



TischlerBise

FISCAL | ECONOMIC | PLANNING



Proposal for Land Use Assumptions, Infrastructure Improvement Plan and Development Fee Study

Apache Junction, Arizona
April 5, 2025

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Section 1: Cover Letter

April 5, 2025

Ms. Kelsey Schattnik, Principal Planner
City of Apache Junction
300 E. Superstition Boulevard
Apache Junction, AZ 85119

RE: Proposal for Land Use Assumptions, Infrastructure Improvement Plan, and Development Fee Report

Dear Kelsey,

TischlerBise is pleased to submit the enclosed qualifications to prepare an Infrastructure Improvement Plan and Land Use Assumptions for the City. There are several points we would like to note that make our qualifications unique:

- **Depth of Experience.** Our qualified team of eight professionals bring an unparalleled depth of experience to this assignment. **We have prepared over 1,100 development fee studies across the country – more than any other firm.** We are innovators in the field, pioneering approaches for credits, impact fees by size of housing unit, and distance-related/tiered impact fees.
- **Technical Knowledge of Land Use Planning and Local Government Finance.** The TischlerBise team will apply years of development fee experience within the context of overall City financial needs, land use, and economic development policies. This will lead to a work product that is both defensible and that promotes equity.
- **Arizona Experience.** TischlerBise has prepared more development fees in the State of Arizona than any other firm.
- **Consensus Builders.** Our seasoned Project Team has actively participated in legislative body meetings and citizen committees to educate stakeholders regarding the technical process of impact fee calculations as well as the economic effect of implementation.

We look forward to the possibility of renewing our relationship with the City and are committed to providing cost-effective, high-quality support for this assignment.

Sincerely,



L. Carson Bise II, AICP, President
TischlerBise
4701 Sangamore Road S240
301.320.6900 x12
carson@tischlerbise.com

Section 2: Qualifications

Firm Overview

TischlerBise, Inc., was founded in 1977 as Tischler, Montasser & Associates. The firm became Tischler & Associates, Inc., in 1980 and TischlerBise, Inc., in 2005. The firm is a Subchapter (S) corporation, is incorporated in Washington, D.C., and is **headquartered in Bethesda, Maryland, with a secondary office in Boise, Idaho**. The firm employs ten fiscal/economic professionals and one administrative support professional.

TischlerBise specializes in fiscal/economic impact analysis, impact fees, market feasibility, utility rates studies, infrastructure financing studies and related revenue strategies. Our firm has been providing consulting services to public agencies for forty years. In this time, we have prepared over **1,000 fiscal/economic impact evaluations and over 1,100 impact fee/infrastructure financing studies** – more than any other firm. Through our detailed approach, proven methodology, and comprehensive product we have established TischlerBise as the leading national expert on revenue enhancement and cost of growth strategies.

Arizona Experience

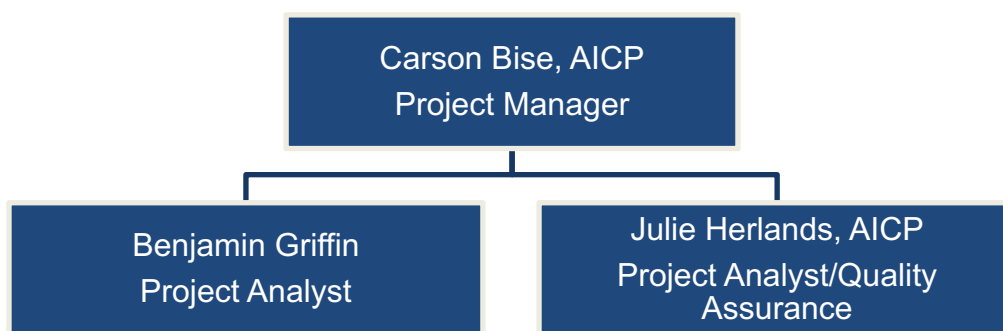
TischlerBise has unsurpassed experience preparing development fees and infrastructure improvements plans in the State of Arizona, particularly under Arizona's new development fee legislation, SB 1525. **We have completed or are currently engaged with the following Arizona communities to conduct SB 1525-related updates and analyses since 2013:**

- | | |
|--------------------|---------------------|
| ▪ Apache Junction# | ▪ Oro Valley |
| ▪ Avondale# | ▪ Payson# |
| ▪ Buckeye# | ▪ Peoria |
| ▪ Casa Grande# | ▪ Pinetop-Lakeside# |
| ▪ Cave Creek | ▪ Queen Creek |
| ▪ Coolidge# | ▪ Safford |
| ▪ Eloy# | ▪ Sedona# |
| ▪ Flagstaff# | ▪ Show Low |
| ▪ Florence | ▪ Sierra Vista# |
| ▪ Fountain Hills | ▪ San Luis# |
| ▪ Gilbert | ▪ Somerton# |
| ▪ Glendale# | ▪ Surprise# |
| ▪ Goodyear | ▪ Tempe# |
| ▪ Kingman | ▪ Tucson |
| ▪ Maricopa# | ▪ Wellton |
| ▪ Nogales | ▪ Yuma# |

Indicates multiple SB 1525 engagements

Project Team Qualifications

To successfully complete this assignment, the consultant must possess specific, detailed and customized knowledge of not only the technical analysis, but the context of the development fee structures and implementation in achieving the City's fiscal, economic, transportation and land use policy goals. Our proposed Project Team of Carson Bise, AICP, Julie Herlands, AICP, and Benjamin Griffin has unsurpassed experience performing projects requiring the same expertise as that needed to serve the City of Apache Junction. Our Project Team brings 60 years of development fee calculation, capital improvement planning, infrastructure/utility finance, demographic and market analysis, and development fee implementation experience to the City's assignment. In summary, all three members of Team are considered national thought leaders in the areas of impact fees, exactions, infrastructure finance, impact fee program administration, and implementation. The organizational chart below shows our project team for this assignment.



Carson Bise, AICP, President of TischlerBise, will serve as Project Manager and coordinate our Project Team's interaction with the City to ensure that all work is completed properly, on time, and within budget. He will work closely with Julie Herlands and Benjamin Griffin, developing and reviewing all aspects of the project and providing policy direction for the project. **Mr. Bise was the Project Manager of our previous engagements with the City of Apache Junction.**

Julie Herlands, AICP, Vice President of TischlerBise, will provide analytical support to the impact fee study as well as quality assurance, assisting Mr. Bise in reviewing all work products generated throughout the assignment. **Most recently, Mr. Bise and Ms. Herlands have collaborated on the following Arizona development fee projects: Glendale, Maricopa, Oro Valley, Payson, Pinetop-Lakeside, and Tucson.**

Benjamin Griffin, Senior Fiscal/Economic Analyst, is an accomplished development fee Project Manager in the State of Arizona, and will provide analytical support to the study and will be responsible for much of the technical requirements of the project. Most importantly, Mr. Griffin, in conjunction with Mr. Bise, will ensure constant collaboration and communication between City staff and our team through frequent progress memorandums, conference calls, and in-person meetings. **Most recently, Mr. Bise and Mr. Griffin have collaborated on the following Arizona development fee projects: Apache Junction, Avondale, Buckeye, Casa Grande, Coolidge, Eloy, Flagstaff, Fountain Hills, Kingman, Pinal County, Sedona, Sierra Vista, Somerton, Surprise, Tempe, and Yuma.**

L. Carson Bise, II, AICP, President

Mr. Bise has 30 years of fiscal, economic and planning experience, and **has conducted fiscal and infrastructure finance evaluations in 40 states**. Mr. Bise is a leading national figure in the calculation of impact fees, having completed over 350 impact fee studies. Mr. Bise has also written and lectured extensively on fiscal impact analysis and infrastructure financing. His most recent publications are *Next Generation Transportation Impact Fees* (co-author) and *Fiscal Impact Analysis: Methodologies for Planners* published by the American Planning Association, a chapter on fiscal impact analysis in the book *Planning and Urban Design Standards* also published by the American Planning Association, and the ICMA IQ Report, *Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budgets*. Mr. Bise was also the principal author of the fiscal impact analysis component for the Atlanta Regional Commission's Smart Growth Toolkit and is featured in the recently released AICP CD-ROM Training Package entitled *The Economics of Density*. **Mr. Bise is a past Board of Director for the Growth and Infrastructure Finance Consortium and recently Chaired the American Planning Association's Paying for Growth Task Force. He was also recently named an Affiliate of the National Center for Smart Growth Research & Education.**

ARIZONA IMPACT FEE AND INFRASTRUCTURE FUNDING STRATEGY EXPERIENCE

- Apache Junction, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Avondale, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Buckeye, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Camp Verde, Arizona – *Impact Fee Study*
- Coolidge, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Glendale, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Eloy, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Flagstaff, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Florence, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Gilbert, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Goodyear, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Maricopa, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Payson, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Pinetop-Lakeside, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Safford, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- San Luis, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Sedona, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Sierra Vista, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Somerton, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Surprise, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Tempe, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Wellton, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Yuma, Arizona – *Land Use Assumptions, IIP and Development Fee Study*

EDUCATION

M.B.A., Economics, Shenandoah University

B.S., Geography/Urban Planning, East Tennessee State University

B.S., Political Science/Urban Studies, East Tennessee State University

PUBLICATIONS

- “Next Generation Transportation Impact Fees,” American Planning Association, Planners Advisory Service.
- “Fiscal Impact Analysis: Methodologies for Planners,” American Planning Association.
- “Planning and Urban Design Standards,” American Planning Association, Contributing Author on Fiscal Impact Analysis.
- “Fiscal Impact Analysis: How Today’s Decisions Affect Tomorrow’s Budgets,” ICMA Press.
- “Are Subsidies Worth It?” Economic Development News & Views.
- “Smart Growth and Fiscal Realities,” ICMA Getting Smart! Newsletter.
- “The Economics of Density,” AICP Training Series, 2005, Training CD-ROM (American Planning Association).

Julie Herlands, AICP, Vice President

Julie Herlands is Vice President of TischlerBise and has 17 years of planning, fiscal, and economic development experience. Prior to joining TischlerBise, Ms. Herlands worked in the public sector in Fairfax County, Virginia for the Office of Community Revitalization and for the private sector for the International Economic Development Council (IEDC) in their Advisory Services and Research Department. For IEDC, she conducted several consulting projects including economic and market feasibility analyses and economic development assessments and plans. Her economic, fiscal impact, and impact fee/infrastructure finance experience includes a wide range of assignments in over 15 states. She is a frequent presenter at national and regional conferences including serving as co-organizer and co-presenter at a half-day AICP Training Workshop entitled *Fiscal Impact Assessment* at the American Planning Association National Planning Conference. A session on impact fees and cash proffers presented at the APA National Conference is available through the APA training series, *Best of Contemporary Community Planning*. **She is currently the Immediate Past Chair of the Economic Development Division of the APA and recently chaired the APA Task Force on Planning and Economic Development.**

ARIZONA IMPACT FEE AND INFRASTRUCTURE FUNDING STRATEGY EXPERIENCE

- Apache Junction Water Company, Arizona – *Water System Connection Fees*
- Apache Junction, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Cave Creek, Arizona *Land Use Assumptions, IIP and Development Fee Study*
- Glendale, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Peoria, Arizona – *Development Impact Fees*
- Prescott, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Queen Creek, Arizona – *Development Impact Fees*
- Show Low, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Sedona, Arizona – *Land Use Assumptions, IIP and Development Fee Study*

EDUCATION

Masters of Community Planning, University of Maryland

Bachelor of Arts, Political Science, University of Buffalo

PUBLICATIONS

- “Should Impact Fees Be Reduced in a Recession?”, Economic Development Now, August 10, 2009 (International Economic Development Council)
- “Agreements, Fees, and CIP”, The Best of Contemporary Community Planning, 2005, Training CD-ROM (APA and Lincoln Institute of Land Policy)

Benjamin Griffin, Senior Fiscal/Economic Analyst

Benjamin Griffin is a Senior Fiscal and Economic Analyst at TischlerBise and has 10 years of experience, specializing in development fees, fiscal impact analysis and economic development planning. Prior to joining TischlerBise, Mr. Griffin worked on real estate and economic development projects for the New Orleans Business Alliance. During this time, he conducted field surveys to determine the economic health of key retail corridors, researched real estate development projects, and analyzed economic development initiatives. Prior to his real estate and economic development experience, Mr. Griffin worked with the New Orleans Redevelopment Authority, where he gained experience in performance-based funding sources, title clearance, and GIS. This position provided practical experience with issues concerning the redevelopment process, title clearance of properties received and acquired through various means, and analysis of property data for redevelopment projects. Mr. Griffin also possesses professional experience with the Jefferson Parish Planning Department, where he worked in the Current Planning Division.

ARIZONA IMPACT FEE AND INFRASTRUCTURE FUNDING STRATEGY EXPERIENCE

- Apache Junction, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Avondale, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Buckeye, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Casa Grande, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Flagstaff, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Fountain Hills, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Kingman, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Maricopa, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Pinetop-Lakeside, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- San Luis, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Sedona, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Sierra Vista, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Somerton, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Surprise, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Tempe, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Yuma, Arizona – *Land Use Assumptions, IIP and Development Fee Study*
- Pinal County, Arizona – *Development Fee Study*

EDUCATION

Master of Urban and Regional Planning, Economic Development, University of New Orleans
Bachelor of Business Administration, Finance, University of Mississippi

Project Examples/References

The following project descriptions demonstrate our team's recent and vast experience with assignments similar to the scope of services required by the City of Apache Junction.

City of Buckeye, Arizona – Land Use Assumptions, IIP and Development Fee Study

Project Contact: Scott Zipprich, City Engineer

Address: 530 East Monroe Avenue Buckeye, AZ 85326

Phone: (623) 349-6217

E-mail: szipprich@buckeyeaz.gov

TischlerBise Staff: Carson Bise, AICP, and Benjamin Griffin

Contract Period: March 2017 to April 2019

TischlerBise recently completed an update to the City's SB1525 compliant development fees we completed in 2013. This study includes an update to parks and recreation, library, street, police, fire, water, and wastewater development fees. **Due to Buckeye's acquisition of Global Water, and the complexity of existing development agreements related to this acquisition, Buckeye accelerated its update process.** To account for development agreements related to water and wastewater service throughout Buckeye, which often vary within individual Community Master Plan Areas and 208 Areas, **TischlerBise and Buckeye staff designed a GIS-based development fee schedule to accurately assess fees at the parcel level.** Buckeye's current (four) water and wastewater service areas are projected to increase to approximately ten to twenty service areas for each type of infrastructure – Buckeye's water and wastewater development agreements do not usually have similar geographic boundaries.

City of Glendale, Arizona – Land Use Assumptions, IIP and Development Fee Study

Project Contact: Don Bessler, Chief Capital Improvement Officer

Address: 5850 West Glendale Avenue Glendale, AZ 85301

Phone: (623) 930-2909

E-mail: DBessler@glendaleaz.com

TischlerBise Staff: Carson Bise, AICP, Julie Herlands, AICP, and Benjamin Griffin

Contract Period: March 2018 to September 2019

Following upon our 2012 assignment, TischlerBise was retained to update our previous SB1525 compliant IIP and Development Fee Study. This study includes an update to parks and recreation, library, police, fire, water, wastewater and transportation development fees **(this is the fifth time the City has engaged TischlerBise)**. The scope of this work effort included developing land use assumptions for the service areas where development fees were to be assessed, determining eligible infrastructure projects under the new definition of "necessary public services," and calculating Infrastructure Improvement Plans. As part of this update, TischlerBise is examining the feasibility of implementing a tiered transportation development fee structure that is designed to encourage development in the downtown area, yet still make the City competitive for economic development opportunities in the West Service Area.

Town of Florence, Arizona – Land Use Assumptions, IIP and Development Fee Study

Project Contact: Lisa Garcia, Assistant City Manager

Address: 775 North Main Street Florence, AZ 85132

Phone: (520) 868-7552

E-mail: lisa.garcia@florenceaz.gov

TischlerBise Staff: Carson Bise, AICP

Contract Period: September 2017 to October 2018

TischlerBise was retained by the Town of Florence to review and update their Land Use Assumptions, IIP and Development Fee Study for fire/rescue, parks, trails, water, sewer and transportation. As part of this update, TischlerBise recommended a reduction in the number of service areas to make administration of the fee program easier for the Town, while still complying with SB1525.

City of Tempe, Arizona – Land Use Assumptions, IIP and Development Fee Study

Project Contact: Tom Duensing, Financial Services Director

Address: 20 East 6th Street Tempe, AZ 85281

Phone: (480) 350-8505

E-mail: Thomas_Duensing@tempe.gov

TischlerBise Staff: Carson Bise, AICP, and Benjamin Griffin

Contract Period: August 2020 to Present

The City of Tempe hired TischlerBise in 2013 and 2016 to prepare SB1525 compliant Land Use Assumptions, Infrastructure Improvements Plan and Development Fee Study for Police, Libraries, Streets, Fire and Parks. As part of this effort, TischlerBise prepared several iterations of the fees (e.g., plan-based versus incremental expansion) for the City's consideration. A primary consideration as part of this assignment was the City's ability to fund the operating expenses associated with various planned facilities. TischlerBise also prepared the residential fees using a progressive fee structure (e.g., fees vary by size of house), which helps with housing equity and affordability issues. TischlerBise was recently retained to update the City's non-utility development fees.

Section 3: Project Approach

Overview

Development fees are simple in concept, but complex in delivery. Generally, the jurisdiction imposing the fee must: (1) identify the purpose of the fee, (2) identify the use to which the fee is to be put, (3) show a reasonable relationship between the fee's use and the type of development project, (4) show a reasonable relationship between the facility to be constructed and the type of development, and (5) account for and spend the fees collected only for the purpose(s) used in calculating the fee.

Reduced to its simplest terms, the process of calculating development fees involves the following two steps:

1. Determine the cost of development-related improvements, and
2. Allocate those costs equitably to various types of development.

There is, however, a fair degree of latitude granted in constructing the actual fees, as long as the outcome is "proportionate and equitable." Fee construction is both an art and a science, and it is in this convergence that TischlerBise excels in delivering products to clients.


Any one of several legitimate methods may be used to calculate development fees for the City. Each method has advantages, and to some extent they are interchangeable because they all allocate facility costs in proportion to the needs created by development.

In practice, 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 capital facilities. The following discussion outlines how TischlerBise will approach and add value to this portion of the City's assignment.

Growth Projections and Demographic Trends. Projecting future residential and nonresidential development is more difficult now than in the past because of changing demographics and lifestyle choices. Changes in the retail sector combined with the long-term impact of the COVID-19 pandemic on the retail and office markets are also a concern. **TischlerBise's extensive national experience conducting market analysis and real estate feasibility studies is invaluable in determining the appropriate development projections used in the IIP and development fee calculations.** This includes both the amount of development and the geographic location. Depending on the methodology employed, overly optimistic development projections can increase the City's financial exposure, if projected development fee revenue is less than expected.

Fiscal Sustainability and the Evaluation of Credits. State law requires a forecast of non-development fee revenues from new service units. The IIP needs to forecast revenues generated by new service units other than development fees, such as state-shared revenue, highway user revenue, federal revenue, ad valorem property taxes, construction contracting, or similar excise taxes based on the approved land use assumptions. This needs to include a plan to include these contributions in determining the extent of the burden created by new development.

To avoid potential double payment situations, municipalities must also consider infrastructure provided by community facility districts that may exist. The existence of these "special districts" may affect the determination service areas and must be documented in the land use assumptions. It is important that



development fees clearly differentiate between “project-level improvements” that might be provided by a private developers or community facilities districts, and the “system improvements” that will be funded, at least in part, by development fees. Community facilities districts might also affect the need for “revenue credits” as discussed in section 9-463.05.B.14 of Arizona’s enabling legislation.

Improved Infrastructure Improvement Plan Flexibility. Many of our Arizona clients elected for plan-based approaches for their IIPs. An unintended consequence of these decisions is a relative lack of flexibility with the individual IIPs as they relate to changes in the market and other conditions. As part of our Round 2 SB1525 assignments we prepared IIPs that incorporate a hybrid approach. Using transportation as an example, we can project the number of lane miles needed to maintain current levels of service (in this example, let’s assume 10.4 lane miles). However, rather than use a purely plan-based approach, the solution is to identify improvements that exceed 10.4 lane miles (let’s assume 22 lane miles). Rather than being tied to a defined plan, the City can respond to the market and funding arrangements at the time (federal or state money may be identified in the future for one or more projects making them development fee ineligible) and select projects over the 10-year time horizon that equal the required 10.4 lane miles.

Public Outreach. The importance of public outreach when considering development fees should not be overlooked. Based upon our team’s experience with development fees in Arizona, we anticipate this study may attract controversy. Therefore, it is important to build a coalition of support early in the process, to educate and inform the public and other key stakeholders about the purpose of the various components of the study, and to explain how it will benefit both key constituents (developers) and the public. It is critical to develop a communications strategy that will offset and correct any misinformation that might proliferate, and to provide a clear and compelling logic for public adoption of an IIP and development fee program. Our seasoned project team has actively participated in legislative body meetings and citizen committees to educate stakeholders regarding the technical process of developing an IIP and the development fee calculations. We will work with staff to create appropriate collateral and other materials as part of this assignment.

Implementation/Ongoing Support. The Land Use Assumptions, IIP and Development Fee Study is just the beginning of the relationship between TischlerBise and our clients. That is the primary reason the majority of our annual development fee work is from existing clients through sole source procurement. After the fee study is complete, TischlerBise can prepare implementation materials and provide training to City staff to ensure it is prepared to implement the development impact fee program in a manner that is efficient and consistent with Arizona and national case law. Implementation materials include an administrative manual and forms which will track the City’s development fee ordinance with cross references between the ordinance, forms, and administrative manual. Finally, TischlerBise understands that it is impossible to forecast every conceivable development proposal within the fee structure. Therefore, TischlerBise routinely prepares specific development fee amounts for specific projects at no charge to our clients.

Work Scope

The following work scope is designed to meet the requirement of SB1525, as well as national case law. This scope of work assumes the following infrastructure categories: Library, Police, Parks and Recreation, and Streets.

TASK 1: PROJECT INITIATION / DATA ACQUISITION

During this task, we will meet with City staff to establish lines of communication, review and discuss project goals and expectations related to the project, review (and revise if necessary) the project schedule, request data and documentation related to new proposed development, and discuss City staff's role in the project. The objectives of this initial discussion are outlined below:

- Obtain and review current demographics and other land use information
- Review and refine work plan and schedule
- Discuss current fee categories and current/future funding arrangements
- Assess additional information needs and required staff support
- Identify and collect data and documents relevant to the analysis
- Identify any relevant policy issues

Meetings: One (1) on-site visit to meet with City project management team/City staff as appropriate.

Deliverables: Data request memorandum.

TASK 2: PREPARE LAND USE ASSUMPTIONS

TischlerBise will prepare annual projections of population, employment, housing, commercial, industrial, and other nonresidential square footage data for ten (10) year for all other development fee categories. This will be based on discussions with City staff and review of published information. The Consultant will prepare a memorandum discussing the recommended land use projections (Land Use Assumptions Document) that will serve as the basis for the IIP and development impact fee schedule. TischlerBise will prepare a plan that includes projections of changes in land uses, densities, intensities, and population for a specific service area. A map of the area(s) to which the land use assumptions apply will also be included in this task.

Meetings: Discussions with Development Services staff will be held as part of Task 1, as well as conference calls as needed.

Deliverables: TischlerBise will prepare a draft technical memorandum discussing the recommended Land Use Assumptions. After review and sign-off by the City, a final memorandum will be issued, which will become part of the final Development Fee Report.

TASK 3: ASCERTAIN DEMAND FACTORS AND LEVELS-OF-SERVICE FOR “NECESSARY PUBLIC SERVICES”

Communities in Arizona may assess development fees for “necessary public services” which have a useful life of more than three years and that are owned and operated on behalf of the City and within the incorporated boundary.

There are several important subtasks that are outlined below:

- **Proportionate Share** – Determine the proportionate share of the cost of “necessary public services,” based on service units needed to provide such services to new development.

- **Determine Existing Levels-of-Service** – The costs for the “necessary public services” required to serve new development are based on the same level-of-service being provided to existing development in the service area. We will determine the existing level-of-service by conducting onsite interviews, evaluating the appropriate studies, and analyzing relevant local data. These onsite interviews will also include discussions about and defining of the infrastructure components to be included in the IIP and development fees.
- **Determine Service Areas** – Specify the area(s) within the City’s boundaries in which development will be served by the “necessary public services” or facility expansions and that a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the IIP.

The above subtasks will enable us to ensure that three important development fee requirements are met, collectively referred to as rational nexus requirements: demonstration of impact, benefit, and proportionality.

Meetings: Two (2) meetings with City staff to discuss capital facility needs and levels-of-service. As a no charge option, TischlerBise can meet with a Stakeholder Group if the City desires.

Deliverables: See Task 7.

TASK 4: IDENTIFY CAPITAL NEEDS AND COSTS

This task will determine the relevant capital needs and costs due to growth.

- 1) **Long-Range Capital Need** – TischlerBise will focus on relevant documents such as the relevant planning documents and master plans, the current Capital Improvements Plan, and other mapping and data that is available. Discussions will aim not only to understand the specific costs, but also to assess the size and scope of projects and whether capital facility needs are due to normal replacement, catch-up, or new demand.
- 2) **Service Units** – TischlerBise will define the standardized measures of consumption, use, or generation attributable to an individual unit of development for each category of “necessary public services” or facility expansions.
- 3) **Review Cost Estimates** – TischlerBise will review the costs of infrastructure improvements, real property, financing, engineering, and architectural services associated with the “necessary public services” to be included in the IIP and development fees.
- 4) **Financing Costs** – TischlerBise will identify projected interest charges and other financial costs which are to be used for repayment of principal and interest of debt used to finance construction of “necessary public services” identified in the IIP.
- 5) **Identify Ineligible Costs** – TischlerBise will identify costs that are not eligible for inclusion in the IIP and development fees. Ineligible costs include projects not included in the IIP; repair, maintenance, or operation of existing facilities; projects which serve existing development in order to meet stricter regulatory requirements; projects which provide a higher level-of-service to existing development; and administrative, maintenance, and operating costs.

As part of calculating the fee, costs for infrastructure improvements, real property, financing, engineering, and architectural services will be considered. TischlerBise will consider all of these components in developing an equitable allocation of costs.

Meetings: Two (2) meetings with City staff.

Deliverables: See Task 7.

TASK 5: DETERMINE NEED FOR “CREDITS” TO BE APPLIED AGAINST CAPITAL COSTS

A consideration of “credits” is integral to the development of a legally valid impact fee methodology. There is considerable confusion among those who are not immersed in impact fee law about the definition of a credit and why it may be required.

There are two types of “credits” that are included in the calculation of impact fees, each with specific, distinct characteristics. The first is a credit due to possible double payment situations. This could occur when a property owner will make future contributions toward the capital costs of a public facility covered by an impact fee. The second is a credit toward the payment of an impact fee for the required dedication of public sites and improvements provided by the developer and for which the impact fee is imposed. Both types of credits will be considered and addressed in the development fee study.

Deliverables: Memoranda as appropriate. See Task 10.

TASK 6: DISCUSS PRELIMINARY METHODOLOGIES AND POLICY OPTIONS

The requirement that development fees be based on an IIP does not equate to a requirement that only the plan-based methodology can be used in the calculations. The IIP can reflect the past capacity investments in infrastructure that will be repaid by new development with development fee revenue. Likewise, the City can plan to provide new development the same level-of-service being currently provided to existing development.

TischlerBise will evaluate different allocation methodologies for each IIP and development fee component to determine which methodology is the most appropriate measure of the demand created by new development. These methodologies include:

Cost Recovery Methodology – This methodology is best suited for infrastructure which has already been built and has excess capacity available to be utilized for new development.

Incremental Expansion Methodology – Under this approach, new development will receive the current level-of-service being provided to existing development by the existing inventory of infrastructure.

Plan-Based Methodology – This methodology primarily evaluates the CIP for new development’s proportionate share of planned capital projects. It is important to note, however, that CIP’s are often fiscally constrained and may not reflect the true requirements of new development. TischlerBise will therefore also evaluate master plans for different categories of infrastructure.

This comprehensive approach and consideration of alternative methodologies will allow maximization of the development fees. TischlerBise to prepare draft levels-of-service tables and methodology recommendations for each infrastructure category and component. We will discuss this information with City staff to ensure understanding and acceptance. Policy alternatives will be discussed as appropriate. This should help ensure “sign-off” and prevent time delays in finalizing the analysis.


Meetings: One (1) meeting with City staff and elected officials (if desired) to discuss and explain the preliminary findings, assumptions, and results. As a no charge option, TischlerBise can meet with a Stakeholder Group if the City desires.

Deliverables: TischlerBise will prepare a “story board” for staff review and comment detailing proposed levels-of-service, cost estimates, service areas, credits and recommended calculation methodologies.

TASK 7: PREPARE DRAFT INFRASTRUCTURE IMPROVEMENT PLAN (IIP)

In this task, TischlerBise’s qualified professionals will prepare an IIP using generally accepted engineering and planning practices for each “necessary public service” for which a development fee can be assessed. Development of the IIP will include the following subtasks:

- **Reserve Capacity** – The IIP will identify infrastructure capacity to be reserved to serve future development.
- **Description of Existing Necessary Public Services in the Service Area(s)** – The IIP will include a description of the existing “necessary public services” in the service area(s) and the costs to upgrade, update, improve, expand, correct, or replace those services to meet existing needs and usage and stricter safety, efficiency, environmental, and regulatory standards.
- **Analysis of Total Capacity** – The IIP will identify the current usage and commitments for usage of capacity of the existing “necessary public services.”
- **Description of “Necessary Public Services” Attributable to New Development** – The IIP will describe all parts of the “necessary public services” of facility expansions and their costs necessitated by and attributable to development in the service area(s) based on the approved land use assumptions. Cost forecasts will include the costs of infrastructure improvements, real property, financing, engineering, and architectural services.
- **Equivalency/Conversion Table** – The IIP will include a table establishing the specific level or quantity of use, consumption, or generation of a service unit for each category of “necessary public services” or facility expansions. The table will include the ratio of a service unit to various types of residential, commercial, and industrial land uses.
- **Projected Service Units** – The IIP will include the total number of projected service units necessitated by and attributable to new development in the service area(s), based on the approved land use assumptions.
- **Projected Demand for Necessary Public Services** – The IIP will include a ten-year projection of the demand for “necessary public services”, or facility expansions required by new service units.
- **Forecast of Non-Development Fee Revenues from New Service Units** – The IIP will forecast revenues other than development fees generated by new service units, such as state-shared revenue, highway user revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes attributable to development based on the approved land use assumptions. This subtask will include a plan to include these contributions in determining the extent of the burden created by new development.



These subtasks will result in a written plan that identifies each “necessary public service” or facility expansion that is to be the subject of a development fee and complies with the requirements of State law.

Meetings: None.

Deliverables: Draft Infrastructure Improvement Plan.

TASK 8: CONDUCT FUNDING AND CASH FLOW ANALYSIS; ESTIMATE ANNUAL OPERATING COSTS

To prepare a meaningful IIP, it is important to evaluate the anticipated funding sources. In this task, TischlerBise will prepare a ten-year cash flow analysis. This calculation will allow the City to better understand the revenue potential of the development fees and the amount which would be needed if the fees were discounted. It will also provide a good understanding of the cash flow needed to cover the infrastructure costs for new development. The cash flow analysis will indicate whether additional funds might be needed or whether the IIP might need to be altered. This could also affect the total credits calculated in the previous task. Therefore, it is likely that several iterations will be conducted in order to refine the cash flow analysis reflecting the capital improvement needs. Development fee revenues can only be spent on capital projects that add capacity. Operating and maintenance costs associated with these capital improvements will have to be funded from other revenue sources, mostly likely from the General Fund. To estimate the annual operational and maintenance costs of the projected infrastructure, TischlerBise will utilize several data sources, including:

- Most recently adopted operating budget.
- Most recently adopted CIP.
- Capital project/program submittal sheets from departments.

Meetings: None.

Deliverables: See Task 10.

TASK 9: COMPLETE DEVELOPMENT FEE METHODOLOGY AND CALCULATIONS

The completion of the previous task will enable the development fee methodology and calculations to be finalized. TischlerBise will calculate the maximum justifiable fee for commercial, residential, and industrial development that can be charged and conform to fee requirements.

Meetings: None.

Deliverables: Draft Development Fee Report.

TASK 10: PREPARE FINAL LAND USE ASSUMPTIONS, IIP AND DEVELOPMENT FEE REPORT, PUBLIC PRESENTATIONS

TischlerBise will prepare a written report for the City that summarizes the need for development fees for the “necessary public services” category and the relevant methodologies employed, as well as documentation for all assumptions and cost factors. The report will include at a minimum the following information:

- Executive Summary.
- A detailed description of the methodologies used during the study.

- A detailed description of all level-of-service standards and cost factors used and accompanying rationale.
- An IIP spanning a maximum ten-year planning horizon (15-year for utilities), listing projects, costs, timing, and financing.
- A detailed schedule of all proposed fees listed by land use type and activity.
- Other information which adequately explains and justifies the resulting recommended fee schedule.
- A ten-year cash flow analysis of development fees and estimate of operating costs.

Meetings: One (1) presentation/work session with the City Council to present and discuss final and Use Assumptions, Development Fee Report and IIP as part of the legislatively required adoption process.

Deliverables: Final Land Use Assumptions, IIP and Development Fee Report and presentation materials for meetings.

Section 4: Project Schedule

Project Schedule

The table below indicates our proposed schedule for this assignment. This schedule assumes all draft work products needed to start the adoption process are completed by month 6.

PROPOSED SCHEDULE- LAND USE ASSUMPTIONS, IIP AND DEVELOPMENT FEE STUDY			
Tasks	Anticipated Dates	Meetings*	Meetings/Deliverables
Task 1: Project Initiation / Data Acquisition	Month 1	1 *	Data Request Memorandum
Task 2: Prepare Land Use Assumptions	Months 1 and 2	1 *	Technical Memorandum Discussing Recommended Land Use Assumptions
Task 3: Ascertain Demand Factors and Levels-of-Service for Necessary Public Services	Months 2 through 4	1 *	See Task 7
Task 4: Identify Capital Needs and Costs	Months 2 through 4	2	See Task 7
Task 5: Determine Need for Credits	Month 4	0	See Task 0
Task 6: Discuss Preliminary Methodologies and Policy Options	Month 4	0	Storyboard Presentation on Fee Methodologies
Task 7: Prepare Infrastructure Improvement Plan (IIP)	Months 4 and 5	2	Draft/Final Infrastructure Improvement Plan
Task 8: Conduct Funding and Cash Flow Analysis	Month 5	0	See Task 10
Task 9: Complete Development Fee Methodology and Fee Calculations	Months 5 and 6	0	Draft IIP and Development Fee Report
Task 10: Prepare Final Land Use Assumptions, IIP and Development Fee Report, Public Presentations	Months 5 and 6	1	Final IIP and Development Fee Report

*In several cases it is assumed meetings are held with multiple departments over one (1) trip.

Accessibility

TischlerBise will attend pre-scheduled meetings with the City in person (or video conference if desired) deploying staff from our main office in Maryland. TischlerBise staff regularly travel to our national client base without incident and frequently utilize regional trips to add additional (uncontracted) trips to clients. TischlerBise's regular and repeat work in Arizona affirms our flexibility and ability to accommodate schedules. Our Project Team will be available via email and phone throughout the study, and our accessibility and availability will continue throughout the term of the Agreement. We encourage you to consult our references regarding our superior accessibility and availability.

Internal Communications


An essential component of these efforts is frequent, ongoing, and meaningful communication between the consultant team and staff. TischlerBise is known for its hands-on approach, with face-to-face meetings, frequent conference calls, and ongoing email communications as an integral part of our work scope. The specific strategy is to use the Work Scope and Schedule to manage the project. It is recommended the City identify a staff Project Manager who serves as a point person between the consultant team and City. It is

also recommended that a staff working group/technical committee be identified to provide feedback throughout the study process. This enables effective and efficient processes as well as keeps relevant staff apprised of the study's progress and content. TischlerBise also recommends periodic briefings with City Administration.

Project Management Approach

TischlerBise utilizes a project management process which ensures our projects are completed on time and within budget, and, most importantly, they yield results that match our clients' expectations. Our project management plan employs the following principles to mitigate potential risk and result in successful projects:

- **Risk: Lack of Understanding of Project Goals, Objectives, and Desired Outcomes**
 - **Mitigation: We begin by defining the project to be completed.** Based on discussions that occur as part of our Project Initiation task, Carson Bise, along with Mr. Griffin will identify the final project goals and objectives in collaboration with City staff, list potential challenges to the process, and develop a plan to ensure successful outcomes and effective communication.
- **Risk: Schedule Delays**
 - **Mitigation: We will plan the project schedule from the outset.** As part of the Project Initiation task, Mr. Bise will work with City staff to create an agreed-upon timetable to meet the project schedule. Prior to beginning the project, Mr. Bise will assign roles that will ensure that the project schedule is met on time and within budget.
- **Risk: Technical Complications**
 - **Mitigation: We will actively manage the project process.** Mr. Bise, Ms. Herlands, and Mr. Griffin have a long history of strong project management skills that are supported by past project successes (we encourage you to contact our references in this regard). Mr. Bise will manage the work in progress, provide guidance and oversight to staff, and be accountable to the City meeting the schedule, budget, and technical requirements of the project.
- **Risk: Quality Control**
 - **Mitigation: We will review all project deliverables and communication through a formal quality assurance process** that requires review at the peer level, project manager level, and executive officer level. Prior to the delivery of work product to the City, deliverables will go through a structured quality assurance process involving up to three levels of review and utilizing a checklist tool. The first level involves a peer-to-peer review of work products and computer models. Next, Mr. Bise, assisted by Ms. Herlands will be responsible for a second set of reviews comparing the work product to the completed quality checklist form.
- **Risk: Loss of Project Staff**
 - **Mitigation: Our Project Team for this assignment include two of the firm's principals and one senior consultant.** The fact that our project team includes the firm's President and Vice President, as well as a senior member of our staff with a vested interest in continuing with a firm, the need to replace a member of our proposed Project Team is highly unlikely. If



the need to replace a team member does arise, TischlerBise is the largest impact fee consulting firm in the country, and can immediately bring in Colin McAweeney, who is our Western Region Manager, who heads our Boise office.

- **Risk: Cost Overruns**

- **Mitigation: The studies will be conducted under a fixed fee arrangement.** We typically do not utilize change orders in our work efforts. The potential for a change in budget could occur if the goals, objectives, and expectations as agreed upon in the scope and project management processes shift significantly. The use of the above proactive project management elements is structured to avoid budgetary issues.

Section 5: Pricing

The table below summarizes our estimated consultant costs for the tasks reflected in our proposed scope of work. This proposal is fixed fee and includes all project expenses. We have estimated these expenses based on past project experience and do not expect the City to reimburse us for any costs we incur above these estimates. TischlerBise invoices monthly, based on the percentage complete for each task.

PROPOSED FEE - INFRASTRUCTURE IMPROVEMENT PLAN AND LAND USE ASSUMPTIONS					
Project Team Member:	Bise	Herlands	Griffin	Total	
Hourly Rate*	\$210	\$190	\$190	Hours	Cost
Task 1: Project Initiation / Data Acquisition	8	0	0	8	\$1,680
Task 2: Prepare Land Use Assumptions	8	2	24	34	\$6,620
Task 3: Ascertain Demand Factors and Levels-of-Service for Necessary Public Services	16	4	24	44	\$8,680
Task 4: Identify Capital Needs and Costs	16	4	40	60	\$11,720
Task 5: Determine Need for Credits	8	2	12	22	\$4,340
Task 6: Discuss Preliminary Methodologies and Policy Options	8	0	16	24	\$4,720
Task 7: Prepare Infrastructure Improvement Plan (IIP)	8	4	40	52	\$10,040
Task 8: Conduct Funding and Cash Flow Analysis	4	2	12	18	\$3,500
Task 9: Complete Development Fee Methodology and Fee Calculations	4	2	16	22	\$4,260
Task 10: Prepare Final Land Use Assumptions, IIP and Development Fee Report, Public Presentations	24	4	32	60	\$11,880
Total Cost:	104	24	216	344	\$67,440

* Hourly rates are inclusive of all costs.

TischlerBise

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