

# AD HOC COMMITTEE ON IMPACT FEES MINUTES

January 8, 1999

The Ad Hoc Committee on Impact Fees of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on January 8, 1999 at 9:18 a.m.

## COMMITTEE PRESENT

Keno Hawker, Chairman  
Jim Davidson  
Dennis Kavanaugh

## STAFF PRESENT

Cindy Barris  
Denise Bleyle  
Jeff Martin  
Frank Mizner  
Ellen Pence  
Bryan Raines  
Tom Remes  
Jeff Welker  
Others

## OTHERS PRESENT

Cecil Ash  
Fred Ash  
Others

1. Discuss and consider concerns regarding recently adopted revised development fees as the fees relate to RV parks.

(Committeemember Davidson noted that this matter involves Mr. Fred Ash, a member of the Board of Directors of Salt River Project. Committeemember Davidson stated that he is an employee of Salt River Project [SRP] but that City Attorney Neal Beets has indicated that a potential conflict of interest does not exist because the issue does not involve Mr. Ash as an SRP representative.)

Assistant to the City Manager Bryan Raines reported that a letter has been submitted by Mr. Ash, representing ViewPoint RV and Golf Resort, outlining concerns regarding the City's recent approval of revised development fees. Mr. Raines stated that Mr. Ash has requested consideration relative to the increase in impact fees based on four major factors: a) he did not have personal knowledge of the effective date of November 1, 1998; b) RV parks add minimal impact to the City, particularly given the rental sales taxes which are paid; c) RV parks differ from mobile home parks in that RV users are present for only a portion of the year and thus, demands for service are fewer; and d) in speaking to City personnel, it was his understanding that he could not "pull" the building permit or pay the development fees for the entire project in advance in 1996 (although plans were approved for remaining rentable spaces) because permits for vertical construction amenities were not ready to be issued.

Mr. Raines expressed the opinion that extensive procedures were implemented by the City to provide notice to the public concerning the recent revisions to the impact fees. Mr. Raines presented information regarding development of the fee structure and the demand for City services generated by RV parks. Mr. Raines noted that many individuals from RV parks reside in the City year-round.

(At 9:28 a.m., Chairman Hawker called for a short recess to allow Committeemember Kavanaugh to participate in a telephone conference. The meeting reconvened at 9:35 a.m.)

At the request of the Committee, Mr. Raines and Development Services Administrator Jeff Welker provided historical data pertaining to development of the ViewPoint RV and Golf Resort, including a four-part phased construction of spaces and amenities (to be built in conjunction with the spaces) as a component of the continuing resort expansion since 1996. Mr. Welker explained requirements/procedures for pulling building permits and concerns expressed by staff relative to a) the phasing of amenities in conjunction with the phased construction of units due to complaints generated in the event amenities are not completed in a timely manner and b) prepayment of permits. Mr. Welker stated that it is the opinion of staff that it is appropriate to pay development fees when permits are issued, not prior to issuance.

In response to questions from the Committee, Mr. Raines indicated that modifications to the City's fee structure effective November 1, 1998 have resulted in an increase to Mr. Ash of approximately \$772 per space. Mr. Raines noted that development fees in Mesa and the Valley and throughout the country are triggered by the pulling of a permit. Mr. Raines likened the prepayment of development fees to the prepayment of utilities in the event a price increase occurs.

Discussion ensued concerning the City's ordinance governing development fees; speculative proposals; and consequences should prepayment of fees be allowed.

Fred Ash, 8700 East University Drive, emphasized that he was unaware of the fee increase effective November 1, 1998. Mr. Ash concurred that RV parks minimally impact City services but expressed the opinion that fee amounts are inappropriate. Mr. Ash reiterated background information regarding the construction of ViewPoint RV Park and Golf Resort, including the preparation of plans, development of amenities, and discussions with staff members. Mr. Ash described what he believes to be extensive services/amenities currently provided by the resort. Mr. Ash requested consideration relative to this matter, commenting that had he been allowed by staff, he would previously have pulled permits and paid fees for all spaces in 1996.

Mr. Ash advised that individuals reside at the park on a part-time basis and commented that the impact on City services is minimal given the level of service/facilities provided to residents on-site. Mr. Ash said that in accordance with the City's ordinance, impact fees must be reasonably connected to the burden created by the developer for the services to be provided by the City. Mr. Ash stated the opinion that special consideration is warranted for this type of project.

Committeemember Kavanaugh commented that the City cannot adopt an ordinance pertaining strictly to ViewPoint and noted limited options available, including: a) grandfathering under the previous fee structure all development prior to November 1, 1998; b) payment by the City of all or a portion of the fees; and c) review of the entire rate structure for RV parks.

Committeemember Davidson concurred with Committeemember Kavanaugh. In response to a question from Committeemember Davidson, Mr. Ash indicated that ViewPoint is a rental park that provides amenities. Mr. Ash commented that given budgetary constraints, he and his partner, Cecil Ash, will be unable to continue construction under the revised fee schedule, resulting in decreased revenue for the City through the loss of additional sales tax and employment of personnel.

Mr. Ash requested an opportunity to analyze the alternatives delineated by Committeemember Kavanaugh. Mr. Ash spoke concerning risks involved in this type of development and what he believes to be the significant impact of the fee revisions. Mr. Ash spoke in favor of action by the City that is procedurally equitable.

Chairman Hawker related notification procedures and lengthy discussions undertaken by the City prior to the revised development fee schedule. Chairman Hawker reported that fee amounts are reviewed periodically by

the City. Chairman Hawker encouraged input from Mr. Ash, particularly in reference to the impact of RV parks on demands for City services. Chairman Hawker concurred with the practice to require amenities in conjunction with the construction of spaces.

In response to a question from Chairman Hawker, Mr. Raines and Mr. Welker spoke concerning difficulties associated with grandfathering provisions and the importance of standards to determine applicability. Mr. Raines commented that to date, hundreds of plans have been presented to the City in varying stages, many of which are currently stagnant. Mr. Welker expressed the opinion that it is more appropriate, practical, and quantifiable to require the payment of development fees based on the pulling of a building permit.

Additional discussion ensued concerning ViewPoint RV Park. Mr. Ash stated the opinion that the City should have permitted the prepayment of development fees in 1996 with the stipulation that certificates of occupancy be withheld until amenities were completed. Mr. Ash noted differences between RV parks and subdivisions and stated that he is unaware whether other projects exist with circumstances similar to ViewPoint.

Chairman Hawker commented that legal issues relating to the prepayment of development fees should be referred to City Attorney Neal Beets.

Chairman Hawker requested direction from the Committee.

Committeemember Kavanaugh suggested that Mr. Ash be provided an opportunity to review available options and that input be obtained from Mr. Beets. Committeemember Kavanaugh expressed the opinion that RV parks affect the demand for City services and that it would be difficult to justify payment of development fees by the City on behalf of ViewPoint. Committeemember Kavanaugh indicated that potentially viable remaining options would include the provision to grandfather development or present a legal argument that prepayment should be allowed.

Mr. Raines stated that staff will obtain additional information concerning this matter and provide such data to Mr. Ash. Chairman Hawker indicated that the Committee could reconvene in the future if necessary.

2. Adjournment.

Without objection, the meeting of the Ad Hoc Committee on Impact Fees adjourned at 10:35 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Ad Hoc Committee on Impact Fees of the City of Mesa, Arizona, held on the 8th day of January 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_ 1999

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BARBARA JONES, CITY CLERK