residential development will be assessed per dwelling unit, based on the square footage of the unit. Nonresidential development fees will be assessed per square foot of floor area. Fees shown below represent the maximum allowable fees – development fees fund 100 percent of growth-related infrastructure.

Sedona may adopt fees that are less than the amounts shown; however, a reduction in development fee revenue will necessitate an increase in other revenues, a decrease in planned capital improvements and/or a decrease in Sedona’s LOS standards. All costs in the development fee study are in current dollars with no assumed inflation rate over time. If cost estimates change significantly over time, development fees should be recalibrated.

Figure 2: Proposed Development Fees

Residential Development		Development Fees per Unit			
Square Feet	General Government	Parks and Recreational	Police	Street	Proposed Fees
700 or Less	\$0	\$717	\$468	\$2,088	\$3,273
701 to 1,200	\$0	\$1,004	\$656	\$2,831	\$4,491
1,201 to 1,700	\$0	\$1,363	\$890	\$3,580	\$5,832
1,701 to 2,200	\$0	\$1,578	\$1,030	\$4,134	\$6,741
2,201 to 2,700	\$0	\$1,721	\$1,124	\$4,574	\$7,419
2,701 to 3,200	\$0	\$1,865	\$1,218	\$4,943	\$8,025
3,201 to 3,700	\$0	\$2,008	\$1,311	\$5,256	\$8,575
3,701 to 4,200	\$0	\$2,151	\$1,405	\$5,526	\$9,082
4,201 to 4,700	\$0	\$2,223	\$1,452	\$5,767	\$9,442
4,701 or More	\$0	\$2,295	\$1,498	\$5,985	\$9,778

Nonresidential Development		Development Fees per Square Foot			
Development Type	General Government	Parks and Recreational	Police	Street	Proposed Fees
Industrial	\$0.00	\$0.74	\$0.16	\$1.18	\$2.09
Commercial	\$0.00	\$1.07	\$0.83	\$5.36	\$7.25
Office / Other Services	\$0.00	\$1.36	\$0.32	\$2.32	\$4.00
Institutional	\$0.00	\$0.42	\$0.43	\$3.07	\$3.92
Lodging (per room)	\$0	\$1,434	\$278	\$1,990	\$3,702

Figure 3: Proposed Storm Drainage Development Fees

Residential Development	Development Fees per Unit			
Development Type	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash
Single Family				
Very Low Density	\$0	\$0	\$0	\$0
Low Density	\$0	\$0	\$0	\$0
Medium Density	\$0	\$0	\$0	\$0
High Density	\$0	\$0	\$0	\$0
Multi-Family	\$0	\$0	\$0	\$0
All Other Types	\$0	\$0	\$0	\$0

Nonresidential Development	Development Fees per Square Foot			
Development Type	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash
Industrial	\$0.00	\$0.00	\$0.00	\$0.00
Commercial	\$0.00	\$0.00	\$0.00	\$0.00
Office/ Other Services	\$0.00	\$0.00	\$0.00	\$0.00
Institutional	\$0.00	\$0.00	\$0.00	\$0.00
Lodging (per room)	\$0	\$0	\$0	\$0

CURRENT DEVELOPMENT FEES

Sedona’s current development fees are displayed below in Figure 4 and Figure 5.

Figure 4: Current Development Fees

Residential Development		Development Fees per Unit			
Development Type	General Government	Parks and Recreational	Police	Street	Current Fees
Single Family	\$194	\$3,627	\$511	\$1,216	\$5,548
Multi-Family	\$173	\$3,236	\$466	\$954	\$4,829

Nonresidential Development		Development Fees per Square Foot			
Development Type	General Government	Parks and Recreational	Police	Street	Current Fees
Industrial	\$0.10	\$0.00	\$0.16	\$0.72	\$0.98
Commercial	\$0.08	\$0.00	\$0.63	\$2.66	\$3.37
Office / Other Services	\$0.14	\$0.00	\$0.25	\$1.15	\$1.54
Institutional	\$0.04	\$0.00	\$0.23	\$1.06	\$1.33
Lodging (per room)	\$18	\$2,329	\$127	\$580	\$3,054

Figure 5: Current Storm Drainage Development Fees

Residential Development		Development Fees per Unit			
Development Type	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash	
Single Family					
Very Low Density	\$107	\$0	\$0	\$0	
Low Density	\$85	\$1,642	\$1,989	\$0	
Medium Density	\$53	\$1,026	\$1,243	\$0	
High Density	\$27	\$513	\$0	\$0	
Multi-Family	\$20	\$385	\$466	\$0	
All Other Types	\$0	\$432	\$0	\$0	

Nonresidential Development		Development Fees per Square Foot			
Development Type	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash	
Nonresidential	\$0.01	\$0.13	\$0.15	\$0.00	
Lodging (per room)	\$13	\$251	\$304	\$0	

DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the proposed and current development fees are displayed below in Figure 6 and Figure 7.

Figure 6: Difference Between Proposed and Current Development Fees

Residential Development		Development Fees per Unit			
Square Feet	General Government	Parks and Recreational	Police	Street	Fee Change
700 or less	(\$173)	(\$2,519)	\$2	\$1,134	(\$1,556)
701 to 1,200	(\$173)	(\$2,232)	\$190	\$1,877	(\$338)
1,201 to 1,700	(\$173)	(\$1,873)	\$424	\$2,626	\$1,003
1,701 to 2,200	(\$194)	(\$2,049)	\$519	\$2,918	\$1,193
2,201 to 2,700	(\$194)	(\$1,906)	\$613	\$3,358	\$1,871
2,701 to 3,200	(\$194)	(\$1,762)	\$707	\$3,727	\$2,477
3,201 to 3,700	(\$194)	(\$1,619)	\$800	\$4,040	\$3,027
3,701 to 4,200	(\$194)	(\$1,476)	\$894	\$4,310	\$3,534
4,201 to 4,700	(\$194)	(\$1,404)	\$941	\$4,551	\$3,894
4,701 or more	(\$194)	(\$1,332)	\$987	\$4,769	\$4,230

Nonresidential Development		Development Fees per Square Foot			
Development Type	General Government	Parks and Recreational	Police	Street	Fee Change
Industrial	(\$0.10)	\$0.74	\$0.00	\$0.46	\$1.11
Commercial	(\$0.08)	\$1.07	\$0.20	\$2.70	\$3.88
Office / Other Services	(\$0.14)	\$1.36	\$0.07	\$1.17	\$2.46
Institutional	(\$0.04)	\$0.42	\$0.20	\$2.01	\$2.59
Lodging (per room)	(\$18)	(\$895)	\$151	\$1,410	\$648

Figure 7: Difference Between Proposed and Current Storm Drainage Development Fees

Residential Development	Development Fees per Unit			
Square Feet	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash
700 or less	(\$20)	(\$385)	(\$466)	\$0
701 to 1,200	(\$20)	(\$385)	(\$466)	\$0
1,201 to 1,700	(\$85)	(\$1,642)	(\$1,989)	\$0
1,701 to 2,200	(\$85)	(\$1,642)	(\$1,989)	\$0
2,201 to 2,700	(\$85)	(\$1,642)	(\$1,989)	\$0
2,701 to 3,200	(\$85)	(\$1,642)	(\$1,989)	\$0
3,201 to 3,700	(\$85)	(\$1,642)	(\$1,989)	\$0
3,701 to 4,200	(\$85)	(\$1,642)	(\$1,989)	\$0
4,201 to 4,700	(\$85)	(\$1,642)	(\$1,989)	\$0
4,701 or more	(\$85)	(\$1,642)	(\$1,989)	\$0

Nonresidential Development	Development Fees per Square Foot			
Development Type	Dry Creek Wash	Coffepot Wash	Soliders Pass Wash	Oak Creek Wash
Industrial	(\$0.01)	(\$0.13)	(\$0.15)	\$0.00
Commercial	(\$0.01)	(\$0.13)	(\$0.15)	\$0.00
Office / Other Services	(\$0.01)	(\$0.13)	(\$0.15)	\$0.00
Institutional	(\$0.01)	(\$0.13)	(\$0.15)	\$0.00
Lodging (per room)	(\$13)	(\$251)	(\$304)	\$0

PARKS AND RECREATIONAL FACILITIES IIP

ARS § 9-463.05 (T)(7)(g) defines the facilities and assets that 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 land, improvements, and the cost of preparing the Parks and Recreational Facilities IIP and related Development Fee Report. The incremental expansion methodology, based on the current level of service, is used to calculate the land and improvement components. A plan-based methodology is used for the development fee study.

Service Area

Sedona plans to provide a uniform level of service and equal access to parks and recreational facilities within the city limits. The parks and recreation programs are structured and provided to make full use of Sedona’s total inventory of facilities. As a result, the service area for the Parks and Recreational Facilities IIP is citywide.

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 accommodate new development. The Parks and Recreational Facilities IIP and development fees will allocate the cost of public services between residential and nonresidential based on daytime population. Based on 2015 estimates from the U.S. Census Bureau’s OnTheMap web application applied to 2018 employment, 7,136 inflow commuters traveled to Sedona for work in 2018. The proportionate share is based on cumulative impact days per year with residents and visitors potentially impacting parks and recreational facilities 365 days per year. Inflow commuters potentially impact park and recreational facilities 250 days per year, assuming 5 workdays per week multiplied by 50 weeks per year. For parks and recreational facilities, residential development generates 78 percent of demand and nonresidential development generates the remaining 22 percent of demand.

Figure 8: Daytime Population

Development Type	Demand Unit	2018	Days per Week	Weeks per Year	Days per Year	Impact Days per Year	Proportionate Share
Residential	Peak Population	12,541	7	52	365	4,577,629	
Lodging	Lodging Population	5,053	7	52	365	1,844,172	
					Subtotal	6,421,801	78%
Nonresidential	Inflow Commuters ¹	7,136	5	50	250	1,783,910	22%
					Total	8,205,711	100%

1. 2018 total jobs multiplied by percentage of non-resident workers from OnTheMap, 2015.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs 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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Park Land – Incremental Expansion

Sedona will use development fees to expand its inventory of park land. Shown below in Figure 9, Sedona’s existing parks include 141.49 acres of land. The new definition of necessary public services for parks and recreational facilities includes parks or facilities on real property up to 30 acres in area, or parks and facilities larger than 30 acres if the facilities provide a direct benefit to the development. One of Sedona’s parks, Posse Grounds Park, is larger than 30 acres. The LOS analysis includes more than 30 acres since Posse Grounds Park provides a direct benefit to all future development.

Figure 9: Existing Park Land

Description	Acres
Brewer Road Park	3.45
Jordan Historical Park	4.80
Jordan Ridge	28.00
Posse Grounds Park	78.63
Sedona Wetlands Preserve	12.20
Sugar Loaf	6.20
Sunset Park	8.21
Total	141.49

Existing Park Land Level of Service

To allocate the proportionate share of demand for park land to residential and nonresidential development, this analysis uses daytime population shown in Figure 8. Sedona’s existing LOS for residential development is approximately 0.0063 acres per person (141.49 acres X 78 percent residential share / 17,594 persons). For nonresidential development, the existing LOS is approximately 0.0033 acres per job (141.49 acres X 22 percent nonresidential share / 9,507 jobs). If Sedona maintained its current LOS, it would need to acquire 11.81 additional acres of park land over the next 10 years.

Level-of-Service Standards	
Existing Acres	141.49
Residential	
Proportionate Share	78%
2018 Parks Population	17,594
Acres per Person	0.0063
Nonresidential	
Proportionate Share	22%
2018 Employment	9,507
Acres per Job	0.0033

1. Parks and Recreation Department, City of Sedona

Planned Park Land Level of Service

As Sedona reaches buildout, fewer opportunities to acquire additional land for parks and recreational facilities exist. Since it is unlikely Sedona will acquire 11.81 acres of park land during this period, Sedona staff included four acres of park land in the IIP. This analysis allocates the four acres of planned park land to the 10-year increase in parks population and employment. Sedona’s planned LOS for future residential development is approximately 0.0020 acres per person (4.0 acres X 78 percent residential share / 1,586 additional persons). For future nonresidential development, the planned LOS is approximately 0.0016 acres per job (4.00 acres X 22 percent nonresidential share / 567 additional jobs). The planned levels of service represent a lower LOS than Sedona currently provides to existing development; therefore, future development’s share of planned park land is 100 percent.

Sedona’s current cost to acquire park land is \$151,000 per acre, and Sedona will pay \$604,000 to acquire the planned four acres of park land. The cost to acquire park land is \$297.14 per person (0.0020 acres per person X \$151,000 per acre) and \$234.36 per job (0.0016 acres per job X \$151,000 per acre).

Figure 10: Planned Level of Service

Cost Allocation Factors	
Acquisition Cost per Acre ¹	\$151,000

Level-of-Service Standards	
Planned Acres	4.00
Residential	
Proportionate Share	78%
10-Year Parks Population Increase	1,586
Acres per Person	0.0020
Cost per Person	\$297.14
Nonresidential	
Proportionate Share	22%
10-Year Employment Increase	567
Acres per Job	0.0016
Cost per Job	\$234.36

1. Parks and Recreation Department, City of Sedona

Park Improvements – Incremental

Sedona will use development fees to expand its inventory of park improvements. The current inventory of park improvements, shown below in Figure 11, includes 40 improvements with a total replacement cost of \$9.25 million—approximately \$231,238 per improvement.

Figure 11: Existing Park improvements

Description	Units	Unit Cost	Total Cost
Baseball / Softball Fields	2	\$825,000	\$1,650,000
Basketball Courts	2	\$120,000	\$240,000
Bike Park	1	\$280,000	\$280,000
Concession Buildings	1	\$165,000	\$165,000
Dog Park	1	\$277,000	\$277,000
Fitness Park	1	\$78,000	\$78,000
Parking Lot	10	\$140,000	\$1,400,000
Playgrounds	3	\$230,000	\$690,000
Restrooms	5	\$225,000	\$1,125,000
Shade Structure	5	\$26,000	\$130,000
Skate Parks	1	\$852,000	\$852,000
Soccer Field	1	\$530,000	\$530,000
Splash Pad	1	\$240,000	\$240,000
Teen Center	1	\$1,130,500	\$1,130,500
Tennis Courts	4	\$108,000	\$432,000
Volleyball Courts (sand)	1	\$30,000	\$30,000
Total	40	\$231,238	\$9,249,500

Park Improvements Level of Service

As previously discussed, daytime population is used to allocate the proportionate share of demand to residential and nonresidential development. Sedona’s existing LOS for residential development is 0.0018 improvements per person (40 improvements X 78 percent residential share / 17,594 persons). The nonresidential LOS is 0.0009 improvements per job (40 improvements X 22 percent nonresidential share / 9,507 jobs). The cost of park improvements is \$410.06 per person (0.0018 improvements per person X \$231,238 per improvement) and \$214.04 per job (0.0009 improvements per job X \$231,238 per improvement).

Figure 12: Existing Level of Service

Cost Allocation Factors	
Cost per Improvement	\$231,238

Level-of-Service (LOS) Standards	
Existing Improvements	40
Residential	
Proportionate Share	78%
2018 Parks Population	17,594
Improvements per Person	0.0018
Cost per Person	\$410.06
Nonresidential	
Proportionate Share	22%
2018 Employment	9,507
Improvements per Job	0.0009
Cost per Job	\$214.04

Development Fee Report – Plan-Based

The cost to prepare the Parks and Recreational Facilities IIP and development fees totals \$10,000, and Sedona plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of future development from the *Land Use Assumptions* document, the cost is \$9.93 per person and \$7.91 per job.

Figure 13: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit	2018	2023	Change	Cost per Demand Unit
Parks and Recreational	\$10,000	Residential	78%	Parks Population	17,594	18,380	786	\$9.93
		Nonresidential	22%	Jobs	9,507	9,785	278	\$7.91
Police	\$10,000	Residential	72%	Peak Population	12,541	12,927	386	\$18.68
		Nonresidential	28%	Vehicle Trips	34,462	35,475	1,014	\$2.76
Streets	\$17,000	Residential	100%	VMT	219,441	225,870	6,430	\$2.64
		Nonresidential						
Total	\$37,000							

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“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.”

As shown in the *Land Use Assumptions* document, Sedona’s parks population is expected to increase by an additional 1,586 persons and employment is expected to increase by 567 jobs over the next 10 years.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

The projected service units (1,586 persons and 567 jobs) are multiplied by the existing levels of service for each IIP component. Future development will demand an additional 11.81 acres of land and 3.33 park improvements.

ARS § 9-463.05(E)(3) requires:

“A description of all or the parts of the necessary public services or facility expansions 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 this state, as applicable.”

The 10-year demand for each IIP component is multiplied by the unit cost to determine the 10-year cost. For example, projected development requires 3.33 additional park improvements. This is multiplied by the cost per unit of \$231,238 for a total cost of approximately \$770,000.

Park Land

Figure 14 projects future development’s demand for park land based on Sedona’s current LOS. Based on a projected parks population increase of 1,586 persons, Sedona’s future residential development demands 9.95 additional acres of park land (1,586 additional persons X 0.0063 acres per person) over the next 10 years. Future nonresidential development demands 1.86 additional acres of park land (567 additional jobs X 0.0033 acres per job) over the next 10 years. In total, future development demands approximately 11.81 additional acres of park land over the next 10 years at a cost of approximately \$1.78 million.

Due to the scarcity of land within the city limits, Sedona plans to reduce its current park land level of service over the next 10 years. As shown in Figure 10, Sedona plans to acquire four acres of park land within the next 10 years at a cost of \$604,000 (\$151,000 per acre X 4.0 acres).

Figure 14: Projected Demand for Park Land

Type of Infrastructure	Level of Service	Demand Unit	Cost per Acre
Park Land	0.0063 Acres	per Person	\$151,000
	0.0033 Acres	per Job	

Demand for Park Land					
Year	Parks Population	Jobs	Residential	Nonresidential	Total Acres
2018	17,594	9,507	110.36	31.13	141.49
2019	17,750	9,562	111.34	31.31	142.65
2020	17,907	9,616	112.32	31.48	143.81
2021	18,064	9,672	113.31	31.67	144.98
2022	18,221	9,729	114.30	31.85	146.15
2023	18,380	9,785	115.29	32.04	147.33
2024	18,538	9,842	116.29	32.22	148.51
2025	18,698	9,900	117.29	32.41	149.70
2026	18,858	9,958	118.29	32.60	150.89
2027	19,018	10,015	119.30	32.79	152.09
2028	19,180	10,074	120.31	32.98	153.29
10-Yr Increase	1,586	567	9.95	1.86	11.81

Park Improvements

Sedona plans to maintain its current park improvements LOS over the next 10 years. Based on a projected parks population increase of 1,586 persons, Sedona’s future residential development demands 2.81 additional park improvements (1,586 additional persons X 0.0018 park improvements per person) over the next 10 years. Future nonresidential development demands 0.52 additional park improvements (567 additional jobs X 0.0009 park improvements per job) over the next 10 years. In total, future development demands approximately 3.33 additional park improvements over the next 10 years at a cost of \$771,716.

Figure 15: Projected Demand for Park Improvements

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Park Improvements	0.0018 Units	per Person	\$231,238
	0.0009 Units	per Job	

Demand for Park Improvements					
Year	Parks Population	Jobs	Residential	Nonresidential	Total Units
2018	17,594	9,507	31.20	8.80	40.00
2019	17,750	9,562	31.48	8.85	40.33
2020	17,907	9,616	31.75	8.90	40.66
2021	18,064	9,672	32.03	8.95	40.99
2022	18,221	9,729	32.31	9.01	41.32
2023	18,380	9,785	32.59	9.06	41.65
2024	18,538	9,842	32.87	9.11	41.99
2025	18,698	9,900	33.16	9.16	42.32
2026	18,858	9,958	33.44	9.22	42.66
2027	19,018	10,015	33.73	9.27	43.00
2028	19,180	10,074	34.01	9.32	43.33
10-Yr Increase	1,586	567	2.81	0.52	3.33

Growth-Related Expenditures	\$650,355	\$121,361	\$771,716
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PARKS AND RECREATIONAL FACILITIES IIP

Projects in the Sedona CIP that are eligible for Parks and Recreational Facilities development fees are listed in Figure 16. Sedona will acquire park land and make improvements at existing parks to accommodate future development over the next 10 years. These projects total \$4.4 million and a portion of this total can be funded with development fees.

Figure 16: Parks and Recreational Facilities IIP

Project	Total Cost	Other Funding	DIF Eligible
Park Land			
Four Acres	\$604,000	\$0	\$604,000
Park Improvements			
Posse Grounds Park Improvements	\$565,000	\$30,000	\$535,000
Improvements at Ranger Station	\$2,511,729	\$286,729	\$2,225,000
Toddler Pool	\$75,000	\$0	\$75,000
Bike Skills Park - Phase III	\$290,000	\$0	\$290,000
Dog Park Improvements	\$360,000	\$0	\$360,000
Total	\$4,405,729	\$316,729	\$4,089,000

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is not necessary for Parks and Recreational Facilities development fees, since costs generated by projected development exceed revenues generated by projected development and fee calculations exclude dedicated funding sources. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

Proposed Parks and Recreational Facilities Development Fees

ARS § 9-463.05(E)(4) requires:

“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.”

Infrastructure components and cost factors for Parks and Recreational Facilities are summarized in the upper portion of Figure 17. The cost per service unit for Parks and Recreational Facilities is \$717.13 per person and \$456.31 per job. Figure 17 displays the ratio of a service unit to various types of land uses for residential and nonresidential development.

Parks and Recreational Facilities development fees for residential development are assessed according to the number of persons per household. For example, a residential unit totaling 1,800 square feet will pay a fee of \$1,578. This fee is calculated using a cost per service unit of \$717.13 per person multiplied by a demand unit of 2.20 persons per household. Nonresidential development fees are calculated using jobs as the service unit. The fee of \$1.07 per square foot of commercial development is derived from a cost per service unit of \$456.31 per job multiplied by a demand unit of 2.34 jobs per 1,000 square feet, divided by 1,000 square feet.

Figure 17: Schedule of Parks and Recreational Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Park Land	\$297.14	\$234.36
Park Improvements	\$410.06	\$214.04
Development Fee Report	\$9.93	\$7.91
Total	\$717.13	\$456.31

Residential Development	Development Fees per Unit			
Square Feet	Persons per Household ¹	Proposed Fees	Current Fees	Increase / Decrease
700 or Less	1.00	\$717	\$3,236	(\$2,519)
701 to 1,200	1.40	\$1,004	\$3,236	(\$2,232)
1,201 to 1,700	1.90	\$1,363	\$3,236	(\$1,873)
1,701 to 2,200	2.20	\$1,578	\$3,627	(\$2,049)
2,201 to 2,700	2.40	\$1,721	\$3,627	(\$1,906)
2,701 to 3,200	2.60	\$1,865	\$3,627	(\$1,762)
3,201 to 3,700	2.80	\$2,008	\$3,627	(\$1,619)
3,701 to 4,200	3.00	\$2,151	\$3,627	(\$1,476)
4,201 to 4,700	3.10	\$2,223	\$3,627	(\$1,404)
4,701 or More	3.20	\$2,295	\$3,627	(\$1,332)

Nonresidential Development	Development Fees per Square Foot			
Development Type	Jobs per 1,000 Sq Ft ¹	Proposed Fees	Current Fees	Increase / Decrease
Industrial	1.63	\$0.74	\$0.00	\$0.74
Commercial	2.34	\$1.07	\$0.00	\$1.07
Office / Other Services	2.97	\$1.36	\$0.00	\$1.36
Institutional	0.93	\$0.42	\$0.00	\$0.42
Lodging (persons per room)	2.00	\$1,434	\$2,329	(\$895)

1. See Land Use Assumptions

PROJECTED PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for Parks and Recreational Facilities needed to accommodate future development. Projected fee revenue shown in Figure 18 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for Parks and Recreational Facilities. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than is projected, the demand for infrastructure will also decrease, along with development fee revenue. Projected development fee revenue of \$1.39 million is approximately equal to the projected growth-related cost of parks and recreational facilities (\$1.39 million).

Figure 18: Projected Parks and Recreational Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Park Land	\$604,000	\$0	\$604,000
Park Improvements	\$771,716	\$0	\$771,716
Development Fee Report	\$10,000	\$0	\$10,000
Total	\$1,385,716	\$0	\$1,385,716

		Residential \$1,417 per unit	Industrial \$0.74 per sq. ft.	Commercial \$1.07 per sq. ft.	Office / Other \$1.36 per sq. ft.	Institutional \$0.42 per sq. ft.	Lodging \$1,434 per room
Year		Hsg Unit	KSF	KSF	KSF	KSF	Room
Base	2018	6,602	520	1,938	1,243	462	2,525
Year 1	2019	6,640	524	1,950	1,251	463	2,565
Year 2	2020	6,678	527	1,961	1,258	465	2,605
Year 3	2021	6,717	530	1,972	1,265	470	2,645
Year 4	2022	6,756	533	1,983	1,273	472	2,685
Year 5	2023	6,795	536	1,995	1,280	475	2,725
Year 6	2024	6,835	539	2,006	1,287	478	2,765
Year 7	2025	6,875	542	2,018	1,295	481	2,805
Year 8	2026	6,915	545	2,030	1,302	484	2,845
Year 9	2027	6,955	548	2,042	1,310	486	2,885
Year 10	2028	6,996	552	2,054	1,317	489	2,925
10-Year Increase		394	32	116	74	27	400
Projected Revenue		\$558,301	\$23,595	\$122,769	\$99,419	\$11,355	\$569,732

Projected Fee Revenue	\$1,385,170
Total Expenditures	\$1,385,716

POLICE FACILITIES IIP

ARS § 9-463.05 (T)(7)(f) defines the facilities and assets that can be included in the Police 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 or officers from more than one station or substation.”

The Police Facilities IIP includes components for facilities, vehicles, communications equipment, and the cost of preparing the Police Facilities IIP and related Development Fee Report. The incremental expansion methodology, based on the current LOS, is used to calculate the components for facilities, vehicles, and communications equipment. A plan-based methodology is used for the related Development Fee Report.

Service Area

Sedona’s Police Department strives to provide a uniform response time citywide. As a result, the service area for the Police Facilities IIP is citywide.

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 accommodate new development. The Police Facilities IIP and development fees are assessed on both residential and nonresidential development based on functional population shown in Figure 19. Based on 2015 functional population data, residential development accounts for approximately 72 percent of demand for police services and nonresidential development is responsible for the remaining 28 percent.

Figure 19: Functional Population

	Demand Units in 2015	Demand Hours/Day	Person Hours	Proportionate Share
Residential				
Peak Population	12,076			
Residents Not Working	8,603	20	172,056	
Employed Residents	3,473			
Employed in Service Area	1,320	14	18,480	
Employed outside Service Area	2,153	14	30,142	
	Residential Subtotal		220,678	72%
Nonresidential				
Non-working Residents	8,603	4	34,411	
Jobs in Service Area	5,292			
Residents Employed in Service Area	1,320	10	13,200	
Non-Resident Workers (inflow Commuters)	3,972	10	39,720	
	Nonresidential Subtotal		87,331	28%
	Total		308,009	100%

Source: U.S. Census Bureau, OnTheMap 6.1.1 Application, 2015.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs 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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Facilities – Incremental Expansion

Sedona plans to use development fees to expand its current inventory of police facilities. Shown below in Figure 20, Sedona’s existing inventory includes 16,000 square feet of police facilities.

Figure 20: Existing Police Facilities

Description	Square Feet
Police Station	5,900
Parking Garage	9,600
Shooting Range	500
Total	16,000

Facilities Level of Service

Functional population provides the proportionate share of demand for police stations from residential and nonresidential development. Sedona’s existing LOS for residential development is 0.9186 square feet per person (16,000 square feet X 72 percent residential share / 12,541 persons). The nonresidential LOS is 0.1300 square feet per vehicle trip (16,000 square feet X 28 percent / 34,462 vehicle trips). Using cost estimates for the planned police station expansion, the cost per square foot is \$245 (\$270,000 / 1,100 square feet). The cost of police facilities is \$225.46 per person (0.9186 square feet per person X \$245 per square foot) and \$31.91 vehicle trip (0.1300 square feet per vehicle trip X \$245 per square foot).

Figure 21: Existing Level of Service

Cost Allocation Factors	
Police Station Expansion Cost	\$270,000
Additional Square Feet	1,100
Cost per Square Foot	\$245

Level-of-Service Standards	
Existing Square Feet	16,000
Residential	
Proportionate Share	72%
2018 Peak Population	12,541
Square Feet per Person	0.9186
Cost per Person	\$225.46
Nonresidential	
Proportionate Share	28%
2018 Vehicle Trips	34,462
Square Feet per Vehicle Trip	0.1300
Cost per Vehicle Trip	\$31.91

Vehicles – Incremental Expansion

Development fees will be used to expand Sedona’s inventory of police vehicles. Figure 22 lists the current vehicles used by Sedona’s Police Department – 28 units representing a replacement cost of approximately \$1.74 million.

Figure 22: Existing Police Vehicles

Description	Units	Unit Cost	Replacement Cost
Patrol Vehicles	25	\$65,000	\$1,625,000
Pickup Trucks	2	\$30,000	\$60,000
Motorcycle	1	\$56,000	\$56,000
Total	28	\$62,179	\$1,741,000

Vehicles Level of Service

Functional population is used to allocate the proportionate share of demand to residential and nonresidential development. Sedona’s existing LOS for residential development is 0.0016 units per person (28 units X 72 percent residential share / 12,541 persons). The nonresidential LOS is 0.0002 units per vehicle trip (28 units X 28 percent nonresidential share / 34,462 vehicle trips). The cost of police vehicles is \$99.95 per person (\$62,179 per unit X 0.0016 units per person) and \$14.15 per vehicle trip (\$62,179 per unit X 0.0002 units per vehicle trip).

Figure 23: Existing Level of Service

Cost Allocation Factors	
Replacement Cost	\$1,741,000
Cost per Unit	\$62,179

Level-of-Service Standards	
Existing Units	28
Residential	
Proportionate Share	72%
2018 Peak Population	12,541
Units per Person	0.0016
Cost per Person	\$99.95
Nonresidential	
Proportionate Share	28%
2018 Vehicle Trips	34,462
Units per Vehicle Trip	0.0002
Cost per Vehicle Trip	\$14.15

Communications Equipment – Incremental Expansion

Development fees will be used to expand Sedona’s inventory of communications equipment. Figure 24 lists the current communications equipment used by Sedona’s Police Department. Sedona currently has 46 units of communications equipment with a total replacement cost of \$2.16 million – \$47,022 per unit.

Figure 24: Existing Communications Equipment

Description	Units	Unit Cost	Replacement Cost
Radio Infrastructure	1	\$1,200,000	\$1,200,000
Radios - Handheld	40	\$2,500	\$100,000
Dispatch Center Equipment	1	\$50,000	\$50,000
Dispatch Work Station	2	\$20,000	\$40,000
New World Systems	1	\$550,000	\$550,000
Qwest / 911	1	\$223,000	\$223,000
Total	46	\$47,022	\$2,163,000

Communications Equipment Level of Service

Communications equipment costs are allocated according to functional population – 72 percent to residential development and 28 percent to nonresidential development. Sedona’s existing LOS for residential development is 0.0026 units per person (46 units X 72 percent residential share / 12,541 persons). The nonresidential level of service is 0.0004 units per vehicle trip (46 units X 28 percent nonresidential share / 34,462 vehicle trips). The cost of communications equipment is \$124.18 per person (\$47,022 per unit X 0.0026 units per person) and \$17.57 per vehicle trip (\$47,022 per unit X 0.0004 units per vehicle trip).

Figure 25: Existing Level of Service

Cost Allocation Factors	
Replacement Cost	\$2,163,000
Cost per Unit	\$47,022

Level-of-Service Standards	
Existing Units	46
Residential	
Proportionate Share	72%
2018 Peak Population	12,541
Units per Person	0.0026
Cost per Person	\$124.18
Nonresidential	
Proportionate Share	28%
2018 Vehicle Trips	34,462
Units per Vehicle Trip	0.0004
Cost per Vehicle Trip	\$17.57

Development Fee Report – Plan-Based

The cost to prepare the Police Facilities IIP and development fees totals \$10,000, and Sedona plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential development from the *Land Use Assumptions* document, the cost is \$18.68 per person and \$2.76 per vehicle trip.

Figure 26: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit	2018	2023	Change	Cost per Demand Unit
Parks and Recreational	\$10,000	Residential	78%	Parks Population	17,594	18,380	786	\$9.93
		Nonresidential	22%	Jobs	9,507	9,785	278	\$7.91
Police	\$10,000	Residential	72%	Peak Population	12,541	12,927	386	\$18.68
		Nonresidential	28%	Vehicle Trips	34,462	35,475	1,014	\$2.76
Streets	\$17,000	Residential	100%	VMT	219,441	225,870	6,430	\$2.64
		Nonresidential						
Total	\$37,000							

PROJECTED SERVICE UNITS AND PROJECTED DEMAND FOR SERVICES

ARS § 9-463.05(E)(5) requires:

“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.”

As shown in the *Land Use Assumptions* document, Sedona expects an additional 785 persons and 2,059 nonresidential vehicle trips over the next 10 years.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

The projected service units (785 persons and 2,059 nonresidential vehicle trips) are multiplied by the existing LOS for each IIP component. Future development will demand an additional 989 square feet of facilities, 1.7 vehicles, and 2.8 units of communications equipment.

ARS § 9-463.05(E)(3) requires:

“A description of all or the parts of the necessary public services or facility expansions 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 this state, as applicable.”

The 10-year demand for each IIP component is multiplied by the unit cost to determine the 10-year cost. For example, projected development requires 989 additional square feet of police facilities. This is multiplied by the cost per square foot of \$245 for a total cost of approximately \$243,000.

Police Facilities

Over the next 10 years, Sedona’s population is projected to increase by 785 persons and nonresidential vehicle trips are projected to increase by 2,059 trips. Using the 2018 LOS standards shown at the top of Figure 27, future residential development generates demand for 721 additional square feet of police facilities (0.9186 square feet per person X 785 additional persons), and future nonresidential development generates demand for 268 additional square feet of police facilities (0.1300 square feet per vehicle trip X 2,059 additional vehicle trips). The 10-year demand for additional police facilities equals 989 square feet at a cost of approximately \$243,000. This is approximately 90 percent of the planned police station expansion (1,100 square feet and \$270,000).

Figure 27: Projected Demand for Police Facilities

Type of Infrastructure	Level of Service	Demand Unit	Cost per Square Foot
Facilities	0.9186 Square Feet	per Person	\$245
	0.1300 Square Feet	per Vehicle Trip	

Demand for Police Facilities					
Year	Peak Population	Vehicle Trips	Residential	Nonresidential	Total Square Feet
2018	12,541	34,462	11,520	4,480	16,000
2019	12,617	34,666	11,590	4,507	16,096
2020	12,694	34,858	11,660	4,532	16,192
2021	12,771	35,069	11,731	4,559	16,290
2022	12,849	35,265	11,802	4,584	16,387
2023	12,927	35,475	11,874	4,612	16,486
2024	13,006	35,673	11,946	4,638	16,584
2025	13,085	35,888	12,019	4,665	16,685
2026	13,165	36,099	12,093	4,693	16,786
2027	13,246	36,308	12,167	4,720	16,887
2028	13,327	36,520	12,241	4,748	16,989
10-Yr Increase	785	2,059	721	268	989

Growth-Related Expenditures	\$177,021	\$65,692	\$242,713
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Police Vehicles

Shown in Figure 28, population is projected to increase by 785 persons by 2028, and nonresidential vehicle trips will increase by 2,059 trips during the same period. Using the 2018 LOS standards shown in Figure 28, future residential development generates demand for approximately 1.3 additional units (0.0016 units per person X 785 additional persons), and future nonresidential development generates demand for approximately 0.5 additional units (0.0002 units per vehicle trip X 2,059 additional vehicle trips). The 10-year demand for additional police vehicles equals 1.7 units at a cost of approximately \$108,000.

Figure 28: Projected Demand for Police Vehicles

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Vehicles	0.0016 Units	per Person	\$62,179
	0.0002 Units	per Vehicle Trip	

Demand for Police Vehicles					
Year	Peak Population	Vehicle Trips	Residential	Nonresidential	Total Units
2018	12,541	34,462	20.2	7.8	28.0
2019	12,617	34,666	20.3	7.9	28.2
2020	12,694	34,858	20.4	7.9	28.3
2021	12,771	35,069	20.5	8.0	28.5
2022	12,849	35,265	20.7	8.0	28.7
2023	12,927	35,475	20.8	8.1	28.9
2024	13,006	35,673	20.9	8.1	29.0
2025	13,085	35,888	21.0	8.2	29.2
2026	13,165	36,099	21.2	8.2	29.4
2027	13,246	36,308	21.3	8.3	29.6
2028	13,327	36,520	21.4	8.3	29.7
10-Yr Increase	785	2,059	1.3	0.5	1.7

Growth-Related Expenditures	\$78,475	\$29,122	\$107,597
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Communications Equipment

As shown in Figure 29, population and nonresidential vehicle trips drive the need for communications equipment. Based on the development projections in the *Land Use Assumptions* document, Sedona will grow by 785 persons and nonresidential development will generate 2,059 additional vehicle trips over the next 10 years. Using the 2018 LOS standards shown below, future residential development generates demand for approximately 2.1 additional units (0.0026 units per person X 785 additional persons), and future nonresidential development generates demand for approximately 0.8 additional units (0.0004 units per vehicle trip X 2,059 additional vehicle trips). The 10-year, growth-related capital cost associated with these additional units of communications equipment is \$133,678.

Figure 29: Projected Demand for Communications Equipment

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Communications Equipment	0.0026 Units	per Person	\$47,022
	0.0004 Units	per Vehicle Trip	

Demand for Communications Equipment					
Year	Peak Population	Vehicle Trips	Residential	Nonresidential	Total Units
2018	12,541	34,462	33.1	12.9	46.0
2019	12,617	34,666	33.3	13.0	46.3
2020	12,694	34,858	33.5	13.0	46.6
2021	12,771	35,069	33.7	13.1	46.8
2022	12,849	35,265	33.9	13.2	47.1
2023	12,927	35,475	34.1	13.3	47.4
2024	13,006	35,673	34.3	13.3	47.7
2025	13,085	35,888	34.6	13.4	48.0
2026	13,165	36,099	34.8	13.5	48.3
2027	13,246	36,308	35.0	13.6	48.5
2028	13,327	36,520	35.2	13.6	48.8
10-Yr Increase	785	2,059	2.1	0.8	2.8

Growth-Related Expenditures	\$97,497	\$36,181	\$133,678
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POLICE FACILITIES IIP

Projects in the Sedona CIP that are eligible for Police Facilities development fees are listed in Figure 30. The police station will be expanded for the purpose of increasing capacity. The City will also purchase new vehicles to accommodate future development over the next 10 years. Additionally, the radio communications system will be expanded to accommodate future development. These projects total \$883,354 and a portion of this total can be funded with development fees.

Figure 30: Police Facilities IIP

Project	Total Cost	Other Funding	DIF Eligible
Police Facilities			
Police Station Expansion	\$270,000	\$0	\$270,000
Shooting Range Improvements	\$166,354	\$0	\$166,354
Police Vehicles			
Motorcycles	\$112,000	\$0	\$112,000
Communications Equipment			
Handheld Radios	\$75,000	\$64,300	\$10,700
In-Car Video System	\$260,000	\$224,138	\$35,862
Total	\$883,354	\$288,438	\$594,916

POLICE FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is not necessary for Police Facilities Development Fees, since costs generated by projected development exceed revenues generated by projected development and fee calculations exclude dedicated funding sources. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Proposed Police Facilities Development Fees

ARS § 9-463.05(E)(4) requires:

“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.”

Figure 31 displays the ratio of a service unit to various types of land uses for residential and nonresidential development. Police Facilities development fees for residential development are assessed according to the number of persons per household. Nonresidential development fees are calculated using nonresidential vehicle trips as the service unit. The multipliers for each land use, which include average weekday vehicle trips ends per thousand square feet and a trip adjustment factor, are shown below. The cost per service unit for Police Facilities is \$468.27 per person and \$66.39 per vehicle trip.

Development fees for residential development are determined by the number of persons per household. For example, the fee of \$1,030 for a residential unit with 1,800 square feet is calculated using a cost per service unit of \$468.27 per person multiplied by the demand unit of 2.20 persons per household. Nonresidential development fees are stated per square foot of floor area unless otherwise noted. The fee of \$0.83 per square foot of commercial development is derived from a cost per service unit of \$66.39 per vehicle trip multiplied by a demand unit of 37.75 average weekday vehicle trip ends per 1,000 square feet, multiplied by a trip rate adjustment factor of 33 percent, divided by 1,000 square feet.

Figure 31: Schedule of Police Facilities Development Fees

Fee Component	Cost per Person	Cost per Vehicle Trip
Facilities	\$225.46	\$31.91
Vehicles	\$99.95	\$14.15
Communications Equipment	\$124.18	\$17.57
Development Fee Report	\$18.68	\$2.76
Total	\$468.27	\$66.39

Residential Development	Development Fees per Unit			
Square Feet	Persons per Household ¹	Proposed Fees	Current Fees	Increase / Decrease
700 or Less	1.00	\$468	\$466	\$2
701 to 1,200	1.40	\$656	\$466	\$190
1,201 to 1,700	1.90	\$890	\$466	\$424
1,701 to 2,200	2.20	\$1,030	\$511	\$519
2,201 to 2,700	2.40	\$1,124	\$511	\$613
2,701 to 3,200	2.60	\$1,218	\$511	\$707
3,201 to 3,700	2.80	\$1,311	\$511	\$800
3,701 to 4,200	3.00	\$1,405	\$511	\$894
4,201 to 4,700	3.10	\$1,452	\$511	\$941
4,701 or More	3.20	\$1,498	\$511	\$987

Nonresidential Development	Development Fees per Square Foot				
Development Type	Avg Wkdy Veh Trip Ends ¹	Trip Rate Adjustment	Proposed Fees	Current Fees	Increase / Decrease
Industrial	4.96	50%	\$0.16	\$0.16	\$0.00
Commercial	37.75	33%	\$0.83	\$0.63	\$0.20
Office / Other Services	9.74	50%	\$0.32	\$0.25	\$0.07
Institutional	19.52	33%	\$0.43	\$0.23	\$0.20
Lodging (per room)	8.36	50%	\$278	\$127	\$151

1. See Land Use Assumptions

PROJECTED POLICE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure 32 is based on the development projections in the *Land Use Assumptions* document and the updated Police Facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Anticipated development fee revenue of approximately \$493,000 over the next ten years is approximately equal to the projected growth-related cost of police facilities (\$493,988).

Figure 32: Projected Revenue from Police Facilities Development Fees

Fee Component	Growth Share	Existing Share	Total
Facilities	\$242,713	\$0	\$242,713
Vehicles	\$107,597	\$0	\$107,597
Communications Equipment	\$133,678	\$0	\$133,678
Development Fee Report	\$10,000	\$0	\$10,000
Total	\$493,988	\$0	\$493,988

		Residential \$913 per unit	Industrial \$0.16 per sq. ft.	Commercial \$0.83 per sq. ft.	Office / Other \$0.32 per sq. ft.	Institutional \$0.43 per sq. ft.
Year		Hsg Unit	KSF	KSF	KSF	KSF
Base	2018	6,602	520	1,938	1,243	462
Year 1	2019	6,640	524	1,950	1,251	463
Year 2	2020	6,678	527	1,961	1,258	465
Year 3	2021	6,717	530	1,972	1,265	470
Year 4	2022	6,756	533	1,983	1,273	472
Year 5	2023	6,795	536	1,995	1,280	475
Year 6	2024	6,835	539	2,006	1,287	478
Year 7	2025	6,875	542	2,018	1,295	481
Year 8	2026	6,915	545	2,030	1,302	484
Year 9	2027	6,955	548	2,042	1,310	486
Year 10	2028	6,996	552	2,054	1,317	489
10-Year Increase		394	32	116	74	27
Projected Revenue		\$359,680	\$5,159	\$93,908	\$23,428	\$11,298

Projected Fee Revenue	\$493,473
Total Expenditures	\$493,988

STREET FACILITIES IIP

ARS § 9-463.05 (T)(7)(e) defines the facilities and assets that 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 improvements, other street improvements, and the cost of professional services for preparing the Street Facilities IIP and related Development Fee Report. The plan-based methodology is used for other street improvements and the related Development Fee Report. The incremental expansion methodology is used for the arterial street improvements.

Service Area

Sedona’s arterial street network is designed to efficiently move traffic throughout the city; therefore, the service area for the Street Facilities IIP and Development Fees is citywide.

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 Sedona’s street network.

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs 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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

The existing public services included in the Street Facilities IIP are 27.43 lane miles of minor arterials and one city-owned improved intersection.

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, which shall be prepared by qualified professionals licensed in this state, as applicable.”

The daily lane capacity used in this analysis is 8,000, which is the minor arterial lane capacity standard for Gila County. A standard provided by Yavapai County or Coconino County is not available.

LEVEL OF SERVICE AND RATIO OF SERVICE UNIT TO LAND USE

Service Units

Sedona will use Vehicle Miles of Travel (VMT) as the service units for documenting existing LOS standards and allocating the costs of future improvements. Components used to determine the service units and input variables are discussed, including trip generation rates, adjustments for commuting patterns and pass-by trips, and trip length weighting factors.

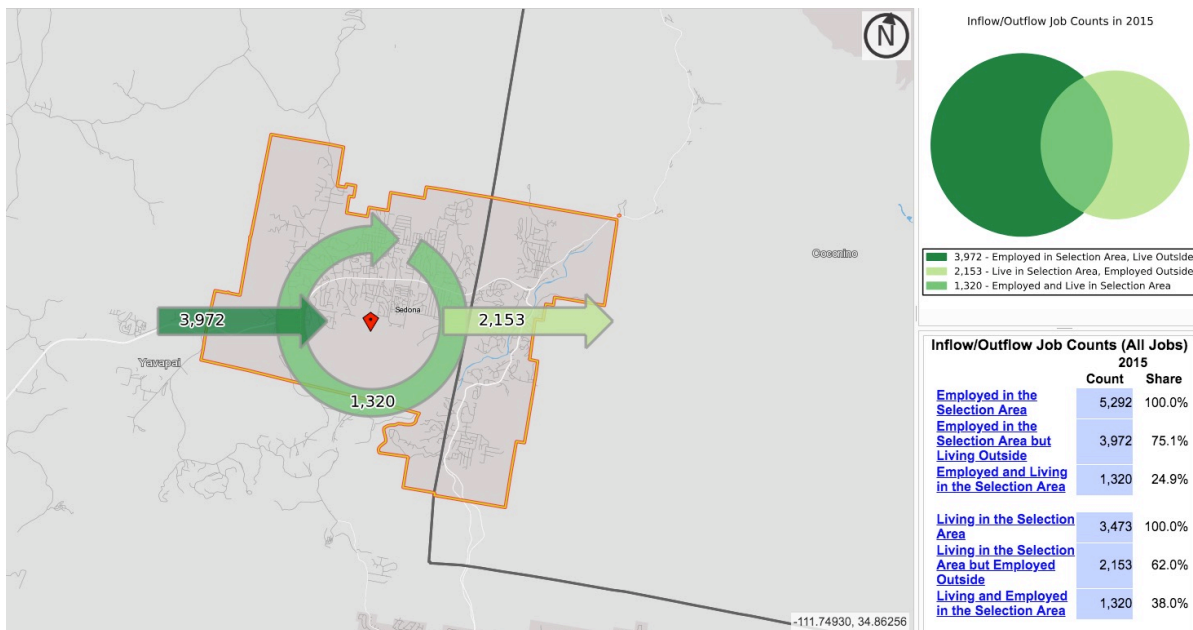
Trip Rate Adjustments

Sedona’s Street Facilities Development Fees use average weekday trip generation rates from the reference book *Trip Generation* published by the Institute of Transportation Engineers (ITE 2017). 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 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 percent. 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.

Adjustment for Commuting Patterns

Residential development has a trip adjustment factor of 60 percent to account for commuters leaving Sedona for work. According to the 2009 National Household Travel Survey, weekday work trips are typically 31 percent of production trips (i.e., all out-bound trips, which are 50 percent of all trip ends). As shown in Figure 33, the Census Bureau’s web application OnTheMap indicates 62 percent of resident workers traveled outside Sedona for work in 2015. In combination, these factors (0.31 x 0.50 x 0.62 = 0.10) support the additional 10 percent allocation of trips to residential development.

Figure 33: Inflow / Outflow Analysis



Adjustment for Pass-By Trips

For commercial development, the trip adjustment factor is less than 50 percent because retail development attracts 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, ITE data indicate 34 percent of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66 percent 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 percent multiplied by 50 percent, or approximately 33 percent of the trip ends.

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 percent of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 66 percent of the average trip length while other nonresidential development typically accounts for trips that are 73 percent of the average for all trips.

PROJECTED SERVICE UNITS, DEMAND, AND COSTS FOR SERVICES

TischlerBise created an aggregate travel model to convert development units within Sedona to project vehicle trips and vehicle miles of travel. Figure 34 summarizes the input variables used in the aggregate travel demand model.

Figure 34: Input Variables for Travel Demand Model

Development Type	Development Unit	ITE Code	Weekday VTE	Trip Adj	Trip Length Wt Factor	Weekday VMT
Residential	HU		8.26	60%	121%	20.87
Industrial	KSF	110	4.96	50%	73%	6.30
Commercial	KSF	820	37.75	33%	66%	28.61
Office / Other Services	KSF	710	9.74	50%	73%	12.37
Institutional	KSF	520	19.52	33%	73%	16.36

Avg Trip Length (miles)	3.480
Vehicle Capacity Per Lane	8,000

ARS § 9-463.05(E)(5) requires:

“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.”

Projected development in Sedona over the next 10 years, and the corresponding need for additional lane miles of arterial street improvements and other street improvements, are shown in Figure 35. Trip generation rates and trip adjustment factors convert projected development into average weekday vehicle trips and VMT. As shown in Figure 35, future development in Sedona will generate 13,100 additional VMT.

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

The travel demand model inputs are used to derive the current LOS in VMT and future needs of street improvements. A 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 length. Based on estimates shown in Figure 35, existing infrastructure standards using the average trip length of 3.48 miles in Sedona are 1.25 lane miles per 10,000 VMT (27.43 arterial lane miles / (219,441 VMT / 10,000)).

Infrastructure Improvements Plan and Development Fee Report

Sedona, Arizona

As shown on the lower right side of Figure 35, future development generates an additional 13,100 VMT over the next 10 years. To maintain the existing infrastructure standards, Sedona needs 1.64 additional lane miles of arterials to accommodate projected development over the next 10 years (13,100 additional VMT / 10,000 X 1.25 lane miles per 10,000 VMT = 1.64 additional lane miles). The 10-year VMT increase is six percent.

Figure 35: Projected Travel Demand

Development Type	Development Unit	ITE Code	Weekday VTE	Trip Adj	Trip Length Wt Factor	Weekday VMT
Residential	HU		8.26	60%	121%	20.87
Industrial	KSF	110	4.96	50%	73%	6.30
Commercial	KSF	820	37.75	33%	66%	28.61
Office / Other Services	KSF	710	9.74	50%	73%	12.37
Institutional	KSF	520	19.52	33%	73%	16.36

Avg Trip Length (miles)	3.480
Vehicle Capacity Per Lane	8,000

		Base	1	2	3	4	5	10	10-Year Increase
		2018	2019	2020	2021	2022	2023	2028	
Development	Residential Units	6,602	6,640	6,678	6,717	6,756	6,795	6,996	394
	Industrial KSF	520	524	527	530	533	536	552	32
	Commercial KSF	1,938	1,950	1,961	1,972	1,983	1,995	2,054	116
	Office / Other Services KSF	1,243	1,251	1,258	1,265	1,273	1,280	1,317	74
	Institutional KSF	462	463	465	470	472	475	489	27
Avg Wkday Vehicle Trips	Residential Trips	32,720	32,908	33,096	33,289	33,483	33,676	34,672	1,953
	Residential Trips	32,720	32,908	33,096	33,289	33,483	33,676	34,672	1,953
	Industrial Trips	1,290	1,300	1,307	1,314	1,322	1,329	1,369	79
	Commercial Trips	24,143	24,292	24,429	24,566	24,703	24,853	25,588	1,445
	Office / Other Services Trips	6,053	6,092	6,126	6,161	6,200	6,234	6,414	360
	Institutional Trips	2,976	2,982	2,995	3,028	3,040	3,060	3,150	174
	Nonresidential Trips	34,462	34,666	34,858	35,069	35,265	35,475	36,520	2,059
Total Vehicle Trips	67,181	67,574	67,954	68,358	68,748	69,151	71,193	4,011	
VMT	Vehicle Miles of Travel (VMT)	219,441	220,717	221,963	223,279	224,559	225,870	232,541	13,100
	Annual Increase		1,277	1,246	1,316	1,279	1,312	1,360	
Demand	Arterial Lane Miles	27.43	27.59	27.75	27.91	28.07	28.23	29.07	1.64
	Annual Increase		0.16	0.16	0.16	0.16	0.16	0.17	0.16
	Improved Intersections	1.00	1.01	1.01	1.02	1.02	1.03	1.06	0.06
	Annual Increase		0.01	0.00	0.01	0.00	0.01	0.01	0.01
									6.0%

ARS § 9-463.05(E)(3) requires:

“A description of all or the parts of the necessary public services or facility expansions 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 this state, as applicable.”

Arterial Street Improvements – Incremental Expansion

Sedona’s current level of service for arterial street improvements is 1.25 lane miles per 10,000 VMT (27.43 lane miles of arterials / (219,441 VMT / 10,000)), and Sedona plans to maintain this level of service over the next 10 years. As shown in Figure 35, Sedona needs to construct 1.64 additional lane miles to maintain this standard over the next 10 years ((13,100 additional VMT / 10,000) X 1.25 lane miles per 10,000 VMT).

Shown below in Figure 36, Sedona’s staff identified potential arterial street improvements totaling 4.36 lane miles and a total cost of \$8,860,490. After deducting other funding sources from the total cost, the DIF eligible cost per lane mile is \$1,385,433 (\$6,040,490 / 4.36 lane miles). Sedona may use development fees to fund any 1.64 lane miles of the 4.36 lane miles of arterial street improvements included in Figure 36. The cost per VMT for arterial street improvements is \$173.44 (\$1,385,433 per lane mile X 1.64 additional lane miles / 13,100 additional VMT).

Figure 36: Planned Arterial Street Improvements

Arterial Street Improvements	New Lane Miles	Total Cost	Other Funding	DIF Eligible Cost
SIM-01 Uptown Roadway Improvements	0.50	\$2,582,090	\$0	\$2,582,090
SIM-05a Portal Lane to Ranger Road Connection	0.20	\$743,400	\$0	\$743,400
SIM-05b Forest Road Connection	0.66	\$1,322,200	\$800,000	\$522,200
SIM-06 Neighborhood Street Connections	3.00	\$4,212,800	\$2,020,000	\$2,192,800
Total	4.36	\$8,860,490	\$2,820,000	\$6,040,490

DIF-Eligible Cost	\$6,040,490
New Lane Miles	4.36
Cost per Lane Mile	\$1,385,433

10-Year Lane Mile Demand	1.64
Cost per Lane Mile	\$1,385,433
10-Year Lane Mile Cost	\$2,272,110
10-Year VMT Increase	13,100
Cost per VMT	\$173.44

Other Street Improvements – Plan-Based

Sedona plans to make improvements to the Ranger Road and Brewer Road intersection and to make improvements to its Travel Information System within the next 10 years. As shown in Figure 35, projected future development generates an additional 13,100 VMT over the next 10 years, and this represents a 10-year VMT increase of six percent. Shown below in Figure 37, the DIF eligible cost of the planned improvements is \$2,473,500. To ensure future development receives the same LOS as existing development, this analysis uses a growth share of six percent to allocate costs to future development. Existing development’s share of the planned projects equals 94 percent. Based on a growth cost of \$148,410 (\$2,473,300 DIF eligible cost X six percent growth share) and a 10-year increase of 13,100 VMT, the cost per VMT is \$11.33 (\$148,410 growth cost / 13,100 additional VMT).

Figure 37: Planned Other Street Improvements

Other Street Improvements		DIF Eligible Cost	Growth Share	Growth Cost
ST-03	Ranger Road / Brewer Road Intersection	\$1,565,000	6.0%	\$93,900
SIM-12	Travel Information System	\$908,500	6.0%	\$54,510
Total		\$2,473,500	6.0%	\$148,410

10-Year Growth Cost	\$148,410
10-Year VMT Increase	13,100
Cost per VMT	\$11.33

Development Fee Report – Plan-Based

The cost to prepare the Street Facilities IIP and related Development Fee Report totals \$17,000, and Sedona plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of future development from the *Land Use Assumptions* document, the cost per VMT is \$2.64.

Figure 38: IIP and Development Fee Report

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit	2018	2023	Change	Cost per Demand Unit
Parks and Recreational	\$10,000	Residential	78%	Parks Population	17,594	18,380	786	\$9.93
		Nonresidential	22%	Jobs	9,507	9,785	278	\$7.91
Police	\$10,000	Residential	72%	Peak Population	12,541	12,927	386	\$18.68
		Nonresidential	28%	Vehicle Trips	34,462	35,475	1,014	\$2.76
Streets	\$17,000	Residential	100%	VMT	219,441	225,870	6,430	\$2.64
		Nonresidential						
Total	\$37,000							

STREET FACILITIES IIP

Projects in the Sedona CIP that are eligible for Street Facilities development fees are listed in Figure 39. Sedona will make street improvements to accommodate future development over the next 10 years. These projects have a DIF eligible total of \$8.5 million and a portion of this total can be funded with development fees.

Figure 39: Street Facilities IIP

Project	Total Cost	Other Funding	DIF Eligible
Uptown Roadway Improvements	\$2,582,090	\$0	\$2,582,090
Portal Lane to Ranger Road Connection	\$743,400	\$0	\$743,400
Forest Road Connection	\$1,322,200	\$800,000	\$522,200
Neighborhood Street Connections	\$4,212,800	\$2,020,000	\$2,192,800
Ranger Road / Brewer Road Intersection	\$1,565,000	\$0	\$1,565,000
Travel Information System	\$908,500	\$0	\$908,500
Total	\$11,333,990	\$2,820,000	\$8,513,990

STREET FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is not necessary for the Street Facilities development fees, since costs generated by projected development exceed revenues generated by projected development and fee calculations exclude dedicated funding sources. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

Proposed Street Facilities Development Fees

ARS § 9-463.05(E)(4) requires:

“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.”

Infrastructure standards and cost factors for Street Facilities are summarized in the upper portion of Figure 40. The cost per service unit is \$187.41 per VMT.

Street Facilities development fees for residential development are assessed per housing unit. The fee of \$4,134 for a residential unit with 1,800 square feet is calculated using a cost per service unit of \$187.41 per VMT multiplied by 8.73 average weekday vehicle trip ends, multiplied by a 60-percent trip adjustment factor, multiplied by 3.48 miles per trip, multiplied by a 121-percent trip length adjustment.

Nonresidential development fees are stated per square foot of floor area unless otherwise noted. The fee of \$5.36 per square foot of commercial development is derived from a cost per service unit of \$187.41 per VMT multiplied by 37.75 average weekday vehicle trip ends, multiplied by a 33-percent trip adjustment factor, multiplied by 3.48 miles per trip, multiplied by a 66-percent trip length adjustment, divided by 1,000 square feet.

Figure 40: Schedule of Street Facilities Development Fees

Fee Component	Cost per VMT
Arterial Street Improvements	\$173.44
Other Street Improvements	\$11.33
Development Fee Report	\$2.64
Total	\$187.41

Average Trip Length (miles)	3.48
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Residential Development	Development Fees per Unit					
Square Feet	Avg Wkdy Vehicle Trip Ends ¹	Trip Rate Adjustment	Trip Length Weight Factor	Proposed Fees	Current Fees	Increase / Decrease
700 or Less	4.41	60%	121%	\$2,088	\$954	\$1,134
701 to 1,200	5.98	60%	121%	\$2,831	\$954	\$1,877
1,201 to 1,700	7.56	60%	121%	\$3,580	\$954	\$2,626
1,701 to 2,200	8.73	60%	121%	\$4,134	\$1,216	\$2,918
2,201 to 2,700	9.66	60%	121%	\$4,574	\$1,216	\$3,358
2,701 to 3,200	10.44	60%	121%	\$4,943	\$1,216	\$3,727
3,201 to 3,700	11.10	60%	121%	\$5,256	\$1,216	\$4,040
3,701 to 4,200	11.67	60%	121%	\$5,526	\$1,216	\$4,310
4,201 to 4,700	12.18	60%	121%	\$5,767	\$1,216	\$4,551
4,701 or More	12.64	60%	121%	\$5,985	\$1,216	\$4,769

Nonresidential Development	Development Fees per Square Foot					
Development Type	Avg Wkdy Vehicle Trip Ends ¹	Trip Rate Adjustment	Trip Length Weight Factor	Proposed Fees	Current Fees	Increase / Decrease
Industrial	4.96	50%	73%	\$1.18	\$0.72	\$0.46
Commercial	37.75	33%	66%	\$5.36	\$2.66	\$2.70
Office / Other Services	9.74	50%	73%	\$2.32	\$1.15	\$1.17
Institutional	19.52	33%	73%	\$3.07	\$1.06	\$2.01
Lodging (per room)	8.36	50%	73%	\$1,990	\$580	\$1,410

1. See Land Use Assumptions

PROJECTED STREET FACILITIES DEVELOPMENT FEE REVENUE

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

Projected Street Facilities Development Fee Revenue

Projected fee revenue shown in Figure 41 is based on the development projections in the *Land Use Assumptions* document and the updated Street Facilities development fees. If development occurs at a faster rate than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs at a slower rate than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Anticipated development fee revenue of approximately \$2.44 million over the next ten years is approximately equal to the projected growth-related cost of street facilities (\$2.44 million). Existing development’s share of planned improvements must be funded with other sources of revenue.

Figure 41: Projected Street Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Arterial Street Improvements	\$2,272,110	\$0	\$2,272,110
Other Street Improvements	\$148,410	\$2,325,090	\$2,473,500
Development Fee Report	\$17,000	\$0	\$17,000
Total	\$2,437,520	\$2,325,090	\$4,762,610

		Residential \$3,911 per unit	Industrial \$1.18 per sq. ft.	Commercial \$5.36 per sq. ft.	Office / Other \$2.32 per sq. ft.	Institutional \$3.07 per sq. ft.
Year		Hsg Unit	KSF	KSF	KSF	KSF
Base	2018	6,602	520	1,938	1,243	462
Year 1	2019	6,640	524	1,950	1,251	463
Year 2	2020	6,678	527	1,961	1,258	465
Year 3	2021	6,717	530	1,972	1,265	470
Year 4	2022	6,756	533	1,983	1,273	472
Year 5	2023	6,795	536	1,995	1,280	475
Year 6	2024	6,835	539	2,006	1,287	478
Year 7	2025	6,875	542	2,018	1,295	481
Year 8	2026	6,915	545	2,030	1,302	484
Year 9	2027	6,955	548	2,042	1,310	486
Year 10	2028	6,996	552	2,054	1,317	489
10-Year Increase		394	32	116	74	27
Projected Revenue		\$1,529,853	\$37,517	\$617,560	\$170,366	\$82,199

Projected Fee Revenue	\$2,437,495
Total Expenditures	\$4,762,610
Existing Development Share	\$2,325,115

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.”

Sedona’s Financial Services Department projected revenues based on recent trends, characteristics of future development, and Sedona’s current revenue structure and rates (Fiscal Year 2018). The 10-year forecast of revenues is shown in Figure A1 and includes projected revenues generated by existing and future development.

Figure A1: Projected Revenue (Cumulative)

General Fund Revenues	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
City Sales Tax (General)	\$17,175,600	\$17,861,600	\$17,257,700	\$16,384,800	\$17,230,300	\$18,183,300
City Sales Tax (Transportation)	\$1,097,700	\$2,976,900	\$2,876,283	\$2,730,800	\$2,871,717	\$3,030,550
Recovery Of Sales Taxes -Audit	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Bed Tax	\$4,298,500	\$4,446,000	\$4,281,900	\$4,079,200	\$4,343,900	\$4,591,300
In-Lieu Fees - Summit	\$456,100	\$456,100	\$442,400	\$442,400	\$449,000	\$455,700
Franchise Fees	\$797,200	\$771,800	\$748,700	\$748,700	\$760,000	\$771,400
State Sales Tax	\$989,400	\$996,500	\$881,900	\$867,500	\$887,500	\$894,900
Urban State Revenue Sharing	\$1,287,800	\$1,297,000	\$1,147,900	\$1,129,200	\$1,155,200	\$1,164,800
Vehicle License Tax - Coconino	\$131,500	\$133,500	\$129,500	\$129,500	\$131,400	\$133,400
Vehicle License Tax - Yavapai	\$501,600	\$509,100	\$493,800	\$493,800	\$501,200	\$508,700
HURF Revenue	\$919,400	\$933,200	\$905,200	\$905,200	\$918,800	\$932,600
Total	\$27,744,800	\$30,471,700	\$29,255,283	\$28,001,100	\$29,339,017	\$30,756,650

General Fund Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
City Sales Tax (General)	\$18,607,000	\$19,040,400	\$19,483,700	\$19,937,100	\$20,400,900
City Sales Tax (Transportation)	\$3,101,167	\$3,173,400	\$3,247,283	\$3,322,850	\$3,400,150
Recovery Of Sales Taxes -Audit	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Bed Tax	\$4,683,100	\$4,776,800	\$4,872,300	\$4,969,700	\$5,069,100
In-Lieu Fees - Summit	\$462,500	\$469,400	\$476,400	\$483,500	\$490,800
Franchise Fees	\$783,000	\$794,700	\$806,600	\$818,800	\$831,000
State Sales Tax	\$902,500	\$910,300	\$918,500	\$926,900	\$935,500
Urban State Revenue Sharing	\$1,174,700	\$1,184,900	\$1,195,500	\$1,206,400	\$1,217,600
Vehicle License Tax - Coconino	\$135,400	\$137,400	\$139,500	\$141,600	\$143,700
Vehicle License Tax - Yavapai	\$516,300	\$524,000	\$531,900	\$539,900	\$548,000
HURF Revenue	\$946,600	\$960,800	\$975,200	\$989,800	\$1,004,600
Total	\$31,402,267	\$32,062,100	\$32,736,883	\$33,426,550	\$34,131,350

Source: Financial Services Department, City of Sedona, Arizona.

Using the revenue projections provided by Sedona’s Financial Services Department, Figure A2 projects the annual change in non-development fee revenue compared to the 2018 base year. As Sedona approaches buildout, state shared revenues distributed based on population are expected to decrease due to Sedona’s slower population growth compared to other Arizona cities. Other revenues, including sales tax and bed tax, are projected to increase based on future development. These funds are available for capital investments; however, Sedona directs these revenues to non-development fee eligible capital needs including maintenance, repair, and replacement. Although the projected revenues represent an increase, these revenues will be 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.

Figure A2: Projected Revenue (Difference from Base Year)

General Fund Revenues	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
City Sales Tax (General)	\$686,000	\$82,100	(\$790,800)	\$54,700	\$1,007,700
City Sales Tax (Transportation)	\$1,879,200	\$1,778,583	\$1,633,100	\$1,774,017	\$1,932,850
Recovery Of Sales Taxes -Audit	\$0	\$0	\$0	\$0	\$0
Bed Tax	\$147,500	(\$16,600)	(\$219,300)	\$45,400	\$292,800
In-Lieu Fees - Summit	\$0	(\$13,700)	(\$13,700)	(\$7,100)	(\$400)
Franchise Fees	(\$25,400)	(\$48,500)	(\$48,500)	(\$37,200)	(\$25,800)
State Sales Tax	\$7,100	(\$107,500)	(\$121,900)	(\$101,900)	(\$94,500)
Urban State Revenue Sharing	\$9,200	(\$139,900)	(\$158,600)	(\$132,600)	(\$123,000)
Vehicle License Tax - Coconino	\$2,000	(\$2,000)	(\$2,000)	(\$100)	\$1,900
Vehicle License Tax - Yavapai	\$7,500	(\$7,800)	(\$7,800)	(\$400)	\$7,100
HURF Revenue	\$13,800	(\$14,200)	(\$14,200)	(\$600)	\$13,200
Total	\$2,726,900	\$1,510,483	\$256,300	\$1,594,217	\$3,011,850

General Fund Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	10-Yr Change
City Sales Tax (General)	\$1,431,400	\$1,864,800	\$2,308,100	\$2,761,500	\$3,225,300	\$12,630,800
City Sales Tax (Transportation)	\$2,003,467	\$2,075,700	\$2,149,583	\$2,225,150	\$2,302,450	\$19,754,100
Recovery Of Sales Taxes -Audit	\$0	\$0	\$0	\$0	\$0	\$0
Bed Tax	\$384,600	\$478,300	\$573,800	\$671,200	\$770,600	\$3,128,300
In-Lieu Fees - Summit	\$6,400	\$13,300	\$20,300	\$27,400	\$34,700	\$67,200
Franchise Fees	(\$14,200)	(\$2,500)	\$9,400	\$21,600	\$33,800	(\$137,300)
State Sales Tax	(\$86,900)	(\$79,100)	(\$70,900)	(\$62,500)	(\$53,900)	(\$772,000)
Urban State Revenue Sharing	(\$113,100)	(\$102,900)	(\$92,300)	(\$81,400)	(\$70,200)	(\$1,004,800)
Vehicle License Tax - Coconino	\$3,900	\$5,900	\$8,000	\$10,100	\$12,200	\$39,900
Vehicle License Tax - Yavapai	\$14,700	\$22,400	\$30,300	\$38,300	\$46,400	\$150,700
HURF Revenue	\$27,200	\$41,400	\$55,800	\$70,400	\$85,200	\$278,000
Total	\$3,657,467	\$4,317,300	\$4,992,083	\$5,681,750	\$6,386,550	\$34,134,900

Sedona does not have a higher than normal construction excise tax rate, so the offset required by the Enabling Legislation is not applicable. Only revenue generated by future development that is dedicated to growth-related capital improvements needs to be considered in determining the extent of the burden imposed by future development. Offsets against development fees are warranted in the following cases: (1) future development will be paying taxes or fees used to retire debt on existing facilities serving existing development; (2) future development will be paying taxes or fees used to fund an existing deficiency; or (3) future development will be paying taxes or fees that are dedicated for growth-related improvements. The analysis provided in the individual sections of this report identified no need for offsets against the proposed development fees.

APPENDIX B: PROFESSIONAL SERVICES

As stated in ARS § 9-463.05(A):

“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.”

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.

As stated in ARS § 9-463.05(T)(8):

“Qualified Professional means a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience.”

Figure B1: Cost of Professional Services

Necessary Public Service	Cost	Assessed Against	Proportionate Share	Demand Unit	2018	2023	Change	Cost per Demand Unit
Parks and Recreational	\$10,000	Residential	78%	Parks Population	17,594	18,380	786	\$9.93
		Nonresidential	22%	Jobs	9,507	9,785	278	\$7.91
Police	\$10,000	Residential	72%	Peak Population	12,541	12,927	386	\$18.68
		Nonresidential	28%	Vehicle Trips	34,462	35,475	1,014	\$2.76
Streets	\$17,000	Residential	100%	VMT	219,441	225,870	6,430	\$2.64
		Nonresidential						
Total	\$37,000							

APPENDIX C: IMPLEMENTATION AND ADMINISTRATION

As specified in ARS § 9-463.05, there are certain accounting requirements that must be met by the City:

“Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.”

All costs in the development fee calculations are given in current dollars with no assumed inflation rate over time. If cost estimates change significantly the City should update the fee calculations.

RESIDENTIAL DEVELOPMENT

As discussed below, residential development categories are based on data from the U.S. Census Bureau, American Community Survey. Sedona will collect development fees from all new residential units, including mobile homes and Recreational Vehicles (RV). For a parcel intended for occupancy by multiple mobile homes and/or RVs, the landowner will pay a development fee for each site than can accommodate a residential unit. One-time development fees are determined by site capacity (i.e. number of residential units) and will not be imposed on replacement units.

Single Unit: includes Single-Family and Mobile Home

Single-Family: includes fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses. In the case of attached units, each must be separated from the adjacent unit by a ground-to-roof wall in order to be classified as a single-family structure. Also, these units must not share heating/air-conditioning systems or utilities.

Mobile Home: includes both occupied and vacant mobile homes, to which no permanent rooms have been added. Mobile homes used only for business purposes or for extra sleeping space and mobile homes for sale on a dealer's lot, at the factory, or in storage are not counted in the housing inventory.

2+ Unit: includes Multi-Family and All Other Types

Multi-Family: includes residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.).

All Other Types: includes boats, RVs, vans, etc., occupied as a housing unit or units that do not fit into the other categories. Recreational vehicles, boats, vans, railroad cars, and the like are included only if they are occupied as a current place of residence.

NONRESIDENTIAL DEVELOPMENT

The proposed general nonresidential development categories (defined below) can be used for all new development. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Commercial: Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, *Commercial* includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, and movie theaters.

Industrial: includes Light Industrial, Warehousing, and Manufacturing

Light Industrial: A light industrial facility is a free-standing facility devoted to a single use. The facility has an emphasis on activities other than manufacturing and typically has minimal office space. Typical light industrial activities include printing, material testing, and assembly of data processing equipment.

Warehousing: A warehouse is primarily devoted to the storage of materials, but it may also include office and maintenance areas.

Manufacturing: A manufacturing facility is an area where the primary activity is the conversion of raw materials or parts into finished products. Size and type of activity may vary substantially from one facility to another. In addition to the actual production of goods, manufacturing facilities generally also have office, warehouse, research, and associated functions.

Institutional: Public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, *Institutional* includes facilities such as schools, universities, churches, daycare facilities, and government buildings.

Lodging: A place of lodging that provides sleeping accommodations and supporting facilities such as restaurants, cocktail lounges, meeting and banquet rooms or convention facilities, limited recreational facilities (pool, fitness room), and/or other retail and service shops.

Office / Other Services: Establishments providing management, administrative, professional, or business services, and personal and health care services. By way of example, *Office / Other Services* includes banks, business offices, hospitals, medical offices, and veterinarian clinics.