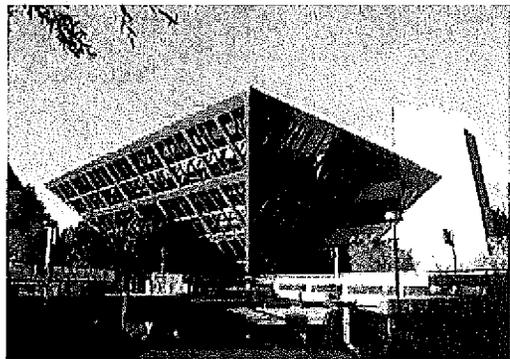


**BEST AND FINAL OFFER TO RFP 14-022
FOR CONSULTING SERVICES TO DEVELOP
INFRASTRUCTURE IMPROVEMENT PLAN
AND RELATED IMPACT FEES**

*Prepared for
City of Tempe, Arizona*



September 11, 2013

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, S240

Bethesda, MD 20816

(800) 424-4318

www.tischlerbise.com

September 11, 2013

Mr. Michael Greene, CPM, Central Services Administrator
 City of Tempe
 20 East Sixth Street
 Tempe, AZ 85280

Dear Mr. Greene,

As requested in the City's letter dated September 9, 2013, TischlerBise has prepared best and final offer pricing information as well as answers to specific questions regarding schedule and legal challenge.

FEES

Our fee proposal remains unchanged from our original submission. As discussed at our interview, this is a fixed fee proposal that includes travel and additional expenses, and assumes the following fee categories: libraries, street facilities, fire protection, police, parks, and storm water. **However, it should be noted that our fee proposal is inclusive of up to three (3) meetings with stakeholder groups**, which typically take place as part of our required trips for data collection, or can be "piggybacked" on to visits to other area clients. **Our proposal also includes one (1) meeting/presentation with the City Council.** There will be an additional per-meeting cost of \$1,900 for preparation and attendance at additional meetings not outlined above (e.g., fourth stakeholder meeting or second City Council meeting). It is also important to note that if we determine during course of Tasks 1 through 3 that City of Tempe storm water capital needs are not a good candidate for development fees, our fee proposal would be reduced by \$9,500.

Proposed Fee Schedule for the City of Tempe, Arizona						
Project Team Member:	TischlerBise			White & Smith		
	Bise	Guthrie	Ball	Smith	Total	
Hourly Rate*	\$200	\$180	\$165	\$210	Hours	Cost
Task 1: Recommend Land Use Assumptions	4	24	20	0	48	\$8,420
Task 2: Ascertain Demand Factors and LOS for Relevant Public Facilities	8	40	24	0	72	\$12,760
Task 3: Determine Appropriate Allocation Methodology	8	40	0	0	48	\$8,800
Task 4: Identify Capacity Needs and Costs	16	60	24	0	100	\$17,960
Task 5: Determine Need for and Calculate "Credits" to be Applied Against Capital Costs	0	16	8	0	24	\$4,200
Task 6: Prepare Infrastructure Improvement Plan (IIP)	16	60	32	0	108	\$19,280
Task 7: Complete Development Fee Methodology and Calculations	16	24	40	8	88	\$15,800
Task 8: Preparation of IIP and Development Fee Report	16	60	32	40	148	\$27,680
Total Cost:	84	324	180	48	636	\$114,900

*Hourly rates are inclusive of all costs.

SCHEDULE

The table below represents our proposed schedule for this assignment. As discussed during our interview, TischlerBise is the only firm with the depth of personnel to meet the City's desired timeframe. We have five (5) full-time development fee professionals to devote to this assignment, all of whom have SB1525 experience. It is important to note that the City's desired February 24, 2014, completion date can theoretically be met if "the stars align." However, given the fact we will be dealing with the Thanksgiving and Christmas/New Year holidays, we believe a late March completion date is the most realistic, and is reflected in our schedule below. Whether the contract goes to Council September 19 or October 3 will not significantly impact our schedule. If we know the contract is on the October 3rd agenda, we are likely to begin working on the demographics prior to the meeting, resulting in a loss of time.

City of Tempe, AZ - Update of Impact Fees, IIP, and Associated Documents
Task Schedule and Deliverables

Task	Timeframe	Meetings	Deliverable/Milestone
Task 1: Recommend Land Use Assumptions	Oct.-Nov., 2013	1	Land Use Assumptions Document
Task 2: Ascertain Demand Factors and LOS	Oct.-Dec., 2013	2	Memorandum Outlining Data Requirements in Advance of Meetings
Task 3: Determine Appropriate Allocation Methodology	Nov. - Dec., 2013	1	Technical Memorandum as Appropriate
Task 4: Identify Capacity Needs and Costs	Oct.-Dec., 2013	1-2	Memorandum Outlining Data Requirements in Advance of Meetings
Task 5: Determine Need for and Calculate "Credits"	December, 2013	1	Technical Memorandum on Methodological Options
Task 6: Prepare Infrastructure Improvement Plan	Nov.- Jan., 2013	0	Draft Infrastructure Improvements Plan
Task 7: Complete Fee Methodology and Calculations	February, 2014	1	Technical Memorandum Outlining Draft Fees and Cash Flow
Task 8: Preparation of IIP and Development Fee Report	Feb. - March 2014	1	Final IIP, Development Fee Report and any Code Amendments
Task 9: Presentations/Public Meetings/Communications	Oct. 2013 - March 2014	TBD	Presentation Materials as Appropriate

CHALLENGE TO METHODOLOGY

A TischlerBise development fee *methodology* has never been challenged in a court of law nor has a fee methodology had a law suit filed that was settled prior to trial. A lawsuit was filed in Somerville, South Carolina, over the City's *legal authority* to implement development fees and whether an adopted Capital Improvement Plan was required. The Court ruled the jurisdiction had authority to implement fees and that the Capital Plan prepared by TischlerBise was in fact, a de facto Capital Improvement Plan.

Regarding the second part of the question, to use a building analogy, it is critical to have a solid foundation, which is our depth of experience and knowledge of what other Arizona communities are doing. We continue to collaborate with the League of Cities and Towns, local professionals (attorneys, engineers, planners), and other development fee consultants to refine methods and clarify interpretations of Arizona's enabling legislation. Unlike some of our competitors, TischlerBise fee studies do not follow a "canned" recipe. Our team has carefully studied Arizona's rules of the game and are crafting specific methods to be in compliance with the unique features. At TischlerBise, we do not regard ourselves as mere technicians, but strive to become strategically involved with a jurisdiction's upper management team. Part of our role is to ask tough questions and help decision makers think through the consequences of policy choices. As we interact with Tempe staff, we often use the "straight-face test" to see if we can verbalize a rationale that will seem reasonable from the various perspectives of elected officials, developers, and concerned citizens.

Please let me know if you have additional questions about our proposal. We look forward to the possibility of working with the City.

Designing the optimum development fee approach and methodology is what sets TischlerBise apart from our competitors. Unlike most consultants, we routinely consider each of the three methodologies for each component within a fee category. The selection of the particular methodology for each component of the development fee category will depend on which methodology is most beneficial for the Town. In a number of cases, TischlerBise will prepare the development fees using several methodologies and will discuss the various trade-offs with the Town. There are likely to be policy and revenue tradeoffs depending on the capital facility and methodology. We recognize that "one size does not fit all" and create the optimum format that best achieves the Town's goals.

Each community is different, each fee category is different, and TischlerBise compares alternative methodologies to maximize revenues for our clients.

For example, TischlerBise typically calibrates development fees to the specific jurisdiction's road network and demographic data, whether using an incremental expansion or plan-based method. Our firm is able to evaluate different methods because we do not rely on state/regional transportation models to provide data inputs for the development fee calculations. In essence, we develop our own aggregate travel demand model that is in some ways more sophisticated than the large-scale computer models used by state and regional agencies. For instance, while it is common for link-specific computer models to lump together all housing types and only separate retail from all other types of nonresidential development, we routinely use at least two types of housing units and between three and five nonresidential development types in our travel demand analysis.

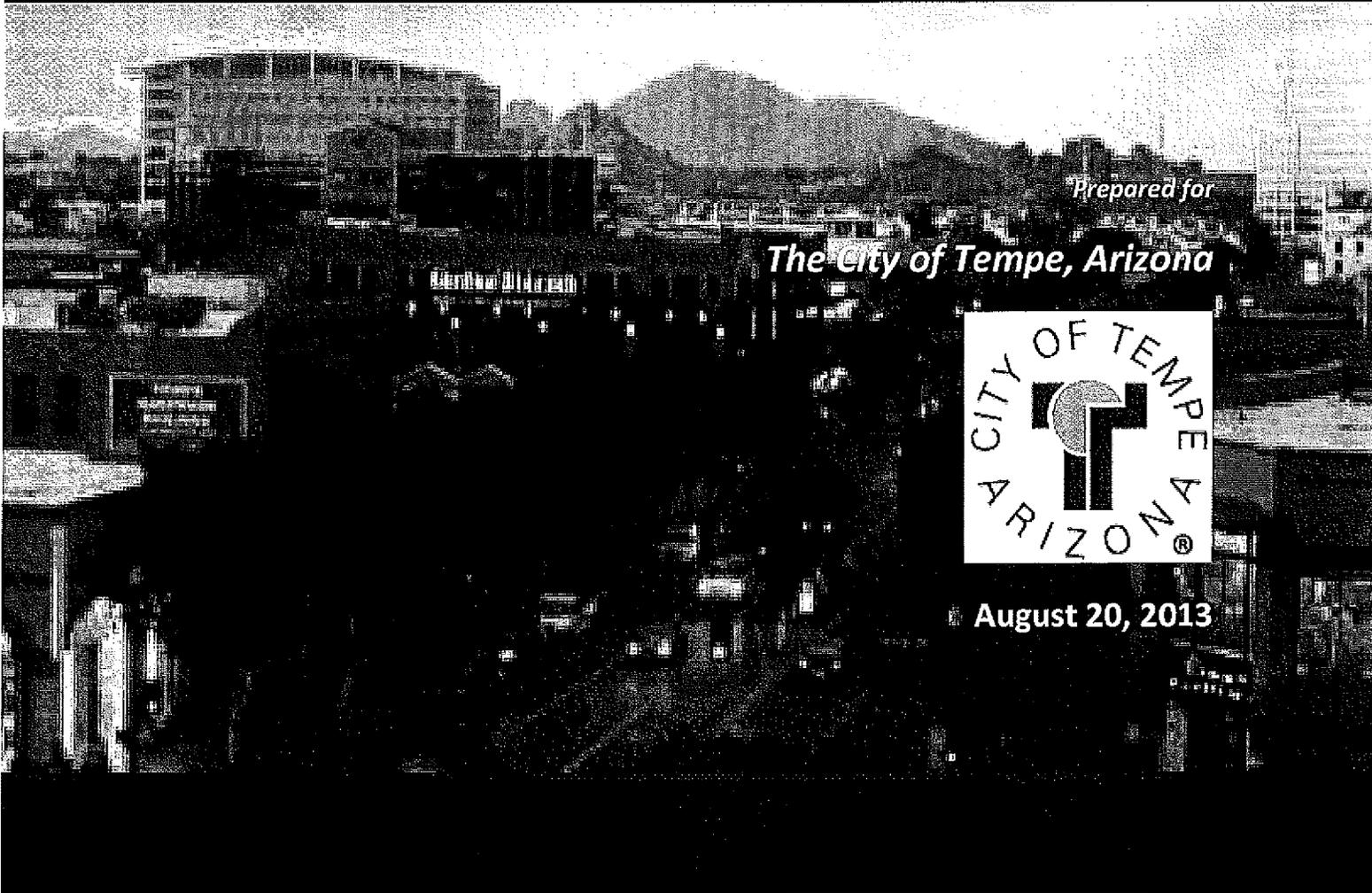
3) Challenge to Methodology – Indicate if your firm (or the members proposed to do the specified work) has ever had any of its impact fee methodologies formally challenged (reversed or modified) from a legal authority. Discuss the steps taken during the impact fee development process to ensure the methodologies used can withstand any legal challenge.

Sincerely,

L. Carson Bise, II, AICP, President
TischlerBise, Inc.
(800) 424-4318 Ext. 12
carson@tischlerbise.com

**PROPOSAL TO DEVELOP
INFRASTRUCTURE IMPROVEMENT
PLAN AND IMPACT FEE SCHEDULES**

RFP 14-022



*Prepared for
The City of Tempe, Arizona*



August 20, 2013

TischlerBise
Fiscal, Economic & Planning Consultants

**WHITE &
SMITH, LLC**
PLANNING AND
LAW GROUP

Addendum to Solicitation



City Procurement Office/City of Tempe • PO Box 5002 • 20 East 6th Street • Tempe, AZ 85280 • (480) 350-8324 • www.tempe.gov/procurement

Issue Date: | 08/06/2013

This addendum will modify and/or clarify:

Solicitation No.: | 14-022

and is

Addendum No. | 1

Procurement Description: | Consulting Services to Develop
Infrastructure and Improvement Plan &
Impact Fee Schedules

Changes should be made as follows:

1. The proposal due date is hereby changed from Thursday, August 15, 2013 to Tuesday, August 20, 2013. The proposal opening time remains unchanged at 3:00 p.m. (MST).
2. Scope of Work section, Paragraph 1; Purpose; the following category (Storm Water Systems) is included to the functional areas presented in this section:

Libraries
Street facilities;
Fire protection
Police
Parks
Storm Water System

3. There are no other changes at this time.

Firms shall acknowledge and include this addendum with the proposal submittal in accordance with the due date referenced above.

The balance of the specifications and bid solicitation instructions to remain the same. Bidders/Proposal Offerors are to acknowledge receipt and acceptance of this addendum by returning of signed addendum with bid/proposal response. Failure to sign and return an addendum prior to bid/proposal opening time and date may make the bid/proposal response non-responsive to that portion of the solicitation as materially affected by the respective addendum.

Tischler Bise, Inc.
NAME OF COMPANY

4701 Sangamore Rd S 240
ADDRESS (or PO Box)

Bethesda, MD 20816
CITY STATE ZIP

Carson Bise, President
BY NAME (please print) TITLE

301-320-6200
TELEPHONE

[Signature]
AUTHORIZED SIGNATURE

August 20, 2013

Mr. Michael Greene
Procurement Officer
20 E. Sixth Street, 2nd Floor
Tempe, AZ 85281

RE: Proposal to Develop Infrastructure Improvement Plan and Impact Fee Schedules

Dear Mr. Greene:

TischlerBise, on behalf of White & Smith, is pleased to submit the enclosed proposal to provide consulting services to develop an infrastructure improvement plan and impact fee schedules for the City of Tempe, Arizona. This assignment requires a consulting team with a unique combination of experience and expertise. We feel that our firm is ideally suited to undertake this project based on our **extensive national and Arizona development fee experience, including numerous development fee engagements with communities in the Phoenix area.** There are several points which we would like to note that make our qualifications unique:

- 1. Depth of Experience.** TischlerBise is the nation's leading impact fee and infrastructure financing consulting firm. Our qualified professionals bring an unparalleled depth of experience to this assignment. **We have managed over 800 impact fee studies across the country – more than any other firm.** We are innovators in the field, pioneering approaches for credits, development fees by size of housing unit, and distance-related/tiered development fees. More importantly, a TischlerBise development fee methodology has never been challenged in a court of law.
- 2. Technical Knowledge of Land Use Planning and Local Government Finance.** The City requires consulting expertise in the areas of land use planning and growth management in the State of Arizona, as well as in local government finance. **Many communities overlook the fact development fees are a land use regulation.** Our team will apply our extensive 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.
- 3. Arizona Experience.** TischlerBise has conducted numerous development fee studies in the State of Arizona including several SB 1525 compliance updates. No other firm has as much experience preparing infrastructure improvement plans and development fees under Arizona's new enabling legislation.

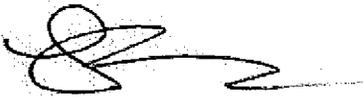
Proposal to Conduct a Development Fee Study

City of Tempe, Arizona

4. **Community Outreach.** An important component of a successful development fee program is community support. Both Carson Bise and Dwayne Guthrie have substantial experience developing and managing public outreach and community relations programs associated with development fees and infrastructure finance.
5. **Responsiveness.** As a small firm, we have the flexibility and responsiveness to meet all deadlines of the City's project. **We offer the City of Tempe the level of service and commitment that the larger firms save for their biggest contracts.**

TischlerBise hereby acknowledges receipt of Addendum 1 to the City's RFP. This proposal will remain open for 90 days from the date of submittal. As the President of TischlerBise, I have the authority to negotiate and contractually bind the firm. We look forward to the possibility of working with the City of Tempe and are committed to providing cost-effective, high-quality support for this assignment.

Sincerely,



L. Carson Bise, II, AICP, President
TischlerBise, Inc.
4701 Sangamore Road, Suite S240
Bethesda, MD 20816
Phone: (800) 424-4318 Ext. 12
E-mail: carson@tischlerbise.com

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WHITE & SMITH (SUBCONTRACTOR) BACKGROUND

Impact Fee Ordinances TischlerBise will utilize the services of White & Smith as a subconsultant for the City's assignment. White & Smith, LLC provides a variety of services related to local government development fees, including fee implementation, intergovernmental coordination, and offset/credit agreements. The firm also provides litigation support services and defense against development fee challenges.

Intergovernmental Coordination

Administration and Forms

Staff Training

Impact Fees and Concurrency

Legal Support

White & Smith has prepared ordinances, interlocal agreements, and other implementation tools for over 60 local governments around the country. Principal and attorney Tyson Smith is a former city and county planner and served over six years as the Chairman of the Growth and Infrastructure Consortium (formerly, the National Impact Fee Roundtable).

Development Fee Procedural Ordinance

White & Smith can prepare a development fee "procedural" ordinance, which incorporates all of the fundamental procedural requirements for development fees, including time of imposition, applicability, time of collection, earmarking, limitations on expenditures, exemptions, appeals, credits, and refunds.

Project Contact:
Tyson Smith, Esq., AICP
White & Smith, LLC
255 King Street
Suite 7
Charleston, SC 29401
(843) 937-0201
tsmith@planningandlaw.com

Administrative Forms & Procedures

The firm has developed and provided complete sets of development fee forms and administrative procedures and regularly conduct staff training. This allows local staff to implement each facet of the development fee ordinance in a manner consistent with legal standards and local practice.

Continuing Support Services

White & Smith appreciates that questions of both a procedural and a substantive nature likely will arise after the adoption of development fees. Therefore, the firm is committed to providing continuing technical and support services to its development fee clients as needed.

www.planningandlaw.com

2. Signed Offer Form

TischlerBise has completed and signed the Vendor's Offer Form for the City's assignment. It is included on the next page of this proposal.

Vendor's Offer
Form 201-B (RFP)
"Return this Section with your Response"

It is required that Offeror complete, sign and submit the original of this form to the City Procurement Office with the proposal response. An unsigned "Vendor's Offer", late proposal response and/or a materially incomplete response will be considered nonresponsive and rejected.

Offeror is to type or legibly write in ink all information required below.

Company Name: <u>TischlerBise, Inc.</u>		
Company Mailing Address: <u>4701 Sangamore Road, S240</u>		
City: <u>Bethesda</u>	State: <u>Maryland</u>	Zip: <u>20816</u>
Contact Person: <u>Carson Bise</u>	Title: <u>President</u>	
Phone No.: <u>(301) 320-6900 Ext. 12</u>	FAX: <u>(301) 320-4860</u>	E-mail: <u>carson@tischlerbise.com</u>
<u>Company Tax Information:</u>		
Arizona Transaction Privilege (Sales) Tax No.: <u>N/A</u> or		
Arizona Use Tax No.: <u>N/A</u>		
Federal I.D. No.: <u>52-1087538</u>		
City & State Where Sales Tax is Paid: <u>Bethesda</u> , <u>Maryland</u>		
If a Tempe based firm, provide Tempe Transaction Privilege (Sales) Tax No.: <u>N/A</u>		

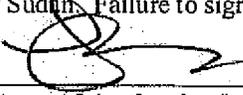
THIS PROPOSAL IS OFFERED BY

Name of Authorized Individual (TYPE OR PRINT IN INK) Carson Bise, AICP

Title of Authorized Individual (TYPE OR PRINT IN INK) President

REQUIRED SIGNATURE OF AUTHORIZED OFFEROR (MUST SIGN IN INK)

By signing this Vendor's Offer, Offeror acknowledges acceptance of all terms and conditions contained herein and that prices offered were independently developed without consultation with any other Offeror or potential Offeror. In accordance with A.R.S. 35-393, et seq., the Offeror hereby certifies that it does not have scrutinized business operations in Iran or Sudan. Failure to sign and return this form with proposal response will be considered nonresponsive and rejected.



Signature of Authorized Offeror

8/16/13
Date

(H:/RFP 3-2008)

3. Experience of Firm

ARIZONA EXPERIENCE

TischlerBise has unsurpassed experience preparing development fees and infrastructure improvements plans in the State of Arizona, particularly in light of 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:

- Apache Junction
- Buckeye
- Casa Grande
- Coolidge
- Eloy
- Flagstaff
- Gilbert
- Glendale
- Goodyear
- Maricopa
- Pinetop-Lakeside
- Queen Creek
- Safford
- Sedona
- Show Low
- San Luis
- Somerton
- Wellton
- Yuma

NATIONAL EXPERIENCE

Over the past five years, TischlerBise has prepared 92 impact fees/infrastructure improvement plans nationwide, 40 of which have been for Arizona localities. The following table summarizes TischlerBise’s vast national impact fee experience over the past five years:

STATE	CLIENT	Feasibility Analysis	Roads/Transportation	Sewer	Water	Stormwater	Solid Waste	Law Enforcement	Fire/EMS	Parks and Recreation	Trails/Open Space	Libraries	General Government	Schools
AL	Baldwin		◆							◆				◆
AL	Daphne		◆					◆	◆	◆				
AL	Fairhope		◆					◆	◆	◆		◆		
AL	Foley		◆					◆	◆	◆				
AL	Gulf Shores		◆					◆	◆	◆				
AL	Orange Beach		◆					◆	◆	◆		◆		
AR	Bentonville			◆	◆			◆	◆	◆		◆		
AR	Siloam Springs		◆	◆	◆			◆	◆	◆				
AZ	Apache County	◆												
AZ	Apache Junction		◆					◆	◆	◆		◆	◆	
AZ	Avondale		◆	◆	◆			◆	◆	◆		◆	◆	
AZ	Buckeye		◆	◆	◆			◆		◆		◆	◆	

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

STATE	CLIENT	Feasibility Analysis	Roads/Transportation	Sewer	Water	Stormwater	Solid Waste	Law Enforcement	Fire/EMS	Parks and Recreation	Trails/Open Space	Libraries	General Government	Schools
AZ	Bullhead City		◆					◆		◆			◆	
AZ	Camp Verde	◆						◆		◆		◆	◆	
AZ	Carefree	◆	◆		◆						◆		◆	
AZ	Casa Grande		◆	◆				◆	◆	◆		◆	◆	
AZ	Cave Creek		◆	◆	◆					◆	◆		◆	
AZ	Cochise Co.	◆												
AZ	Coolidge		◆	◆			◆	◆	◆	◆			◆	
AZ	Dewey-Humboldt		◆					◆	◆	◆		◆	◆	
AZ	El Mirage			◆	◆			◆	◆	◆			◆	
AZ	Eloy			◆	◆			◆		◆		◆	◆	
AZ	Flagstaff	◆	◆					◆	◆	◆		◆	◆	
AZ	Gilbert		◆		◆			◆	◆			◆		
AZ	Glendale			◆	◆	◆		◆	◆	◆		◆	◆	
AZ	Goodyear		◆	◆	◆			◆	◆	◆		◆		
AZ	Holbrook			◆	◆		◆							
AZ	Lake Havasu City		◆											
AZ	Maricopa	◆	◆					◆	◆	◆	◆	◆	◆	
AZ	Phoenix		◆				◆	◆	◆	◆	◆	◆		
AZ	Pinal Co.	◆	◆					◆		◆				
AZ	Pinetop-Lakeside		◆					◆		◆	◆		◆	
AZ	Prescott	◆												
AZ	Queen Creek		◆	◆	◆			◆	◆		◆	◆	◆	
AZ	Safford			◆	◆									
AZ	San Luis		◆	◆	◆	◆		◆	◆	◆				
AZ	Scottsdale			◆	◆									
AZ	Sedona		◆			◆		◆		◆			◆	
AZ	Show Low	◆	◆	◆	◆			◆		◆		◆		
AZ	Sierra Vista		◆					◆	◆	◆	◆	◆		
AZ	Somerton		◆	◆	◆	◆		◆	◆	◆				
AZ	Springerville	◆		◆	◆									
AZ	Surprise		◆	◆	◆			◆	◆	◆		◆	◆	
AZ	Taylor	◆	◆					◆	◆	◆			◆	
AZ	Tolleson	◆	◆	◆	◆	◆		◆	◆				◆	
AZ	Tucson		◆											
AZ	Wellton		◆	◆	◆	◆		◆	◆	◆				
AZ	Yuma		◆	◆		◆		◆	◆	◆	◆		◆	
CA	Temecula		◆	◆	◆			◆		◆	◆	◆	◆	
CA	Tulare		◆	◆	◆	◆		◆	◆	◆	◆	◆	◆	

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

STATE	CLIENT	Feasibility Analysis	Roads/Transportation	Sewer	Water	Stormwater	Solid Waste	Law Enforcement	Fire/EMS	Parks and Recreation	Trails/Open Space	Libraries	General Government	Schools
CA	Visalia									◆		◆	◆	
FL	Coral Gables		◆	◆				◆	◆	◆			◆	
FL	Deerfield Beach							◆	◆					
FL	DeSoto County	◆	◆						◆	◆		◆	◆	
FL	DeSoto Co. School Board													◆
FL	Miami	◆						◆	◆	◆	◆		◆	◆
FL	Naples	◆												
FL	North Miami	◆		◆	◆			◆	◆	◆	◆	◆	◆	
FL	Parkland							◆		◆				
FL	Pasco Co. School Board													◆
FL	Port St. Lucie									◆			◆	
FL	Punta Gorda		◆					◆	◆	◆		◆	◆	
FL	Seminole County Schools													◆
FL	Stuart		◆					◆	◆	◆			◆	
GA	Effingham County		◆	◆	◆			◆		◆		◆		
ID	Hailey		◆	◆	◆			◆	◆	◆	◆	◆	◆	
ID	Hayden		◆					◆		◆				
ID	Kellogg			◆				◆		◆				
ID	Kootenai Co. Fire & Rescue								◆					
ID	Nampa	◆	◆	◆	◆			◆	◆	◆	◆			
ID	Post Falls	◆	◆					◆		◆				
ID	Sandpoint		◆						◆	◆	◆			
ID	Shoshone Fire District								◆					
ID	Victor		◆					◆	◆	◆				
MD	Easton	◆	◆					◆	◆	◆			◆	
MN	Woodbury			◆	◆	◆								
MS	Madison							◆	◆	◆	◆			
ND	Minot											◆	◆	
NM	Las Cruces			◆	◆									
NV	North Las Vegas	◆							◆					
NV	Nye County		◆			◆		◆	◆	◆				
NV	Washoe County		◆											
UT	Sandy City		◆			◆		◆	◆		◆			
UT	Spanish Fork	◆		◆	◆	◆				◆				
UT	Wellsville		◆	◆	◆				◆	◆				
UT	West Jordan		◆	◆	◆	◆		◆	◆	◆				
VA	Isle of Wright Co.								◆	◆				◆
VA	Stafford County		◆											

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

STATE	CLIENT	Feasibility Analysis	Roads/Transportation	Sewer	Water	Stormwater	Solid Waste	Law Enforcement	Fire/EMS	Parks and Recreation	Trails/Open Space	Libraries	General Government	Schools
VA	Suffolk			◆	◆									
WV	Jefferson Co.							◆	◆	◆			◆	◆
WY	Casper	◆	◆						◆	◆				
WY	Pinedale	◆		◆	◆				◆	◆	◆		◆	

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

WHITE & SMITH NATIONAL EXPERIENCE

The following table illustrates White & Smith’s national impact fee and impact fee ordinance experience over the past five years.

AZ	Avondale	FL	Deltona	FL	Pasco Co.	NV	Washoe Co. RTC
AZ	Flagstaff	FL	Escambia Co.	FL	Sarasota	NM	Albuquerque
AZ	Goodyear	FL	Flagler Co.	FL	St. John's Co.	OH	Delaware
AZ	Maricopa Co.	FL	Ft. Pierce	FL	St. Lucie Co.	OH	Fairfield
AZ	Queen Creek	FL	Hernando Co.	FL	Tavares	OH	Pickerington
AZ	SRPMIC	FL	Hillsborough Co.	GA	Athens-Clarke Co.	OH	Sunbury
AZ	Yuma	FL	Indian River Co.	GA	Garden City	PA	Manheim Township
CA	Oceanside	FL	Iverness	MD	Frederick	PA	Cranberry Township
CA	Riverside	FL	Kissimmee	MD	Queen Anne's Co.	SC	Aiken Co.
CA	San Diego	FL	Lakeland	MS	Ocean Springs	SC	Anderson Co.
CO	Douglas Co.	FL	Marion Co.	MO	Nixa	SC	Beaufort Co.
DE	Newcastle Co.	FL	Monroe Co.	MO	W. Peculiar Fire Dist.	SC	Georgetown Co.
FL	Apopka	FL	North Port	MT	Bozeman	SC	Hilton Head Island
FL	Aventura	FL	Orange Co.	MT	Helena	SC	York Co.
FL	Brevard Co.	FL	Orlando	MT	Missoula	UT	Summit Co.
FL	Casselberry	FL	Osceola	MT	Missoula Co.	VA	Stafford Co.
FL	Citrus Co.	FL	Oviedo	NV	Mesquite	VA	Spotsylvania Co.
FL	Collier Co.	FL	Palm Coast	NV	Henderson		
FL	Coral Springs	FL	Panama City	NV	Nye County		

ANALYTIC CAPABILITIES AND AVAILABLE RESOURCES

TischlerBise’s proposed project team for the City’s assignment includes our most senior and experienced impact fee professionals. Our team of Carson Bise, AICP, Dwayne Guthrie, Ph. D., AICP, and Stephanie Ball of TischlerBise, and Tyson Smith, AICP, of White & Smith, will provide seamless support to the City’s assignment.

Personnel and Resource Management. As a small firm, TischlerBise actively and carefully monitors current and projected workloads. **The firm does not include personnel on a proposal unless said personnel can devote the time and resources necessary to complete the assignment on time and within budget.** In most cases, our employees are involved in three to four projects at any given time. In addition, as the nation’s leading impact fee firm, TischlerBise has four additional full-time fiscal/economic analysts that who can be used to augment our staffing resources to ensure adherence to the City’s desired schedule. We are amenable to a penalty clause once a final work scope and contract have been agreed upon and will gladly furnish current workload at the time our team is being considered for an award.

For analytic capabilities of the firm, we refer the reader to Section 13, Value Added for detailed information about our Project Team’s use of technology methodological advancements and analytical abilities.

REFERENCES

City of Sierra Vista, Arizona

Infrastructure Improvement Plans and Development Fees

Mary Jacobs
Assistant City Manager
1011 N Coronado Dr.
Sierra Vista, AZ 85635
(520) 458-3315
Mary.jacobs@sierravistaaz.gov

TischlerBise recently completed updating the City's infrastructure improvement plans and development fees for purposes of compliance with SB 1525. The scope of the project included updating plans and fees for parks and recreation, library, police, fire, and streets. **This engagement was TischlerBise's third engagement with the City.**

City of Casa Grande, Arizona

Infrastructure Improvement Plans and Development Fees

Scott Barber
Director of Adm'n. Services
510 E. Florence Blvd.
Casa Grande, AZ 85122
(520) 421-8600
sbarber@casagrandeaz.gov

TischlerBise has conducted several development fee updates for the City of Casa Grande, including our current engagement to calculate infrastructure improvement plans and development fees in compliance with SB 1525. The City collects development fees for sewer, community services (libraries, parks and recreation), police, fire, general government, and transportation, as well as a new sanitation development fee. The City has made extensive use of debt financing to fund its Capital Improvements Plan which necessitated an analysis of the extent to which development fees would be used to repay the debt service (and inclusion of those financing costs in the fee calculations) versus other revenues which required a debt service credit to avoid "double payment" issues. TischlerBise also updated the land uses in the City's development fee schedule to include multi-family housing units and hotels.

Town of Queen Creek, Arizona

Infrastructure Improvement Plans and Development Fees

Tracy Corman
Senior Management Assistant
22358 S. Ellsworth Road
Queen Creek, AZ 85142
(480) 358-3003
tracy.corman@queencreek.org

TischlerBise was hired by the Town of Queen Creek to prepare a comprehensive package of development fees to offset the Town's capital costs for providing necessary public services to new development. In 1999, TischlerBise used a combination of methodologies to compute development fees to support the Town's wastewater collection and treatment facilities, libraries, town buildings and vehicles, public safety, open space, and parks and recreation facilities. In 2002, 2005, and 2007, Queen Creek retained TischlerBise to update its existing development fees and to calculate new fees for additional categories of infrastructure (transportation in 2002 and fire in 2007). TischlerBise is currently under contract with the Town to calculate infrastructure improvement plans and development fees in compliance with SB 1525.

City of Yuma, Arizona

Infrastructure Improvement Plans and Development Fees

Andrew McGarvie
Assistant City Engineer
155 W 14th Street
Yuma, AZ 85364
(928) 373-5000 ext. 3044
Andrew.mcgarvie@yumaaz.gov

TischlerBise recently completed a contract with the City of Yuma to update its parks and recreation, library, police, fire, and transportation development fees (this is the third time the City has engaged TischlerBise). The primary objective of the study effort was to implement the recent changes to Arizona's enabling legislation for development fees resulting from the passage of SB 1525. The scope of this work effort included developing land use assumptions for the service area(s) where development fees were to be assessed, determining eligible infrastructure projects under the new definition of "necessary public services," and calculating Infrastructure Improvement Plans.

4. Sample Report

TischlerBise recently completed an IIP/development fee engagement for the City of Yuma, Arizona. The complete report that TischlerBise prepared for the City of Yuma is included separately with this proposal. We have also included a recent Transportation Impact Fee Report, prepared for the City of Bozeman. *In an article from the Bozeman Daily Chronicle dated August 15, 2012, Bozeman Commissioner Chris Mehl praised the updated fees, saying "the new fees, while reducing costs for many, are also more accurate and fairer than those they replace and will help the City meet its goals of maintaining [a] high quality of life, providing the necessary infrastructure for public safety and commerce, and laying the groundwork for the City to grow in the coming years."*

5. Consultant Team

To successfully navigate through the City's development fee study, the successful consultant must possess specific, detailed, and customized knowledge, not only of the technical analysis, but also of the context of the development fee structure in achieving the City's land use, financial, and economic development policy goals. **Our project team for this assignment includes our most senior and experienced development fee professionals.** We have unsurpassed experience performing projects requiring the same expertise as that needed to serve the City.

The role of each team member and their qualifications are briefly discussed below.

Carson Bise, AICP, President of TischlerBise, will serve as Principal-In-Charge 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 Dwayne Guthrie, developing and reviewing all aspects of the project and providing overall quality assurance for the project. Mr. Bise has conducted development fee evaluations in 27 states (including the State of Arizona) and speaks frequently on the topic at state, national, and regional conferences. Mr. Bise is currently Treasurer of the Growth and Infrastructure Consortium (formerly, the National Impact Fee Roundtable).

Dwayne Guthrie, Ph.D., AICP, Principal at TischlerBise, has been selected as Project Manager for this project because of his strong project management skills, as well as his **substantial experience preparing development fees and financing strategies, especially for Arizona municipalities.** Dr. Guthrie will be responsible for controlling the work in progress, providing feedback to project team members and staff, and meeting the technical requirements of the project. Most importantly, Dr. Guthrie, 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.

Stephanie Ball, Fiscal and Economic Analyst at TischlerBise, will provide analytical support for this assignment. Ms. Ball specializes in development fee calculations and fiscal policy. Ms. Ball is presently conducting development studies for the Cities of Coolidge, Eloy, Maricopa, and Sedona.

Tyson Smith Esq., AICP, Planner-Attorney at White & Smith, will review City of Tempe ordinances and recommend any required changes, as well as review the IIP and Development Fee Report for compliance with SB 1525 and national case law. Mr. Smith is a former city and county planner and served over six years as the Chairman of the Growth and Infrastructure Consortium (formerly, the National Impact Fee Roundtable). **Mr. Smith frequently collaborates with TischlerBise on development fee and infrastructure financing evaluation in Arizona, as well as the rest of the country.**

RÉSUMÉS

L. CARSON BISE, II, AICP, PRESIDENT, TISCHLERBISE, INC.

Education: **Experience:**

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

Carson Bise has 23 years of fiscal, economic and planning experience and has conducted fiscal and infrastructure finance evaluations in 27 states. Mr. Bise has developed and implemented more fiscal impact models than any consultant in the country. The applications which Mr. Bise has developed have been used for evaluating multiple land use scenarios, specific development projects, annexations, urban service provision, tax-increment financing, and concurrency/adequate public facilities monitoring. Mr. Bise is also a leading national figure in the calculation of impact fees, having completed over 200 impact fees for the following categories: parks and recreation, open space, police, fire, schools, water, sewer, roads, municipal power, and general government facilities. In his seven years as a planner at the local government level, he coordinated capital improvement plans, conducted market analyses and business development strategies, and developed comprehensive plans. Mr. Bise has also written and lectured extensively on fiscal impact analysis and infrastructure financing. His most recent publications are *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 currently on the Board of Directors of 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**.



Publications:

"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.
"The Cost/Contribution of Residential Development," Mid-Atlantic Builder.
"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)

Speaking Venues:

American Planning Association National Planning Conference

Selected Impact Fee and Infrastructure Funding Strategy Experience:

- City of Daphne, Alabama – *Impact Fee Study*
- City of Gulf Shores, Alabama – *Impact Fee Study*
- City of Orange Beach, Alabama – *Impact Fee Study*
- City of Apache Junction, Arizona – *Development Fee Study*

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

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- | | |
|---|---|
| <i>International City/County
Management Association
National Conference</i> | <ul style="list-style-type: none">▪ Town of Camp Verde, Arizona – <i>Development Fee Study</i>▪ City of Coolidge, Arizona – <i>Development Fee Study</i>▪ City of Glendale, Arizona – <i>Development Fee Study</i> |
| <i>National Impact Fee
Roundtable</i> | <ul style="list-style-type: none">▪ City of Eloy, Arizona – <i>Development Fee Study</i>▪ Maricopa County, Arizona – <i>Development Fee Study</i> |
| <i>Florida Chapter of the
American Planning
Association Conference</i> | <ul style="list-style-type: none">▪ Pinal County, Arizona – <i>Development Fee Study</i>▪ City of Eloy, Arizona – <i>Development Fee Study</i>▪ City of Yuma, Arizona – <i>Development Fee Study</i>▪ City of Siloam Springs, Arkansas – <i>Impact Fee Study</i>▪ City of National City, California – <i>Impact Fee Study</i>▪ City of Avenal, California – <i>Impact Fee Study</i>▪ City of Banning, California – <i>Impact Fee Study</i>▪ City of Temecula, California – <i>Impact Fee Study</i>▪ City of Tulare, California – <i>Impact Fee Study</i>▪ City of Boulder, Colorado – <i>Impact Fee/Excise Tax Study</i>▪ Town of Castle Rock, Colorado – <i>Impact Fee Study</i>▪ City of Greeley, Colorado – <i>Impact Fee Study</i>▪ City of Steamboat Springs, Colorado – <i>Impact Fee Study</i>▪ Town of Vail, Colorado – <i>Impact Fee Study</i>▪ City of North Miami, Florida – <i>Impact Fee Study</i>▪ City of Punta Gorda, Florida – <i>Impact Fee Study</i>▪ DeSoto County, Florida – <i>Impact Fee Study</i>▪ Manatee County, Florida – <i>Impact Fee Study</i>▪ Pasco County, Florida – <i>School Impact Fee Study</i>▪ Polk County, Florida – <i>Impact Fee Study</i>▪ Seminole County, Florida – <i>School Impact Fee and Infrastructure Financing Study</i>▪ Anne Arundel County, Maryland – <i>Revenue Strategies</i>▪ Calvert County, Maryland – <i>Impact Fee Study</i>▪ Caroline County, Maryland – <i>Schools Excise Tax Study</i>▪ Carroll County, Maryland – <i>Impact Fee Study</i>▪ Charles County, Maryland – <i>Impact Fee Study</i>▪ Dorchester County, Maryland – <i>Impact Fee Study</i>▪ Hagerstown, Maryland – <i>Impact Fee Study</i>▪ City of Salisbury, Maryland – <i>Impact Fee Study</i>▪ Town of Easton, Maryland – <i>Impact Fee Study</i>▪ Town of Hampstead, Maryland – <i>Impact Fee Study</i>▪ Talbot County, Maryland – <i>Impact Fee Study</i>▪ Washington County, Maryland – <i>Impact Fee Study</i>▪ Wicomico County, Maryland – <i>Impact Fee Study</i>▪ Worcester County, Maryland – <i>Impact Fee Study</i>▪ Broadwater County, Montana – <i>Impact Fee Feasibility Study</i>▪ Flathead County, Montana – <i>Impact Fee Feasibility Study and Impact</i> |
-

Fee Study

- City of Missoula/Missoula County, Montana – *Impact Fee Study and Capital Facility Plan*
- City of Laurel, Montana – *Impact Fee Feasibility Study*
- City of Great Falls, Montana – *Impact Fee Feasibility Study*
- Florence-Carlton School District, Montana – *Impact Fee Study*
- Gallatin Canyon/Big Sky, Montana – *Capital Improvement and Funding Plan*
- City of North Las Vegas, Nevada – *Impact Fee Study*
- Nye County/Town of Pahrump, Nevada – *Impact Fee Study*
- City of Las Cruces, New Mexico – *Water and Sewer Impact Fee Study*
- Cabarrus County, North Carolina – *Voluntary Mitigation Payment Studies (Two School Districts)*
- City of Greenville, North Carolina – *Impact Fee Study*
- Abbeville County, South Carolina – *Infrastructure Funding Strategy*
- Beaufort County, South Carolina – *Infrastructure Funding Strategy*
- Clinton City, Utah – *Impact Fee Study*
- Draper City, Utah – *Impact Fee Study*
- Logan City, Utah – *Impact Fee Study*
- Goochland County, Virginia – *Cash Proffer Study*
- Henrico County, Virginia – *Impact Fee Study; Cash Proffer Study*
- Prince George County, Virginia – *Cash Proffer Study*
- Prince William County, Virginia – *Impact Fee Study*
- Spotsylvania County, Virginia – *Impact Fee Study*
- Stafford County, Virginia – *Impact Fee Study*
- Sussex County, Virginia – *Cash Proffer Study*

Speaking Engagements:

- Fiscal Impact Assessment, AICP Training Workshop, American Planning Association National Planning Conference
- Dealing with the Cost of Growth: From Soup to Nuts, International City/County Management Association National Conference
- Demand Numbers for Impact Analysis, National Impact Fee Roundtable
- Calculating Infrastructure Needs with Fiscal Impact Models, Florida Chapter of the American Planning Association Conference
- Economic Impact of Home Building, National Impact Fee Roundtable
- Annexation and Economic Development, American Planning Association National Conference
- Economics of Density, American Planning Association National Conference
- The Cost/Benefit of Compact Development Patterns, American Planning Association National Conference
- Fiscal Impact Modeling: A Tool for Local Government Decision Making,

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

- International City/County Management Association National Conference
- Fiscal Assessments, American Planning Association National Conference
- From Soup to Nuts: Paying for Growth, American Planning Association National Conference
- Growing Pains, International City/County Management Association National Conference
- Mitigating the Impacts of Development in Urban Areas, Florida Chapter of the American Planning Association
- Impact Fee Basics, National Impact Fee Roundtable
- Fiscal Impact Analysis and Impact Fees, National Impact Fee Roundtable
- Are Subsidies Worth It?, American Planning Association National Conference

DWAYNE GUTHRIE, PH.D., AICP, PRINCIPAL, TISCHLERBISE, INC.

Education:

*Ph.D., Planning, Governance, and Globalization, Virginia Tech
M.A., Urban and Regional Planning, University of Florida
B.A., Education
University of Florida*

Publications:

*Paul Tischler, Dwayne Guthrie and Nadejda Mishkovsky, 1999.
"Introduction to Infrastructure Financing" IQ Service Report, Vol. 31, No. 3. Washington, DC:
International City/County Management Association*

Speaking Venues:

*Utah City Engineers Association.

American Planning Association
National Conference

Institute of Continuing Legal Education in Georgia, Land Use
Low Program

Association of Idaho Cities
Conference

National Association of Home
Builders Conference*

Experience:

Dr. Guthrie has 32 years of experience as a professional planner, working primarily in the areas of impact fees, demographic analysis, infrastructure funding, fiscal evaluations, and transportation planning. His career includes 23 years of work as a planning consultant and eight years of public sector experience. At TischlerBise, Dr. Guthrie is the impact fee team leader, with over 380 studies completed for approximately 120 jurisdictions in twenty-five states/provinces. Dr. Guthrie has also served as an expert witness on the topic of impact fees.

As a planning practitioner, Dr. Guthrie promotes smart growth through revenue strategies and pricing policies. By helping communities implement development impact fees, local governments create a nexus between private sector development and the demand for public facilities. Rather than subsidize growth with general tax revenues, Dr. Guthrie works to ensure designated funding for infrastructure that also helps to minimize externalities like traffic congestion. He has pioneered innovative methods for tabulating census data to support higher fees for larger housing units and reducing fees for infill development located in urban centers.

Dr. Guthrie also teaches graduate planning courses at local universities, including Growth Management at the Alexandria campus of Virginia Tech and Planning Techniques at Catholic University of America. His doctoral dissertation, titled "*Understanding Urban, Metropolitan, and Megaregion Development to Improve Transportation Governance*" documents the expected geographic extent of commuter sheds in 2030 for large

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

*Continuing Legal Education
International, Growth
Management Conference*

*Rocky Mountain Land Use
Institute Conference*

*Utah League of Cities & Towns
Conference*

metropolitan areas within the continental United States. Commuter sheds provide a viable refinement to current statistical area designations and solve problems due to inconsistent and fragmented MPO boundaries. Nine transportation megaregions are proposed based on specific criteria, including global gateways that facilitate movement of people and goods, contiguous commuter sheds with urban centers spaced a suitable distance for high-speed rail service, and end-point commuter sheds projected to add at least one million persons and jobs from 2000 to 2030. The dissertation recommends a new paradigm for transportation governance with scale-dependent decision-making and funding strategies.

Selected Impact Fee and Infrastructure Funding Assignments:

- City of Foley, Alabama - *Development Impact Fees*
- Baldwin County, Alabama - *Development Impact Fees*
- Apache Junction Water Company, Arizona - *Water System Connection Fees*
- City of Avondale, Arizona - *Development Impact Fees*
- City of Casa Grande, Arizona - *Development Impact Fees*
- City of Glendale, Arizona - *Development Impact Fees*
- City of Goodyear, Arizona - *Development Impact Fees*
- City of Goodyear, Arizona - *Water Resources Fee*
- City of Peoria, Arizona - *Development Impact Fees*
- City of Prescott, Arizona - *Feasibility of Development Impact Fees for Roads*
- Town of Queen Creek, Arizona - *Development Impact Fees*
- City of Scottsdale, Arizona - *Development Impact Fees*
- City of Show Low, Arizona - *Development Impact Fees*
- City of Surprise, Arizona - *Development Impact Fees*
- City of Tolleson, Arizona - *Development Impact Fees*
- City of Bentonville, Arkansas - *Development Impact Fees*
- City of Chino Hills, California - *Development Impact Fees*
- City of Clovis, California - *Sewer Impact Fee*
- City of Temecula, California - *Development Impact Fee*
- City of Tulare, California - *Development Impact Fee*
- Pitkin County, Colorado - *Funding Strategy & Impact Fee*
- City of Boulder, Colorado - *Development Excise Taxes*
- Town of Castle Rock, Colorado - *Development Impact Fees and Evaluation of Douglas County School Fees*
- Montezuma County, Colorado - *Development Impact Fee*
- Town of Erie, Colorado - *Development Impact Fees*
- City of Evans, Colorado - *Development Impact Fees*
- Town of Johnstown, Colorado - *Drainage Financing Alternatives, Development Impact Fees, and Water Rate Study*

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

- Arapahoe County, Colorado - *Rural Road Funding Strategy*
- City of Louisville, Colorado - *Development Impact Fees*
- City of Pueblo, Colorado - *Development Impact Fee*
- Town of Vail, Colorado - *Development Impact Fee*
- State of Delaware – *Transportation Impact Fee*
- New Castle County, Delaware - *Development Impact Fees, Sewer Policies and Capacity Fees*
- DeSoto County, Florida - *Development Impact Fees*
- DeSoto School District, Florida - *School Impact Fees*
- Manatee County, Florida - *Development Impact Fees*
- City of Lake Wales, Florida - *Development Impact Fees*
- Polk County School District, Florida - *Capital Needs Assessment*
- Pasco County School District, Florida - *School Impact Fees*
- City of Miami, Florida - *Development Impact Fees and Evaluation of Miami-Dade County Impact Fees for Roads and Schools*
- City of Naples, Florida - *Development Impact Fees*
- Coral Ridge Properties - *Capital Improvements Element for Parkland, Florida*
- City of Punta Gorda, Florida - *Development Impact Fees*
- City of Sunny Isles Beach, Florida - *Development Impact Fees*
- Gordon County, Georgia - *CIE and Development Impact Fees*
- City of Douglasville, Georgia - *CIE and Development Impact Fees*
- Douglas County, Georgia - *CIE and Development Impact Fees*
- City of Garden City, Georgia - *CIE and Development Impact Fees*
- Henry County, Georgia – *CIE and Transportation Impact Fee*
- Effingham County, Georgia - *CIE and Development Impact Fees*
- Town of Hailey, Idaho - *Annexation Study and Development Impact Fees*
- City of Nampa, Idaho - *Development Impact Fees*
- City of Post Falls, Idaho - *Development Impact Fees*
- City of Baltimore, Maryland - *Transportation Funding Strategy*
- Home Builders Association of Carroll County, Maryland - *Evaluation of Development Impact Fees*
- Cecil County, Maryland - *Development Excise Tax*
- Frederick County, Maryland - *Development Impact Fees*
- Town of Hampstead, Maryland - *Development Impact Fees*
- Charles County, Maryland - *School Impact Fees*
- Worcester County, Maryland - *Development Impact Fees*
- Queen Anne's County, Maryland - *Development Impact Fees*
- Carroll County, Maryland - *Development Impact Fees*
- City of Westminster, Maryland - *Capital Improvements Plan*
- City of Madison, Mississippi - *Development Impact Fees*
- City of Nixa, Missouri - *Development Impact Fees*

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

- City of Belgrade, Montana - *Development Impact Fees*
- Gallatin County, Montana – *Roads and Fire District Impact Fees*
- Florence-Carlton School District, Montana - *School Impact Fees*
- City of Great Falls, Montana - *Evaluation of Capacity Fees*
- Town of Manhattan, Montana - *Development Impact Fees*
- City and County of Missoula, Montana - *Development Impact Fees*
- Frenchtown Fire District, Montana - *Development Impact Fees*
- City of Polson, Montana - *Development Impact Fees*
- Douglas County, Nevada - *Road Impact Fees*
- NAOIP & HBA of Albuquerque, New Mexico - *Evaluation of Impact Fees*
- City of Las Cruces, New Mexico - *Development Fees*
- Currituck County, North Carolina - *School Impact Fee*
- Orange County, North Carolina - *School Impact Fee*
- City of Jacksonville, North Carolina – *Water and Sewer Facilities Charges*
- Home Builders Association of Beavercreek, Ohio - *Review of Transportation Fees*
- City of Delaware, Ohio - *Development Impact Fees*
- City of Green, Ohio - *Development Impact Fees*
- Village of Sunbury, Ohio - *Development Impact Fees*
- City of Edmond, Oklahoma – *Water and Sewer Impact Fees*
- City of Cambridge, Ontario - *Development Charges*
- Hydro Electric Commission of Cambridge, Ontario - *Development Charges*
- City of Sarnia-Clearwater, Ontario - *Development Charges*
- Township of Wellesley, Ontario - *Development Charges*
- Aiken County, South Carolina - *Development Impact Fees*
- Anderson County, South Carolina - *Development Impact Fees*
- Georgetown County, South Carolina - *Development Impact Fees*
- City of Sherman, Texas - *Development Impact Fees*
- City of American Fork, Utah - *Development Impact Fees*
- City of Clearfield, Utah - *Development Impact Fees*
- City of Clinton, Utah - *Development Impact Fees*
- City of Draper, Utah - *Development Impact Fees*
- City of Farmington, Utah - *Development Impact Fees*
- City of Hooper, Utah - *Sewer Impact Fee*
- City of Hyde Park, Utah - *Development Impact Fees*
- City of Kaysville, Utah - *Development Impact Fees*
- City of North Logan, Utah - *Development Impact Fees*
- City of Pleasant Grove, Utah - *Development Impact Fees*
- Salt Lake County, Utah – *Stormwater and Park Impact Fees*
- South Valley Sewer District, Utah - *Sewer Impact Fees*

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

- City of Spanish Fork, Utah - *Development Impact Fees*
- City of Springville, Utah - *Park Impact Fees*
- City of Wellsville, Utah - *Development Impact Fees*
- City of West Jordan, Utah - *Development Impact Fees*
- City of Woods Cross, Utah - *Development Impact Fees*
- Home Builders Association of Chesterfield County, Virginia - *Cash Proffer Study*
- Isle of Wight County, Virginia - *Cash Proffer Study*
- Graham Companies (Loudoun County, Virginia) - *Evaluation of Dulles Sewer District*
- City of Suffolk, Virginia – *Water and Sewer Availability Charges*
- Jefferson County, West Virginia - *Development Fees*
- City of Eau Claire, Wisconsin - *Public Facilities Needs Assessment*
- City of Kenosha, Wisconsin - *Evaluation of CIP Process*
- City of Casper, Wyoming - *Development Impact Fees*
- Teton County, Wyoming – *Transit Impact Fees*

Speaking Engagements:

- "Impact Fees," Utah City Engineers Association.
- "Funding the Infrastructure Gap," American Planning Association National Conference
- "Preparing the Impact Fee Ordinance," Institute of Continuing Legal Education in Georgia, Land Use Law Program
- "Development Impact Fees," Association of Idaho Cities Conference
- "Reasonable Impact Fees," National Association of Home Builders Conference
- "Impact Fees: The Good, The Bad and The Ugly," Continuing Legal Education International, Growth Management Conference
- "Do Impact Fees Fit Your Comprehensive Revenue Strategy?" Rocky Mountain Land Use Institute Conference
- "Developing a Capital Improvements Program," Utah League of Cities & Towns Conference

STEPHANIE BALL, FISCAL AND ECONOMIC ANALYST, TISCHLERBISE, INC.

Education: ***Experience:***

*M.P.A.,
University of Texas at Austin
B.A.
Government & Politics;
Economics
University of Maryland at
College Park*

Stephanie Ball is a fiscal/economic analyst with TischlerBise and has experience with real estate, land use, and regulatory impact research, as well as community engagement and meeting facilitation. Prior to joining TischlerBise, Ms. Ball conducted research on real estate and land use and contributed to the Urban Land Institute's publication "*What's Next? Real Estate in the New Economy.*" While working for the Capital Metro Transportation Authority of Austin, Texas, Ms. Ball created reports on

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

Publications: Transit Authority best practices, coordinated and helped facilitate community involvement meetings, and utilized ArcGIS software to create maps for the Planning and Business & Community Development Departments. As an Associate Analyst for Abt Associates, Inc., Ms. Ball performed economic and cost-benefit analyses and conducted qualitative regulatory impact research utilizing web searches, scholarly publications, government reports, and interviews of affected entities.

"What's Next? Getting Ahead of Change." Urban Land Institute. 2012

"What's Next? Real Estate in the New Economy." Urban Land Institute. 2011

Selected Impact Fee and Infrastructure Funding Assignments:

- Coolidge, AZ – *Development Fee Study*
- Eloy, AZ – *Development Fee Study*
- Maricopa, AZ – *Development Fee Study*
- San Luis, AZ – *Development Fee Study*
- Sedona, AZ – *Development Fee Study*
- Somerton, AZ – *Development Fee Study*
- Wellton, AZ – *Development Fee Study*
- Sandy, UT – *Impact Fee Facilities Plan and Impact Fee Study*

TYSON SMITH, AICP, PLANNER-ATTORNEY, WHITE & SMITH, LLC.

Education:
Juris Doctor, University of Florida
Master of Arts
Urban and Regional Planning
University of Florida
Bachelor of Arts, Economics
UNC Chapel Hill

Expert Witness:
For Monroe County, *Guitierrez v. Florida Department of Community Affairs and Monroe County, DCA 07-OR-263; June 2008.*

Speaking Venues:
2012 National Conference,
American Planning Association,
Los Angeles (April 2012)

Growth and Infrastructure Consortium, San Diego (October 2011)

2011 Federal Planning Division of the American Planning Association, Boston (April 2011)

Experience:

Tyson Smith has been working in local government law and land use planning since 1992, first, as an in-house planner and, since 2000, as a planning consultant and attorney. Mr. Smith has served over fifty jurisdictions around the country on matters related to impact fees and other public facility tools, including concurrency/APF, tax increment financing, development agreements, and exactions. Mr. Smith is the former chairman of the board for the Growth & Infrastructure Consortium. Mr. Smith also is certified mediator (SC) and holds law licenses in Florida and South Carolina.

Mr. Smith has been involved in numerous impact fee projects for communities in Arizona and across the United States. His recent clients include:

Arizona: Salt River Pima Indian Community, Avondale, Flagstaff, Queen Creek, Maricopa County, Goodyear, Yuma.

Nationwide: Washoe County (Reno, NV), Nye County (NV), Missoula (MT), Bozeman (MT), Apopka, Aventura, Casselberry, Citrus County, Brevard County, Collier County (FL), Coral Springs, Deltona, Escambia County, Flagler County, Ft. Pierce, Hernando County, Hillsborough County, Indian River County, Inverness, Kissimmee, Lakeland, Marion County, Monroe County, North Port, Orange County, Orlando, Osceola County, Oviedo,

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

2011 Winter Conference, South Carolina Chapter of the American Planning Association (March 2011)

Growth and Infrastructure Consortium, Tampa (October 2010)

Charleston School of Law (2009-2012)

Palm Coast, Panama City (FL), Pasco County, Sarasota, St. Johns County, St. Lucie County, and Tavares, Georgetown County (SC), Aiken County (SC), Anderson County (SC), Helena (MT), Queen Anne's County (MD), Sunbury (OH), Delaware (OH), Fairfield (OH), Garden City (GA), Cary (NC)

Professional Positions:

- Partner, White & Smith | Planning and Law Group (2005-Present)
- Associate, Freilich, Leitner & Carlisle (2000-2005)
- Assistant City Planner, City of Key West (1995-1997)
- Planning Technician, Monroe County, Florida (1992-1993)

Affiliations:

- Member, Growth and Infrastructure Consortium, Board of Directors
- Chair, Mediation and Meeting Center of Charleston
- Member, American Planning Association
- Member, Institute of Municipal Lawyers Association

Licenses and Certifications:

- Member, American Institute of Certified Planners
- Member, South Carolina Bar
- Member, Florida Bar
- Certified, Family Court Mediator (SC)
- Certified, Civil Court Mediator (SC)

Speaking Engagements:

- Mobility Fees, TDRs, and Form-Based Guidelines. 2012 National Conference, American Planning Association, Los Angeles (April 2012)
- Compatibility Near Military Bases. 2012 National Conference, American Planning Association, Los Angeles (April 2012)
- Funding the Infrastructure Deficit: Privatization or the End of Impact Fees? Growth and Infrastructure Consortium, San Diego (October 2011)
- *Panelist, Establishing a Military Overlay District.* 2011 Federal Planning Division of the American Planning Association, Boston (April 2011)
- Keynote Address: The Privatization of Infrastructure. 2011 Winter Conference, South Carolina Chapter of the American Planning Association (March 2011)
- Instructor, Exam Course. American Institute of Certified Planners (AICP), Columbia, South Carolina (September 2007-2011)
- Panelist, Mobility Plans and Fees: The Future of Transportation Funding. Growth and Infrastructure Consortium, Tampa (October 2010)
- Guest Lecturer. Land Use Law, Charleston School of Law (2009-2012)

6. Method of Approach

PROJECT UNDERSTANDING

The City of Tempe seeks consultant services to develop an infrastructure improvement plan and associated development fee schedules in compliance with the State of Arizona's new development fee enabling legislation SB 1525. The consultant will take into account the new definition of "necessary public services" for which development fees can be assessed under state law. The City anticipates a review of all potential development fees that the City of Tempe can lawfully access and/or collect, including the functional areas of libraries, street facilities, fire protection, police, parks, and storm water. The consultant will also review all Tempe City Code sections including underground utility lines and art in private development. Long-range capital needs and related factors will also be evaluated to develop an infrastructure improvement plan, which will guide future infrastructure improvement decisions by the City.

The passage of SB 1525 has dramatically changed the way development fees are calculated and their role in financing the infrastructure requirements of new development. These changes have occurred against the backdrop of an economic recession which has especially impacted real estate development. *In this new statutory and economic environment, the City of Tempe has an opportunity to bring a new perspective to its development fee program.*

PROJECT APPROACH

Our team's approach to this update of the City's development fees will take into account not only the technical and legal aspects of the assignment, but also the long-term sustainability of the City's development fee program. Our team will examine which methodologies are most beneficial to the City and ensure buy-in from community stakeholders through effective public outreach.

Development fees are fairly 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 capital 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 development 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 its products to clients.*

Any one of several legitimate methods may be used to calculate development fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Each method has advantages and disadvantages given a particular situation, and to some extent they are interchangeable because they all allocate facility costs in proportion to the needs created by development.

Best Measure of Demand Created by New Development in the City. 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 paragraphs discuss the three basic methods for calculating development fees and how those methods can be applied. This analysis will be specific to the City of Tempe.

1. **Plan-Based Development Fee Calculation** - The plan-based method allocates costs for a specified set of future improvements to a specified amount of development. The improvements are identified by a facility plan. In this method, the total cost of relevant facilities is divided by total demand to calculate a cost per unit of demand. The plan-based method is often the most advantageous approach for facilities that require engineering studies, such as roads and utilities.
2. **Cost Recovery Development Fee Calculation** - The rationale for the cost recovery approach is that new development is paying for its share of the useful life and remaining capacity of facilities from which new growth will benefit. To calculate a development fee using the cost recovery approach, facility cost is divided by ultimate number of demand units the facility will serve. An oversized water storage tank is an example.
3. **Incremental Expansion Development Fee Calculation** - The incremental expansion method documents the current level-of-service (LOS) for each type of public facility in both quantitative and qualitative measures, based on an existing service standard such as square feet per capita or park acres per capita. The level-of-service standards are determined in a manner similar to the current replacement cost approach used by property insurance companies. In contrast to insurance practices, however, clients do not use the funds for renewal and/or replacement of existing facilities. Rather, the jurisdiction uses the impact fee revenue 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, with LOS standards based on current conditions in the community.

SCOPE OF WORK

TischlerBise believes that one of the positive aspects of the recent changes to the State's development fee legislation is that it will redirect focus to the fact that development fees are a land use regulation rather than simply one-time revenues accruing from new development. Many communities in Arizona lost this perspective during the building boom that occurred in the State from 2000 to 2007. **Revenue maximization was the focus of development fees, rather than how a development fee methodology and program could be crafted to help a community implement land use and economic policy objectives.**

TischlerBise will meet all requirements of the City's Scope of Work as well as the new requirements of ARS 9-463.05 per SB 1525. We offer the following relative to the Scope of Work contained in the City's RFP:

Realistic Assumptions (Relates to Tasks 1, 2, and 4). In light of the recent economic recession and prolonged recovery, growth assumptions and capital improvement programs should be re-evaluated to ensure that the key variables in the development fee formula are appropriate. In several of our recent development fee engagements, TischlerBise has witnessed a trend of development fee amounts decreasing as a result of slower growth projections and scaled-back capital improvement plans. Projecting future residential and nonresidential development is more difficult now than in the past due to the recent economic downturn. This is compounded by shifting trends in the housing market as a result of changing demographics and lifestyle choices. TischlerBise's extensive national experience conducting market analysis and real estate feasibility is invaluable in determining the appropriate development projections used in the 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 impact fee revenue is less than expected.

In the past five years, many communities have migrated to a progressive residential fee structure based on size of housing units. These communities feel that a "one fee fits all" fee structure constrains their ability to meet policy objectives related to affordable housing and equity, as smaller homes typically have fewer persons per household and fewer vehicle trips than larger homes. This development fee update provides the opportunity to discuss the trade-offs of a revised residential approach. As part of our demographic analysis conducted for this assignment, we will prepare data on factors that vary by housing unit size (i.e., persons per household and vehicle trips) for the City's consideration prior to development of the fee methodology.

In an effort to assist economic development efforts of our clients, TischlerBise recommends a simplified development fee schedule for that reduces the number of nonresidential land use categories in the schedule, yet maintains the required proportionality between various nonresidential land uses. For example, one retail category is used as an average of all uses. This approach often has two benefits: (1) the fee schedule is more beneficial to small, "mom and pop" businesses (since there is an inverse relationship between the size of nonresidential uses and the number of employees and trips generated); and (2) the program is easier to administer.

Role of Development Fees (Relates to Tasks 1 and 2). The new definition of "necessary public services" will limit the type of infrastructure for which development fees can be collected. Additionally, there is now a requirement that only projects to be constructed in the next ten years may be funded with development fees (with the exception of water or wastewater facilities). Taken as a whole, these changes raise the issue of whether certain development fees are fiscally sustainable.

Review of Categories, Levels of Service, and Service Areas (Relates to Tasks 2, 3, 4, and 6). Communities in Arizona may assess development fees for "necessary public services" which have a useful life of more than three (3) years and that are owned and operated on behalf of the City.

TischlerBise will evaluate which development fees the City should assess by completing the three subtasks outlined below:

- 1) 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.
- 2) 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. Onsite interviews will also include discussions to identify the infrastructure components to be included in the IIP and development fees.
- 3) Determine Service Areas – As part of this analysis, TischlerBise will utilize GIS and other means to identify service areas. In addition to evaluating facility reach and benefit, TischlerBise will consider existing City policies and objectives relative to land use and economic development. For example, TischlerBise pioneered the concept of tiered transportation impact fees, which vary the fees by vehicle miles of travel, which can have the effect of incentivizing development in areas with existing infrastructure capacity (e.g., urban core) and discouraging development on the fringe. **This is something that the City of Tempe may want to consider in the context of separate fee zones for promoting infill development and/or transit-oriented, mixed use corridors.** Additional considerations related to transportation include evaluating internal capture rates and exploring opportunities to include multi-modal credits within the methodology to credit development that diverts trips to alternative models of transportation (e.g., transit, pedestrian and bicycle). Depending on our determination of the number of service, or benefit areas, required for each fee category, TischlerBise recommends development of a GIS database for this project that would allow flexibility during the analysis process and provide a long term tool that can be implemented by the City of Tempe as things change in the future.

Identification of Facility Needs and Costs (Relates to Tasks 2 and 4). This task will determine the relevant capital needs and costs due to growth.

- 1) Long-Range Capital Need - TischlerBise will focus on relevant Master Plans, the Draft 2040 General Plan, the current Capital Improvements Plan, and other mapping and data the City provides. We will want 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) 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.
- 3) 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.
- 4) Identify Ineligible Costs – TischlerBise will identify costs which are not eligible for inclusion in the IIP and development fees.

Evaluation of Alternatives (Relates to Tasks 3, 6, and 7). The requirement that the 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 which will be repaid by new development with development fee revenues. Likewise, the City can plan to provide new development at the same level-of-service currently being 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, plan-based, and incremental expansion.

Designing the optimum development fee approach and methodology is what sets TischlerBise apart from our competitors. Unlike most consultants, we routinely consider each of the three methodologies – plan-based, cost recovery, and incremental expansion - within a fee category. The selection of the particular methodology for each component of the development fee category will be dependent on which is most beneficial for the City. In a number of cases, we will prepare the fees using several methodologies and will discuss the various trade-offs with the City. There are likely to be policy and revenue tradeoffs depending on the capital facility and methodology. We recognize that “one size does not fit all” and create the optimum format that best achieves the City of Tempe’s goals.

For example, TischlerBise typically calibrates development fees to the specific jurisdiction’s road network and demographic data, whether using an incremental expansion or plan-based method. Our firm is able to evaluate different methods because we do not rely on state or regional transportation models to provide data inputs for the development fee calculations. In essence, we develop our own aggregate travel demand model that is in some ways more sophisticated than the large-scale computer models used by state and regional agencies. For instance, while it is common for link-specific computer models to lump together all housing types and only separate retail from all other types of nonresidential development, we routinely use at least two types of housing units and between three and five nonresidential development types in our travel demand analysis.

Fiscal Sustainability and the Evaluation of Credits (Relates to Tasks 1, 5, and 8). Related to the issue of fiscal sustainability is the need to forecast 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.

Proposal to Develop Infrastructure Improvement Plan and Development Fee Schedules

City of Tempe, Arizona

Public Outreach (Relates to Task 9). TischlerBise recommends that the City conduct some sort of public outreach to the development community, whether in the form of the optional Infrastructure Improvements Advisory Committee, or through an informal Liaison Committee. Regardless of the method, a well-crafted communications strategy that provides clear and compelling logic for public adoption of a revised development fee schedule is an essential component of every TischlerBise development fee study. It is essential 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 study, and to explain how it will benefit both key constituents (developers) as well as the general public. TischlerBise recommends three (3) meetings with the development community during the course of the study process:

1. Meeting #1 with development community - The first meeting will describe the study process and will allow the participants to identify and communicate potential issues which may affect them. TischlerBise will present and explain the preliminary findings, assumptions, and results. This meeting will occur following the completion of Task 1.
2. Meeting #2 with development community - The second meeting will be a presentation and discussion of draft Infrastructure Improvements Plan. This meeting will occur following the completion of Task 6.
3. Meeting #3 with development community - The third meeting will be a presentation and discussion of final recommendations. This meeting will occur following the completion of Task 7.

To maximize efficiency and reduce costs, these meetings will be coordinated so that meetings with City representatives can be accomplished during one visit to the area.

Implementation/Ongoing Support (Related to Tasks 8 and 9). The initial 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. Other forms include refunds, appeals, independent fee calculations, offsets/credits, and non-binding fee estimates.

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. We can also provide our computer files/templates so that staff may conduct annual updates or enter into a "maintenance agreement" for a period of time to update the IIP and development fees as conditions change.

7. Project Timeline

The following table presents our proposed project schedule for this assignment. TischlerBise will devote the time and resources required to meet this schedule.

City of Tempe, AZ - Update of Impact Fees, IIP, and Associated Documents

Task Schedule and Deliverables

Task	Timeframe	Meetings	Deliverable/Milestone
Task 1: Recommend Land Use Assumptions	August-September, 2013	1	Land Use Assumptions Document
Task 2: Ascertain Demand Factors and LOS for Relevant Public Facilities	September-October, 2013	2	Memorandum Outlining Data Requirements in Advance of Meetings
Task 3: Determine Appropriate Allocation Methodology	October, 2013	1	Technical Memorandum as Appropriate
Task 4: Identify Capacity Needs and Costs	September-November, 2013	1-2	Memorandum Outlining Data Requirements in Advance of Meetings
Task 5: Determine Need for and Calculate "Credits"	December, 2013	1	Technical Memorandum on Methodological Options
Task 6: Prepare Infrastructure Improvement Plan	November- December, 2013	0	Draft Infrastructure Improvements Plan
Task 7: Complete Development Fee Methodology and Calculations	January, 2014	1	Technical Memorandum Outlining Draft Fees and Cash Flow Analysis
Task 8: Preparation of IIP and Development Fee Report	January, 2014	1	Final IIP, Development Fee Report and any Code Amendments
Task 9: Presentations/Public Meetings/Communications	October 2013 - February 2014	TBD	Presentation Materials as Appropriate

8. Consultant's Expectations

ANTICIPATED STAFF REQUIREMENTS

To ensure an efficient project process, TischlerBise suggests that the City assign a key individual as project manager who can function as our primary contact. We anticipate that the City's project manager will coordinate responses to requests for information, coordinate review of work products, and help resolve policy issues. If there are delays on the part of the City, we will contact the City's project manager immediately to get the project schedule back on track. We will keep the City's project manager informed of data or feedback we need to keep the project on schedule.

There will be one key information request as part of this process, which will occur prior to our suggested Project Initiation Task (Task 1). The first request will pertain to requesting various background documents such as budgets, planning-related studies, facilities plans, fee schedules, etc. This request will be made well in advance of our onsite meeting (typically two weeks). There are likely to be additional data needs that will arise based on meetings and conversations with City staff. In these cases, information requests will be made in writing, through the City's Project Manager, including a time frame detailing when the information is needed.

In terms of time needed from City staff, it is important to note that TischlerBise typically does not request information that doesn't already exist. Generally, the time needed for meetings and compiling of data by individual departments is about 10-16 hours for *the entire study*, including review of work products. The Project Manager is likely to devote additional time as part of this assignment.

9. Conflicts of Interest Disclosures

TischlerBise does not have any conflicts of interest with the City of Tempe, Arizona, nor do any members of our proposed project team for the City's assignment have any relationship with any member of the City personnel, or any spouse or family member. No relationship or conflict of interest exists between our firm and any business or entity owned by a member of City personnel or their family or in which a City personnel member or their family has or has had an interest. There is no additional information concerning any relationships between TischlerBise and any City personnel member which TischlerBise deems relevant to the City's consideration.

10. Investigations/Court Decisions

No client, vendor, or other party has filed any civil or criminal litigation against TischlerBise, nor has there been any public or private disciplinary action made against the firm or any individuals within the firm in our over thirty-six years of operation. TischlerBise has never been subject of investigation by the Securities and Exchange Commission, nor any federal or state regulatory agency that might impact this contract.

Furthermore, neither TischlerBise, nor any TischlerBise employee has ever been declared in default, terminated, or removed from a contract or job related to the services that we provide in the regular course of business.

11. Fees

The table below represents our proposed fee for the City's assignment, which includes all tasks, meetings, and deliverables described in our proposed scope of work. This is a fixed fee, which includes travel and additional expenses, and assumes the following fee categories: libraries, street facilities, fire protection, police, parks, and storm water. There will be an additional per-meeting cost of \$1,900 for preparation and attendance of meetings as described in Task 9.

Proposed Fee Schedule for the City of Tempe, Arizona						
Project Team Member:	TischlerBise			White & Smith	Total	
	Bise	Guthrie	Ball	Smith	Hours	Cost
Hourly Rate*	\$200	\$180	\$165	\$210		
Task 1: Recommend Land Use Assumptions	4	24	20	0	48	\$8,420
Task 2: Ascertain Demand Factors and LOS for Relevant Public Facilities	8	40	24	0	72	\$12,760
Task 3: Determine Appropriate Allocation Methodology	8	40	0	0	48	\$8,800
Task 4: Identify Capacity Needs and Costs	16	60	24	0	100	\$17,960
Task 5: Determine Need for and Calculate "Credits" to be Applied Against Capital Costs	0	16	8	0	24	\$4,200
Task 6: Prepare Infrastructure Improvement Plan (IIP)	16	60	32	0	108	\$19,280
Task 7: Complete Development Fee Methodology and Calculations	16	24	40	8	88	\$15,800
Task 8: Preparation of IIP and Development Fee Report	16	60	32	40	148	\$27,680
Total Cost:	84	324	180	48	636	\$114,900

* Hourly rates are inclusive of all costs.

Our "Pricing Section" forms from the City's RFP are also included on the following pages.

Pricing Section
“Return this Section with your Response”

ITEM NO.	DESCRIPTION OF REQUIRED MATERIAL, SERVICE OR CONSTRUCTION	QTY	UNIT	EXTENDED PRICE
Firms shall price the following Tasks in accordance with the scope of work requirements:				
1.	Task 1 – Recommend Land Use Assumptions	1	Job	\$ <u>8,420.00</u>
	Estimated Hours: <u>48</u>			
2.	Task 2 – Ascertain Demand Factors and Level of Service for Relevant Public Facilities	1	Job	\$ <u>12,760.00</u>
	Estimated Hours: <u>72</u>			
3.	Task 3 – Determine Appropriate Allocation Methodology to Comply with New State Statute Requirements	1	Job	\$ <u>8,800.00</u>
	Estimated Hours: <u>48</u>			
4.	Task 4 – Identify Capacity Needs and Costs	1	Job	\$ <u>17,960.00</u>
	Estimated Hours: <u>100</u>			
5.	Task 5 – Determine Need for and Calculate Credits to be Applied Against Capital Costs	1	Job	\$ <u>4,200.00</u>
	Estimated Hours: <u>24</u>			
6.	Task 6 – Prepare Infrastructure Improvement Plan(s) (IIP)	1	Job	\$ <u>19,280.00</u>
	Estimated Hours: <u>108</u>			
7.	Task 7 – Complete Development Fee Methodology and Calculations	1	Job	\$ <u>15,800.00</u>
	Estimated Hours: <u>88</u>			
8.	Task 8 – Preparation of IIP and Development Fee Report	1	Job	\$ <u>27,680.00</u>
	Estimated Hours: <u>148</u>			
9.	Task 9 – Presentations/Meetings -- Indicate the cost for a <u>single meeting</u> that will include all costs for preparation, travel and leading/facilitating meeting.	1	Meeting	\$ <u>1,900.00</u>
	Estimated Hours: <u>TBD</u>			
10.	Total Lump Sum (Not To Exceed) Fee (Tasks 1 through 9)	1	Combined Job	\$ <u>116,800.00</u>

Pricing Section
"Return this Section with your Response"

ITEM NO.	DESCRIPTION OF REQUIRED MATERIAL, SERVICE OR CONSTRUCTION	QTY	UNIT	EXTENDED PRICE
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Describe any pricing assumptions that would impact the fees shown above.

As a fixed fee contract, there are no pricing assumptions that would impact the fees shown above unless the City elects to substantially modify the Scope of Work.

Follow up Services. The City may utilize the successful firm to perform related follow up services to the completed IIP plan. Please outline the positions and associated hourly rates that would apply to any and all services required to update the completed plan or perform related services:

- Carson Bise \$200
- Dwayne Guthrie \$180
- Stephanie Ball \$165
- Julie Herlands \$180
- Meredith Hill \$165

* Applicable Tax 0 %

* State correct jurisdiction to receive sales tax on the Vendor's Offer, Form 201-B (RFP) included in this Request for Proposal.

Less prompt payments discount terms of ___ % ___ days/ or net thirty (30) days. (To apply after receipt and acceptance of an itemized monthly statement.) For evaluation purposes, the City cannot utilize pricing discounts based upon payments being made in less than thirty (30) days from receipt of statement.

Ordering and Invoice Instructions

Discount offering will be based upon days from receipt of the consolidated monthly statement. Invoice(s) shall not show previous balances.

Invoices shall include:

Pricing Section
“Return this Section with your Response”

1. Listing Of All Delivery/Pickup Receipt Numbers Being Invoiced.
2. Total Cost Per Item.
3. Applicable Tax.
4. Payment Terms.
5. Blanket Purchase Order Number.

Invoices that do not follow the above minimum invoicing requirements will not be paid. Payment must be applied to only invoices referenced on check/payment stub. The City reserves the right to bill contracted vendor for researching invoices that have been paid, but not properly applied by vendor account receivables office.

Statement mailing address: City of Tempe
Accounting (see below for your contact)
P.O. Box 5002
Tempe, Arizona 85280
Phone: 480-350-8355

Accounting Contacts:	Alex Chin	Letters A – H and Numbers
	Ramona Zapien	Letters I – Z
	Candace Duke	General AP Inquiries and AP Checks

12. Compliance with Terms and Conditions

TischlerBise hereby agrees to all terms contained in the City's RFP.

13. Value Added

TischlerBise has been at the forefront of advancing the “state of the practice” as it relates to development fees. We have provided several examples where TischlerBise’s recommended approach has “added value” to the community’s development fee program, as well as other stated community objectives.

GIS Technology. TischlerBise routinely utilizes GIS technology to add value to the evaluation of infrastructure needs and assessing financing alternatives. This includes assessing existing land use and performing GIS-based land suitability analyses that can be used to define service areas, project demands for facilities, and coordinate CIP investment for the City of Tempe. In addition to the example discussed below for the State of Delaware, TischlerBise used GIS in our engagement with Missoula/Missoula County, Montana, to establish a nexus for Fire/EMS impact fees that increased with distance from the City center based on the ratio of capital cost to development units in three service areas (urban, suburban, and rural). Similar GIS evaluations were used in Glendale, AZ; Manatee County, FL; Greeley, CO; Pitkin County, CO; Vail, CO; and Sandpoint, ID.

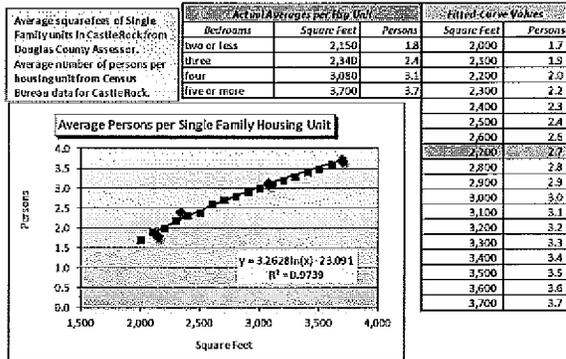
Improved Proportionality. One area where TischlerBise adds value to a client’s development fee program is through improved proportionality for transportation development fees. As an alternative to simply using the national average trip generation rate for residential development, the Institute of Transportation Engineers (ITE) publishes regression curve formulas that may be used to derive custom trip generation rates using local demographic data. In the example shown in the figure to the right from Bozeman, Montana, TischlerBise used American Community Survey (2008-2010) data for the City to derive custom average weekday trip generation rates by type of housing. In the case of Bozeman, the average weekday vehicle trip generation rate for a single-family detached unit was two vehicle trips less than the ITE standard rate of 9.57.

Bozeman, Montana		Households (2)			Vehicles per Household by Tenure
	Vehicles Available (1)	Single Unit per Structure	2+ Units per Structure	Total	
Owner-occupied	14,422	6,473	914	7,387	1.95
Renter-occupied	12,263	2,280	5,899	8,179	1.50
TOTAL	26,685	8,753	6,813	15,566	1.71
	Housing Units (6) =>	9,726	7,642	17,368	

Units per Structure	Persons (3)	Trip Ends (4)	Vehicles by Trip Type of Housing		Average Trip Ends	Trip Ends per Housing Unit
			Type of Housing	Ends (5)		
Single Units	20,571	53,251	16,056	92,807	73,029	7.5
2+ Units	11,793	40,857	10,629	42,172	41,514	5.4
TOTAL	32,364	94,108	26,685	134,978	114,543	6.6

(1) Vehicles available by tenure from Table B25046, American Community Survey, 2008-2010.
 (2) Households by tenure and units in structure from Table B25032, American Community Survey, 2008-2010.
 (3) Persons by units in structure from Table B25033, American Community Survey, 2008-2010.
 (4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is $EXP(0.91 * LN(persons) + 1.52)$. To approximate the average population of the ITE studies, persons were divided by 37 and the equation result multiplied by 37. For 2+ unit housing (ITE 220), the fitted curve equation is $(3.47 * persons) - 64.48$.
 (5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2008). For single unit housing (ITE 210), the fitted curve equation is $EXP(0.99 * LN(vehicles) + 1.81)$. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 62 and the equation result multiplied by 62. For 2+ unit housing (ITE 220), the fitted curve equation is $(3.94 * vehicles) + 293.58$.
 (6) Housing units from Table B25024, American Community Survey, 2008-2010.

Promoting Housing Equity. TischlerBise adds value to our clients' development fee programs through the implementation of progressive fee structures that vary by size of housing unit or number of bedrooms. These types of fee structures can assist communities with their efforts to promote housing equity. This type of fee structure accounts for the fact that there is a direct correlation between the size of the residential unit and the number of persons (as well as vehicles available, which influences vehicle trip generation rates). Determining the average number of persons by square feet of detached housing requires a combination of demographic data from the Census Bureau and house size data from an Assessor's parcel database, with number of bedrooms as the common connection between the two databases. Using the trend line formula shown in the chart above, TischlerBise derived the estimated average number of persons, by size of single-family housing unit, using 100 square foot intervals. For the Town of Castle Rock, Colorado, TischlerBise recommended a minimum fee based on a unit size of 2,000 square feet and a maximum fee based on a unit size of 3,700 square feet. These size thresholds vary by the characteristics of the particular community.



Innovative Methodologies to Implement Growth Policy. TischlerBise was selected to prepare impact fees to assist the State of Delaware with implementation of the Livable Delaware policies. These policies were intended to address sprawl, congestion, and other growth issues through legislation and policy changes to direct growth to planned development zones. Carson Bise and Dwayne Guthrie of TischlerBise developed an innovative road impact fee methodology to allocate the cost of capital improvements by Traffic Analysis Zone (TAZ) based on vehicle miles of travel (VMT). VMT is a superior indicator of travel demand because it considers distance in the allocation of costs. Development in rural areas is typically associated with longer trip lengths and greater reliance on single occupancy vehicles, due to a lack of alternative modes of travel. As density and mix of development increase in urban areas, VMT decreases due to shorter trips and more walking, bicycling, and public transit use. Developing this innovative methodology entailed the following steps:

- **Trip Generation Data and Analysis:** Transportation impact fees by type of development were based on PM-Peak trip generation rates and adjustment factors published by the Institute of Transportation Engineers (ITE). The final step in the transportation impact fee methodology was to use geographic information system software to derive average fees for each of the Strategy areas identified in *Livable Delaware* growth strategy;
- **Travel Demand Database Forecasting Modeling:** Using VMT data available from DeIDOT for over 500 traffic analysis zones, TischlerBise derived an average cost per vehicle trip for each TAZ in the State based on maintaining DeIDOT's planned LOS D;
- **Data Collection and Analysis for Transportation Infrastructure:** TischlerBise used ArcMap software to perform a union overlay analysis whereby Strategy Areas were assigned to each TAZ. Average impact fees by type of development and Strategy Area were calculated resulting in

Proposal to Conduct a Development Fee Study

City of Tempe, Arizona

an impact fee program which was easier to administer and met the requirements of Livable Delaware;

- **Impact Fee Benefit Area Analysis:** The schedule of graduated impact fees prepared by TischlerBise is consistent with the Environmentally Sensitive, Secondary Developing Areas and Rural Areas. As specified in the State legislation, impact fees were not recommended for Communities and Developing Areas.

Addressing Overall Infrastructure Financing Needs. TischlerBise recognizes there is no one “silver bullet” that will solve all of the City’s infrastructure funding needs. **Therefore, the experience of the consultant in preparing overall infrastructure funding strategies should be a key consideration in the selection process.** In the example shown below from Beaufort County, South Carolina, TischlerBise determined overall infrastructure needs and then estimated dedicated revenue from current sources for each infrastructure category in order to determine the “funding gap.” Potential funding scenarios were then developed to illustrate ways the County could “make itself whole.”

	TYPE OF INFRASTRUCTURE					
	ROADS	SCHOOLS	PARKS	FIRE	EMS	LIBRARY
	GROSS FUNDING NEEDS					
	\$253,924,000	\$135,090,000	\$56,279,330	\$7,150,000	\$600,000	\$21,002,667
	LESS CURRENT FUNDING SOURCES					
Impact Fees	\$38,885,529	\$0	\$13,458,312	\$7,500,000	\$0	\$25,282,221
Unspent STIP Funds	\$15,000,000	\$0	\$0	\$0	\$0	\$0
New STIP Funds	\$15,000,000	\$0	\$0	\$0	\$0	\$0
Rural/Critical Lands			\$5,000,000			
	EQUALS ESTIMATE OF FUNDING GAP					
NET FUNDING NEEDS	(\$185,038,471)	(\$135,090,000)	(\$37,821,018)	\$350,000	(\$600,000)	\$4,259,554
	POTENTIAL FUNDING OPTIONS TO MEET FUNDING NEEDS					
Revision to Existing Impact Fees	\$45,000,000 (\$1,200 per du)		\$10,000,000 (\$840 per du)	N/A		
Implementation of New Impact Fee				N/A	\$600,000 (\$20 per du)	
Local Option Sales Tax	\$140,038,471 (15 years)		\$27,821,018 (15 years)	N/A		\$5,019,158 (15 years)
Bond Issue (backed by Property Tax)		\$135,090,000 (\$9.94 m/yr)		N/A		

Community Outreach and Involvement. A strong consideration in this selection process should be the consultant’s experience dealing with diverse groups of stakeholders. TischlerBise team members, Carson Bise and Dwayne Guthrie have substantial experience developing and managing public outreach and community relations programs associated with impact fees and infrastructure finance. This experience is critical for the City to enhance the chances of success in establishing support for development fees and the Infrastructure Improvement Plan under the new State Act. In a recent example, Carson Bise was retained by an existing client, the Pasco County School Board, to assist the School Board in a series of public workshops with the public and Pasco County Commission to make the case why the Commission should not entertain the motion of reducing the school impact fee as a way to boost the building industry. Mr. Bise’s role preparing the data and acting as the spokesperson for the School Board was integral in the defeat of this proposed motion.

Paying for Growth Policy Documents. Because the focus of the development fee study is on a community's capital needs, another area of value that TischlerBise has added to a community's development fee program is the preparation of an optional *Paying for Growth Policy Document*, which serves as a "road map" to achieve fiscal sustainability. This is particularly relevant given the revenue constraints that Tempe and other local governments are facing. As a result, **the associated operating costs are a major consideration when prioritizing capital projects for the Infrastructure Improvement Plan.**

TischlerBise Fiscal & Economic

NEWSLETTER

BRAC "Growth Communities" Quantify Base Expansion Impact

In 2005, the Department of Defense (DoD) Base Realignment and Closure (BRAC) program called for a number of realignments with significant personnel shifts. Unlike in years past when BRAC was associated primarily with base closure, this BRAC round calls for many bases to grow because of the relocation of overseas troops to the U.S. as well as Army force restructuring. The DoD Office of Economic Adjustment identified 20 communities with projected net military growth of over 173,000 military and civilian personnel through 2012. Actual growth will be even more significant with the addition of family members and support contractors.

Base expansions require local governments to respond by providing needed infrastructure and public services.

Impacts will be considerable for local governments faced with building new infrastructure and providing increased public services to meet the new demand. A June 2008 Government Accounting Office (GAO) report warns that:

"Communities that are unable to provide needed infrastructure improvements by the time DoD executes its planned personnel movements could face overcrowded schools, clogged roadways, and overburdened public services."

The GAO report also indicates that growth

communities have begun to identify general plans to address future infrastructure and service needs, with road and school capacity at the top of the list. TischlerBise is working with a number of these communities to quantify the impact of military growth on local governments through capital facility and fiscal impact studies.

Capital Facility Study

TischlerBise prepared a capital facility inventory and gap analysis for the Chesapeake Science and Security Corridor (CSSC), a regional organization planning for BRAC impacts at Aberdeen Proving Ground in Harford County, MD. Local growth projections indicate an increase of nearly 28,000 jobs, 17,000 households, and 45,000 residents within CSSC's seven jurisdictions through 2017.

The TischlerBise study documents existing levels of service for capital infrastructure and, given the forecasted growth, the capital facility gap for public safety, library, parks and recreation, schools, and general government facilities in four Maryland jurisdictions: Harford County, Baltimore County, Cecil County, and Baltimore City. The results show the capital infrastructure needed to serve BRAC growth, including new buildings, additional student seats, correctional beds, and fire/EMS apparatus. The additional square footage local governments will need to construct as a result of BRAC is shown on page 2 by facility type, along with land acquisition needs due to BRAC growth (in acres). *(See BRAC, p. 2)*

Revenue Strategy Evaluation Completed for Wilson, NC

TischlerBise recently completed a Cost of Land Uses Fiscal Analysis for the City of Wilson, North Carolina. This fiscal analysis reveals that many

The report evaluates solutions for growth-related funding "gaps."

land uses generate net deficits to the City. Because of this, TischlerBise then prepared an Implementation and Revenue Strategies report that evaluated potential revenue sources and financing mechanisms the City may want to pursue in order *(See Wilson, p. 2)*

Transportation Funding Strategy for the City of Baltimore

The City of Baltimore hired TischlerBise to develop alternative funding strategies for transportation needs, with specific examples provided for a study area located along the harbor to the southeast of downtown. The multi-faceted study included four main parts.

First, the study discusses ways to improve the current process of conducting traffic impact studies and negotiating mitigation measures. To avoid ad hoc negotiations and a fragmented

(See Baltimore, p. 4)

IN THIS ISSUE

Paying for Growth

How to pay for growth is a question confronting more and more local governments around the country. This is particularly true in the current economic downturn, as many communities now realize that they have been borrowing against revenue generated by new growth to pay for today's costs as a result of inadequate revenue structures. "Borrowing from Peter to pay Paul" results in declining levels of service and defers maintenance to existing infrastructure.

Long-time residents are becoming increasingly resistant to tax increases.

Still, someone must pay for the services and facilities provided by local governments. With long-time residents becoming increasingly resistant to tax increases, many local governments are left scrambling for alternative funding sources for needed services and facilities. As a result, communities are increasingly calling on TischlerBise to evaluate and recommend alternative and supplemental revenue sources.

This installment of our newsletter focuses on two such assignments: alternative funding strategies for transportation needs in the City of Baltimore, Maryland, and an evaluation of revenue sources and financing mechanisms prepared for Wilson, North Carolina.

Communities adjacent to growing bases can expect significant fiscal impacts.

The third article provides an update on the most recent Base Realignment and Closure (BRAC) program, which calls for many bases to grow. This growth will have tremendous fiscal impacts for communities adjacent to affected military installations.

BRAC

(continued from p. 1)

BRAC Requires Unique Considerations for a Fiscal Impact Analysis

TischlerBise is currently conducting a fiscal impact study for Columbus, GA, the consolidated government adjacent to Fort Benning. In addition, TischlerBise recently prepared a fiscal impact study for Anne Arundel County, MD, which considered the impacts from employment growth at Fort Meade. In a fiscal impact analysis,

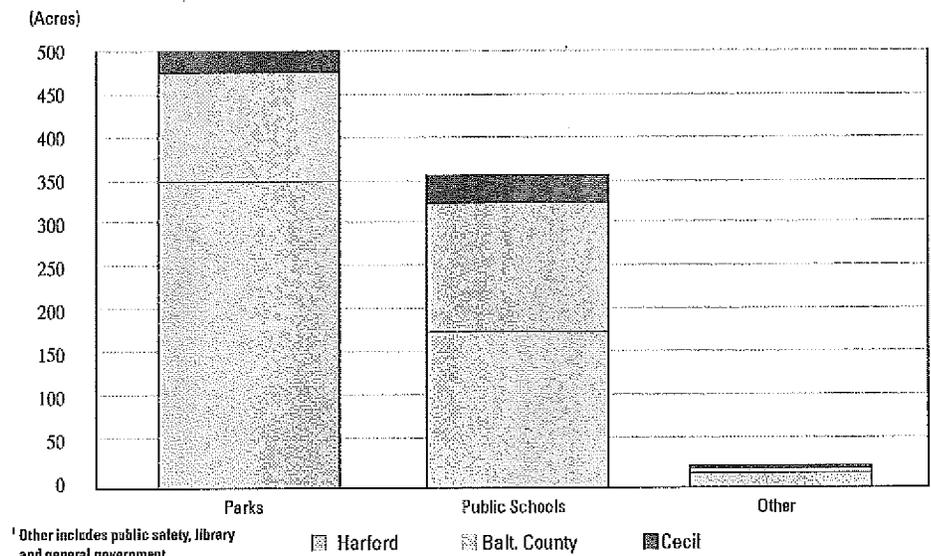
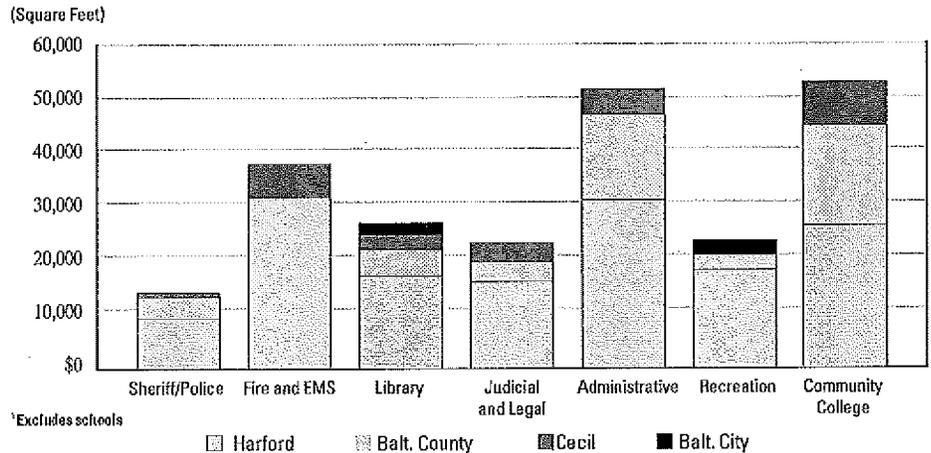
TischlerBise recently presented at the Annual Conference of the Association of Defense Communities (ADC) in Monterey, California. ADC is a national membership organization representing communities and states with a significant military presence. The presentation, Understanding the Fiscal Impact of BRAC for Growth Communities, is available at www.defensecommunities.org.

TischlerBise determines the total cost to the local government to serve new growth, and considers whether revenues from this growth will cover these costs. A fiscal impact analysis for a military-impacted community presents some additional unique considerations. The location of new military development – whether it is on base or off – is an important consideration for projecting expenditures and revenues. While on-base development will often be served in large part by the base itself, off-base growth (new residential development and off-base employers) will require the full complement of local government services such as police, fire, water, sewer, and for residential development, schools, and parks. On-base development can also have considerable impact on local governments,

particularly roads. While local governments are grappling with increased expenditures, revenue growth may be limited, as the federal government is exempt from property tax. To accurately reflect BRAC growth's fiscal impact, a fiscal model must

be customized to reflect these considerations and the unique circumstances of each military-impacted community, resulting in a valuable tool for identifying capital and operating costs associated with BRAC growth.

Public Capital Facility Gap Due to APG BRAC¹



Wilson

(continued from p. 1)

to solve funding "gaps" generated by new growth. The Wilson report provides a framework of financing options which can be systematically evaluated using a variety of factors including financial and legal aspects, fair cost sharing between public and private sectors, and marketplace considerations.

In focusing on a funding strategy to address the funding "gap" generated by new development, it is important to begin by prioritizing or identifying the funding tools that provide the most realistic opportunities to achieve the funding needs of a community. An overall evaluation of the potential revenue sources and funding mechanisms for the City of Wilson is shown.

Financing Options	Potential	Revenue Proportionality	Technical East	Public Acceptance	Authorized
Bonds	Positive	Negative	Neutral	Negative	Yes
Impact Fees	Positive	Positive	Negative	Positive	No
Utility Capacity Charges	Positive	Positive	Negative	Positive	Yes
Excise Tax	Positive	Neutral	Positive	Positive	No
Special Assessment District	Positive	Positive	Negative	Positive	Yes
Municipal Service District	Positive	Positive	Negative	Positive	Yes
Tax Increment Financing	Neutral	Negative	Negative	Neutral	Yes
Occupancy Tax	Neutral	Positive	Positive	Positive	No
Motor Vehicle Tax	Neutral	Positive	Positive	Neutral	Yes/ No
Charges for Services	Positive	Positive	Positive	Negative	Yes

TischlerBise News

Listed below are some of our new clients since our last Fiscal & Economic Newsletter.

Impact Fee Assignments:

Fairhope, Alabama
 Foley, Alabama
 Apache Junction Water Co., Arizona
 Casa Grande, Arizona
 Cave Creek, Arizona
 Coolidge, Arizona
 El Mirage, Arizona
 Flagstaff, Arizona
 Goodyear, Arizona
 Maricopa County, Arizona
 Oro Valley, Arizona
 Show Low, Arizona
 Snowflake, Arizona
 Taylor, Arizona
 Boulder, Colorado
 Vail, Colorado
 Coral Gables, Florida
 Fort Walton Beach, Florida
 Pasco County Schools, Florida
 Garden City, Georgia
 Broadwater County, Montana
 Flathead County, Montana
 Laurel, Montana
 Douglas County, Nevada
 Jacksonville, North Carolina
 Georgetown County, South Carolina
 West Jordan, Utah

Prince William County, Virginia
 Spotsylvania County, Virginia
 Pinedale, Wyoming

Infrastructure Finance/ Revenue Strategy Assignments:

Lenexa, Kansas
 Baltimore, Maryland
 Wilson, North Carolina
 Abbeville County, South Carolina
 Georgetown County, South Carolina

Fiscal Impact Assignments:

Mesa County, Colorado
 Columbus, Georgia
 Garden City, Georgia
 Anne Arundel County, Maryland
 Edison, New Jersey
 West Windsor, New Jersey
 Cornelius, North Carolina
 University of North Carolina-Chapel Hill
 Wilson, North Carolina
 Chesapeake, Virginia
 Frederick County, Virginia
 Salt River Indian Community

Speaking Engagements

2008 American Planning Association National Conference

- Carson Bise, AICP and Julie Herlands presented at Training Workshop entitled "Fiscal Impact Assessment."
- Carson Bise and Tyson Smith, AICP, Esq., conducted a Planning Commissioner Workshop entitled "Paying for Growth."
- Carson Bise, AICP spoke on a panel entitled "Using Fiscal Impact Analysis in Land Development Applications."

2007 National Impact Fee Roundtable

- Carson Bise, AICP presented on: "Impact Fee Basics" and "Critical Analysis of Fiscal Impact Analysis."
- Paul Tischler presented on "Can Impact Fees be Too High?" and "Calculating Residential Impact Fees: Housing Type, Bedrooms or Square Feet?"

2007 International City/County Management Association National Conference

- Due to the attendance and positive response from the 2006 Conference, Carson Bise, AICP and Paul Tischler conducted a Solutions Track session entitled "Dealing with the Costs of Growth: From Soup to Nuts" for a second time.

2007 Florida Chapter of the American Planning Association State Conference

- Carson Bise, AICP participated in a session entitled "Mitigating Development Impacts in the Urban Environment" with Craig Richardson and Chad Meadows of Clarion Associates.

TischlerBise
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Please send the following:

- Recent Fiscal & Economic Newsletters
- Reprint "20 Points to Know About Impact Fees"
- Reprint "Impact Fees - Understand Them or Be Sorry"
- Excerpts from: ICMA IQ Report "Introduction to Infrastructure Financing"
- Excerpts from ICMA IQ Report "Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget"

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 Also: Pasadena, CA

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- Revenue Strategies
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- Market and Economic Analyses

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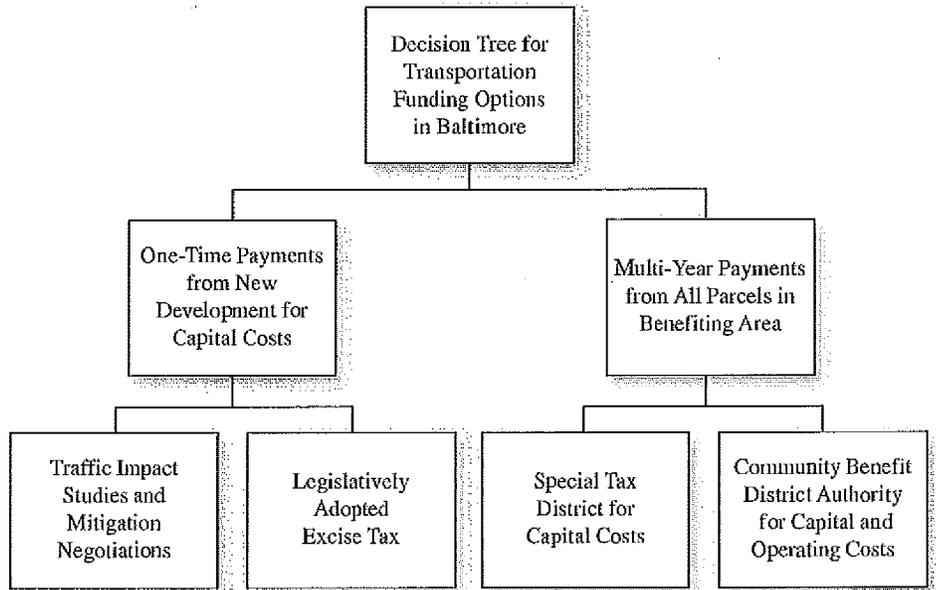
Baltimore
(continued from p. 1)

decision-making process, TischlerBise recommended area-wide transportation studies for specific areas like Southeast Baltimore. An area-wide determination of mitigation payments can provide greater certainty of development costs and more comprehensive planning of capital improvements.

A Community Benefit District Authority would assess all property for capital and operating costs.

Second, TischlerBise recommends consideration of a legislatively adopted transportation excise tax. The City of Baltimore appears to have authority to impose an excise tax under the Additional Taxing Powers section of the City Charter. Using capital costs and projected development data from the Southeast Area Transportation Plan, TischlerBise derived a schedule of one-time excise taxes for transportation infrastructure that would range between \$0.53 and \$0.79 per square foot of floor area.

The first two funding approaches would require new development to help pay the capital costs of transportation improvements. In urban centers like the City of Baltimore, transportation solutions typically require multi-modal approaches. Because various transit options, such as buses, streetcars, and water shuttles, all require operating revenue (in addition to user charges collected from patrons), revenue sources tied to fluctuating development activity are too unstable for ongoing operating costs. To address this problem, TischlerBise



identified two additional funding strategies that would require multi-year payments from all land parcels in a benefiting area.

The third alternative is the establishment of a Special Tax District for transportation capital costs. Although special assessments may only be levied on properties that realize some direct benefit from a capital improvement, one advantage of this option is that vacant land must help pay for transportation improvements. According to Baltimore's City Charter, a special district is authorized for infrastructure improvements and may be funded by ad valorem taxes or a variety of cost allocation methods such as road frontage, parcel size, development potential, and vehicle trip generation.

Finally, our report concludes with a funding strategy for both capital and operating costs (i.e., a Community Benefit District Authority authorized by the City Charter). Stable annual revenue would be derived from taxes and/or assessments imposed on all properties within a specific district. Using transportation capital and operating costs from the Southeast Area Transportation Plan, TischlerBise demonstrated two possible cost allocations. The Community Benefit District Authority could annually collect revenue based on vehicle trips generated, by type and size of development, or square feet of land area (i.e., parcel size).

TischlerBise Fiscal & Economic

NEWSLETTER

5 Reasons Not to Reduce or Waive Impact Fees in an Economic Downturn

Many elected officials are considering or being pressured by outside groups (e.g., home builders) to either waive, reduce or enact moratoriums related to impact fees, claiming that it will act as a means of stimulating new development and new economic activity. Some local governments around the country have already suspended or eliminated their impact fees in an attempt to encourage development. To date there is no evidence of the efficacy of this action.

...there is little evidence that suggests eliminating or suspending impact fees encourages new development activity.

When considering the multitude of factors that comprise the cost of development, impact fees are a relatively minor cost component (usually 1 to 5%). The ability to obtain favorable financing, depressed market conditions, excess inventories of existing developments, and the cost of labor and materials have a much greater influence on the total cost of development.

Another point to consider is the impact local government spending has on the economy. According to a recent publication prepared for ICMA by the Alliance for Innovation entitled "Navigating the Fiscal Crisis: Tested Strategies for Local Leaders," nearly all the economics literature reviewed estimates that cutting local government expenditures hurts local economic recovery more than raising taxes. The positive

effect of local government spending is particularly strong for facilities and services that have a direct relationship to business and industry (i.e., roads, bridges, water, sewer and other basic infrastructure).

There are five reasons not to reduce, waive or eliminate impact fees:

1. A suspension or elimination of impact fees raises a general question of fairness and equal treatment between those who recently paid the full fee amounts and those who will now not pay the fees. Case law requires that impact fee payers receive a "benefit." An important consideration is how the previous payers of the full fee amount receive their "benefit" if a community is not able to fully fund the growth-related capital improvements upon which the fees are based. Communities could face the choice of having to subsidize new development with General Fund dollars or refunding millions of dollars to previous fee payers in order to avoid equal protection challenges.
2. Impact fees are an important component of "economic stimulus." Investments in infrastructure are being touted in both Washington, DC and State capitals around the country as stimulating the economy and creating much needed jobs. Since impact fees can only be used for growth-related infrastructure, the suspension or elimination of development fees and the loss of subsequent infrastructure investments by local governments would

appear to be contradictory to this effort to restore the economy.

3. The demand for additional infrastructure capacity from new development does not disappear if impact fees are reduced. Suspending or eliminating fees will require communities to subsidize the impacts of new development with other revenues (most likely from the General Fund). The alternative is declining levels-of-service as

(See 5 REASONS, p. 2)

IN THIS ISSUE

Fiscal Solutions for Today's Economy

This issue of our Fiscal & Economic Newsletter provides relevant information on two hot topics many local governments are facing: 1) What the new administration's American Recovery and Reinvestment Act of 2009 means in terms of funding infrastructure needs, and 2) whether or not to bow to pressure from outside groups to waive, reduce or suspend impact fees in an effort to stimulate growth. As discussed in this newsletter, local governments now more than ever need to continue to fund infrastructure and find new revenue sources despite the federal government's investment.

To assist with these efforts, this newsletter highlights three TischlerBise services. First, impact fees can help provide the infrastructure needed to stimulate growth and economic development. Second, our infrastructure funding plans can assist local governments to determine their infrastructure "funding gaps" and identify potential funding scenarios to solve for this gap. Finally, the current economic downturn has magnified revenue structure problems for many jurisdictions that were previously viewed as minor. TischlerBise can perform a "fiscal stress test" for your jurisdiction and assess the factors putting your community's fiscal health at risk and then prescribe the right treatment for recovery.

Utility Rate Studies Now Provided by TischlerBise

TischlerBise is pleased to announce the addition of a new line of service for Utility Rate Studies. For over 20 years the firm has been using its expertise in planning, financial analysis and infrastructure to develop impact fees as well as capacity charges for utility systems across the country. In many assignments, TischlerBise has been tasked with determining the adequacy of utility rates, as well as forecasting demand and the future cost of operations.

"The announcement of an official new line of service in utility systems recognizes the extensive utility work we have done in the past," said Carson

Bise, President of TischlerBise. "More importantly, the new service responds to the growing need for well-crafted rate structures that reflect business goals inherent with any enterprise fund operation, while being sensitive to a community's land use planning objectives. These two perspectives of financial self-sufficiency and smart land use planning are often in conflict with one another. With our unparalleled experience preparing utility impact fees and capacity charges, TischlerBise is poised to be your one-stop-shop for all financing needs."

What the Stimulus Package Really Means for Local Government Infrastructure

As the economy weathers one of its worst recessions in several decades, the Federal government has responded with the American Recovery and Reinvestment Act of 2009, which includes the investment of billions of dollars in key infrastructure improvement projects. Figure 1 indicates how the approximately \$787 billion will be spent, which includes \$111 billion dedicated to infrastructure and science projects.

Governmental entities are still going to have to rely on impact fees and other financing sources to fund capital needs.

Where is the money going? First, most of the infrastructure money (\$46.7 billion) will go to transportation projects. Second, based on what has transpired to date, most of the transportation funding will go to State-level projects, bridge replacements and road repairs. Finally, States are taking radically different approaches. For example, Kansas is using most of its stimulus money on a few big marquee projects to expand capacity at several State highways, while Maryland has adopted a fix-it-first policy, and plans to use its money to repair dozens of roads and bridges instead of building new ones.

So what does this mean for local governments?

- Most communities will continue to have a substantial infrastructure backlog that remains unfunded;
- The stimulus package will most likely not fund many capacity-related infrastructure projects;
- Once the economy turns around, the responsibility to fund growth-related infrastructure will still rest with local governments.

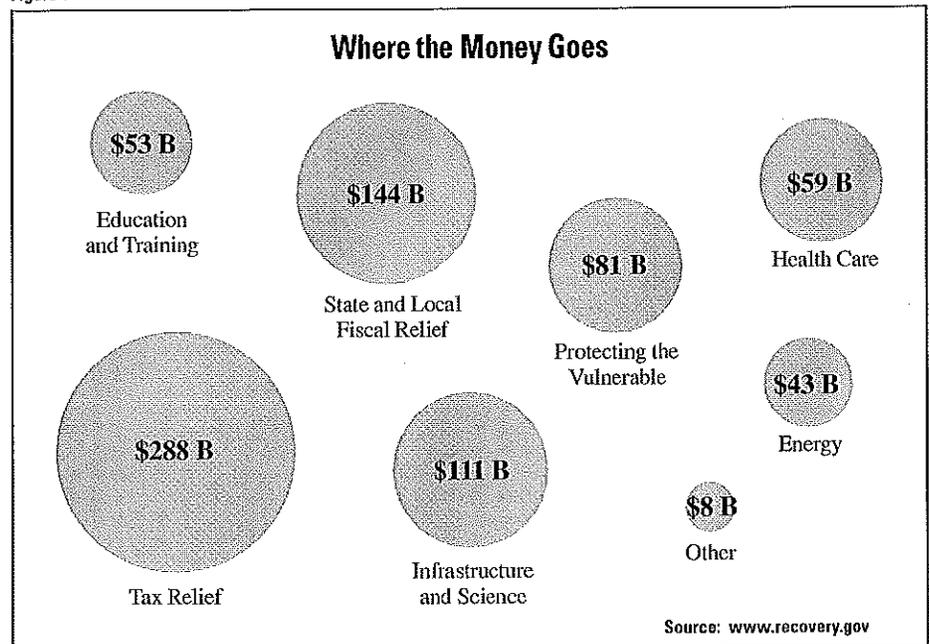
In other words, the stimulus package means "business as usual" for most local governments. Governmental entities are still going to have to rely on impact fees and other financing sources to fund capital needs. With tightening budgets, it's more important than ever to maximize resources and explore alternative infrastructure funding sources and mechanisms.

5 REASONS

(continued from p. 1)

- existing infrastructure networks become more burdened with additional demand.
- 4. Having sufficient infrastructure capacity is a competitive advantage that enhances the economic development potential of a community.
- 5. Finally, as stated previously, there is little evidence that suggests eliminating or suspending impact fees encourages new development activity.

Figure 1



TischlerBise Provides Fiscal Stress Test for Local Governments

Many of our local government clients are feeling substantial fiscal pressure due to the current economic downturn. For many, this downturn has magnified revenue structure problems

This fiscal stress test evaluates your jurisdiction's ability to finance its services and facilities on a continuing basis.

that were previously viewed as a minor malady into full fledged cardiac arrest! TischlerBise can perform a "fiscal stress test" for your jurisdiction and assess the factors putting your community's fiscal health at risk, and then prescribe the right treatment for recovery.

This fiscal stress test evaluates your jurisdiction's ability to finance its services and facilities on a continuing basis. More specifically the ability to:

- Maintain existing service levels
- Withstand local, regional and national economic disruption
- Meet the demands of natural growth, decline and change

Using a series of measurements, TischlerBise can diagnose your community's

fiscal viability in terms of its being: 1) sustainable, 2) marginal, or 3) unsustainable. The measurements used include (but are not limited to):

- Use of one-time revenue to fund ongoing operating expenses
- Reliance on one primary, growth-related revenue source
- Comparison of budgeted revenue to actual revenue
- Dedicated capital revenue sources other than General Fund transfers
- User fees and program revenue as a percentage of total revenue
- Intergovernmental revenue as a percentage of total revenue

The results of this "stress test" can be used to engage local decision makers on priorities and remedies to combat fiscal stress. Another way to monitor the fiscal health of your community is through the implementation of a long-term financial model. This type of model can be used as an early-warning system to assist with recognizing and predicting the influences of the economy under different scenarios on costs and revenues. TischlerBise has developed many of these models for communities, in fact, more than any other firm. Contact TischlerBise to schedule your fiscal stress test today – before it's too late.

TischlerBise News

Listed below are some of our new clients since our last Fiscal & Economic Newsletter.

Impact Fee Assignments:

Bentonville, Arkansas
 Glendale, Arizona
 Holbrook, Arizona
 Pinal County, Arizona
 Sierra Vista, Arizona
 Temecula, California
 Montezuma County, Colorado
 Pitkin County, Colorado
 Brunswick, Maryland
 Chatham County, North Carolina
 Stafford County, Virginia

Infrastructure Finance/ Revenue Strategy Assignments:

Columbus, Georgia
 Anne Arundel County, Maryland

Fiscal Impact Assignments:

Sahuarita, Arizona
 Napa County, California
 New Castle County, Delaware
 Champaign, Illinois
 Lincoln County, Nevada
 Greenville, South Carolina
 Falls Church, Virginia
 Pulaski, Virginia

Utility Rate Studies

Pinedale, Wyoming

Speaking Engagements

2008 National Impact Fee Roundtable

- Carson Bise, AICP, presented on: "Impact Fee Basics" and "Fiscal Impact Round Up: Trends in Fiscal Impact Analysis."
- Chris Cullinan presented on "Interest Expense as a Cost Component in Impact Fees" and "Alternative Impact Fee Calculations?"

2008 International City/County Management Association National Conference

- Due to the attendance and positive response from the 2006 and 2007 Conferences, Carson Bise, AICP, and Chris Cullinan conducted a Solutions Track session entitled "Dealing with the Costs of Growth: From Soup to Nuts."

2008 North Carolina Chapter of the American Planning Association State Conference

- Carson Bise, AICP, participated in a session entitled "Facilities-Based Growth Management" with Tyson Smith, AICP, Esq.

2008 South Carolina Chapter of the American Planning Association State Conference

- Carson Bise and Tyson Smith, AICP, Esq., conducted a session entitled "Using Public Facility Costs and Capacity in Planning."
- Carson Bise and Tyson Smith, AICP, Esq., conducted a session entitled "The Past, Present (and Future) of Impact Fees in South Carolina."

Publications

- Carson Bise, AICP, recently authored an ICMA IQ Report entitled "Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget." This publication is available online from the ICMA Press at bookstore.icma.org. Excerpts from this publication are available at www.tischlerbise.com.

Professional Organizations

- Julie Herlands was recently elected to a second term as Secretary/Treasurer of the Economic Development Division of the American Planning Association.
- Carson Bise, AICP, was recently elected to a second term on the Board of Directors of the National Impact Fee Roundtable.

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 Reprint "Impact Fees – Understand Them or Be Sorry"
 Excerpts from: ICMA IQ Report "Introduction to Infrastructure Financing"
 Excerpts from ICMA IQ Report "Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget"

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TischlerBise Infrastructure Funding Plans

As our previous article on the federal government's stimulus package indicates, most communities will continue to have substantial infrastructure funding needs. TischlerBise's Infrastructure Funding Plans can help your jurisdiction finance infrastructure in a number of ways. First, we can prepare a cost-effective "white paper" that evaluates alternative revenue sources and/or financing mechanisms that make the most

sense for your jurisdiction to fund the Capital Improvements Plan. The focus would be on revenue sources that are broad-based. Second, we can prepare a funding plan that 1) estimates capital needs over a defined period; 2) estimates dedicated capital revenue over the same time period in order to determine the "funding gap"; and 3) identifies 2-3 potential funding scenarios to illustrate how a jurisdiction can potentially

offset the "funding gap." An example from a study TischlerBise prepared for Beaufort County, South Carolina is shown below in Figure 2.

...we can prepare a cost-effective "white paper" that evaluates alternative revenue sources and/or financing mechanisms ...

Southern Beaufort County, SC, Potential Infrastructure Funding Scenario

Figure 2

	TYPE OF INFRASTRUCTURE					
	ROADS	SCHOOLS	PARKS	FIRE	EMS	LIBRARY
	GROSS CURRENT FUNDING NEEDS					
	\$253,924,000	\$135,090,000	\$56,279,330	\$7,150,000	\$600,000	\$21,002,667
	LESS CURRENT FUNDING SOURCES					
Impact Fees	\$38,885,529	\$0	\$13,458,312	\$7,500,000	\$0	\$25,262,221
Unspent STIP Funds	\$15,000,000	\$0	\$0	\$0	\$0	\$0
New STIP Funds	\$15,000,000	\$0	\$0	\$0	\$0	\$0
Rural/Critical Lands			\$5,000,000			
	EQUALS ESTIMATE OF FUNDING GAP					
NET FUNDING NEEDS	(\$185,038,471)	(\$135,090,000)	(\$37,821,018)	\$350,000	(\$600,000)	\$4,259,554
	POTENTIAL FUNDING OPTIONS TO MEET FUNDING NEEDS					
Revision to Existing Impact Fees	\$45,000,000 (\$1,200 per du)		\$10,000,000 (\$840 per du)	N/A		
Implementation of New Impact Fee				N/A	\$600,000 (\$20 per du)	
Local Option Sales Tax	\$140,038,471 (15 years)		\$27,821,018 (15 years)	N/A		\$5,019,158 (15 years)
Bond Issue (backed by Property Tax)		\$135,090,000 (\$9.94 m/yr)		N/A		

TischlerBise Fiscal & Economic

NEWSLETTER

Should Your Community Incentivize New Development?

In an attempt to take advantage of the current economic climate, we believe developers are going to increasingly request economic/tax

Should the town rebate 50 percent of sales and construction tax?

incentives from local governments in order to facilitate development projects. Given the flat

or declining revenue situation most local governments are experiencing, many may be tempted to grant incentives in order to gain needed revenue. Local governments should keep in mind that there is also a cost associated with these development proposals, which should be considered before agreeing to any economic incentives or tax rebates. A case study in Sahuarita, Arizona, indicates why it is imperative that an independent (not the devel-

(See **NEW DEVELOPMENT**, p. 2)

Figure 1. Summary of Rancho Sahuarita Town Center Development Program

Project Component	Housing Units	Square Feet	Hotel Rooms
Multifamily Units	560	646,500	
Light Industrial / Flex Space		201,000	
Medical Office		145,100	
Hotel / Lodging		145,800	390
Entertainment District		133,500	
Power Center		789,500	
Office		131,000	
Neighborhood Retail		327,300	
Mixed Use		167,400	
TOTAL	560	2,687,100	390

How User Fees Can Help Cover General Fund Shortfalls

The worst financial crisis in our nation's history since the Great Depression has had a significant negative impact on local government/agency revenue generation. The impact has been so significant that a recent National League of Cities survey found that 9 out of every 10 local government finance officers surveyed reported that their

Increased user fees are paid by those directly benefiting

agencies are less able to meet fiscal needs in 2009 than in the previous year (*Research Brief on America's Cities, National League of Cities, September 2009*). To make matters worse, respondents project that 2010 will be worse due to further declines in property, sales and income tax

receipts, deferred or reduced impact fees, and growing voter discontent for new taxes.

How Are Agencies Responding to the Crisis?

Many are cutting expenditures where feasible, including hiring freezes, salary reductions, furloughs, and deferring capital projects. Projects under construction may have funds appropriated for them but O&M requirements for these projects and other services are not funded. Given the resistance to tax increases due to the current economic situation, the most common responses to enhance local coffers are increases in user fee levels and implementation of new user fees. According to the NLC survey, 45 percent of respondents increased their community's fee levels while 27 percent

(See **USER FEES**, p. 4)

IN THIS ISSUE

Revenue Enhancement and Fiscal Solutions for Today's Economy

This issue of our Fiscal & Economic Newsletter focuses on two topics that should be of great interest to local government leaders and decision-makers: 1) how to increase General Fund revenue without raising real estate and sales tax rates, and 2) whether local governments should agree to incentivize new development in order to increase their tax bases.

How do you raise revenue without raising taxes?

The first article discusses the importance of conducting a complete fiscal impact analysis when considering incentives for new development. As the article indicates, it is important that the local government understand not only the direct impact of the project but also the project's impacts relative to past and future development decisions. The second article discusses user fees, which are becoming an increasingly popular way for local governments to offset declines in property and sales tax receipts. The article discusses policy issues related to user fees and the need for a long-term perspective. Finally, the third article discusses the need for utility rate structures to adequately capture the indirect and central services costs provided from the General Fund. Failure to do so could result in substantial dollars being left on the table that otherwise would flow into the General Fund as revenue.

As the economy struggles to recover, local governments are faced with two main choices to balance budgets—cut services or increase revenues. We hope this newsletter provides useful and timely options to increase revenues without broad tax increases.

NEW DEVELOPMENT

(continued from p. 1)

oper's) fiscal impact analysis be prepared for these requests.

In Sahuarita, TischlerBise recently completed a fiscal evaluation of the proposed Rancho Sahuarita Town Center development, which would more than double the Town's nonresidential development base. A key component of this development proposal was its request for the Town to rebate 50 percent of the sales and construction tax revenue (sales tax is the main revenue source for Arizona cities and towns) over a 25 to 30-year period (depending on scenario) to pay for site-related infrastructure. A summary of the development proposal is shown in Figure 1 on page 1.

Fiscal Findings

As shown in Figure 2, the Rancho Sahuarita Town Center generates cumulative net surpluses to the General Fund, despite the fact that the Town foregoes 50 percent of the sales and privilege taxes generated by the project. However, as Figure 2 indicates these surplus revenues will be needed to make the Highway User Fund and Capital Fund whole, as cumulative net deficits are incurred by these Funds over the 25-year and 30-year analysis periods.

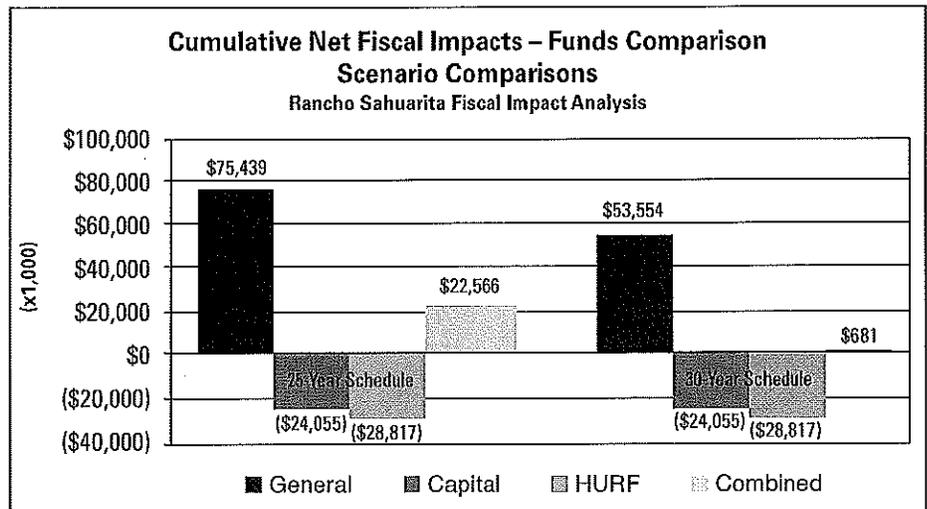
Conclusions

Although our analysis indicated that the project generates net surpluses, it was our opinion that the Town should not enter into the 50 percent tax-sharing agreement as originally proposed, for the following reasons:

- The Town derives little revenue from residential development because the Town has no property tax. Therefore, the Town needs every cent of sales tax generated from this development proposal to offset the cost of existing and future residential development (including 7,000 housing units in the first phase of Rancho Sahuarita, which were not part of this analysis).
- It is likely the Town will experience demand for higher levels of service as a result of Rancho Sahuarita and future developments; such demand would exacerbate the net deficits projected in the Highway User and Capital Funds and decrease the net surpluses for the General Fund.
- It is important to note that as part of an earlier development agreement, the Town has waived its right to implement any future development fees in the Rancho Sahuarita development, thus further inhibiting the Town's ability to make its Capital Fund whole.

In summary, it is important that when being asked to incentivize new development, the local

Figure 2. Cumulative Net Fiscal Results – Fund Comparison (x\$1,000)



government understand not only the direct impact of the project, but also the project's impacts relative to past and future development decisions. For example, the fiscal analysis submitted on behalf of the developer evaluated the Rancho Sahuarita Town Center project in a vacuum. On the surface, the proposed tax rebate

looks like a good deal to the Town. However, the TischlerBise analysis evaluates the development proposal in the context of the Town's total fiscal situation. Look before you leap. Contact TischlerBise the next time you are asked to incentivize new development.

Are Your Utility Rates Fully Recovering Your General Fund Support Services?

Does your agency provide utility services such as water, wastewater and refuse collection? If so, it is likely that your General Fund departments provide indirect and central services support to your utility operations. Labor costs and other resource expenses supporting your utilities can be recovered through your utility rates. This support may include agency administration, accounting and finance, purchasing, information technology, and motor pools.

Many utilities do not reimburse the General Fund sufficiently

In these tough economic times, we recommend a review of your rate structure to ensure service charges are recovering the maximum justifiable amount for indirect and central service support of utility operations. In many of the utility rate studies TischlerBise conducts, we find that most agencies are not capturing the full cost of these central services support to

reimburse the General Fund through their utility rates. Similar to the administration of state and federal programs, grants, and/or loans, a central service or indirect cost allocation plan provides the requisite data and cost layers to include in your utility rates. This formal approach justifies the level of funding required to reimburse your agency's General Fund for support costs provided to the utility.

What if your agency does not have an indirect cost plan or your cost plan has not been updated recently? Not to worry. The relationship between utility rates and the cost layers of central services and indirect support can be quantified in a number of ways in the absence of a formal cost plan. The key is to base your findings on reasonable approaches and present results in a utility rate report or similar technical documentation. Taking these steps will ensure your utility rates fully recover all costs associated with service delivery and that your General Fund is not subsidizing utility operations. Contact TischlerBise for more information or advice.

TischlerBise News

Listed below are some of our new assignments since our last Fiscal & Economic Newsletter

Impact Fee Assignments:
Casa Grande, Arizona Maricopa, Arizona Dewey-Humboldt, Arizona Hermosa Beach, California Tulare, California New Castle County, Delaware
User Fees Assignments
Soledad, California Pinal County, Arizona
Utility Rate Assignments:
Flagstaff, Arizona Fountain Valley, California Hermosa Beach, California Laguna Beach County Water District, California Westminster, California
Fiscal Impact Assignments
Shreveport, Louisiana Harrisonburg, Virginia Rockingham County, Virginia

Speaking Engagements:
2009 International City/County Management Association National Conference <ul style="list-style-type: none"> Carson Bise, AICP and Brian Jewett conducted a Solutions Track session entitled "Infrastructure Financing: If You're Not Shovel Ready, How Do You Fund the Gap?"
2009 American Planning Association National Conference <ul style="list-style-type: none"> Carson Bise, AICP and Julie Herlands presented at Training Workshop entitled "Fiscal Impact Assessment." Carson Bise, AICP participated in a session entitled "Finding Business in a Down Economy." Dwayne Guthrie, AICP, Ph.D and Julie Herlands conducted a session entitled "Infrastructure Financing: Funding the Gap."
Professional Organizations <ul style="list-style-type: none"> Brian Jewett was recently appointed to the American Water Works Association's Rates and Charges Committee Carson Bise, AICP recently Chaired the American Planning Association's Paying for Growth Task Force.

Brian Jewett Hired to Lead New California Office

TischlerBise is pleased to announce the addition of Brian Jewett to our team. Mr. Jewett will head our new office in Temecula, California. In addition to his role as Vice President of our firm, Mr. Jewett's background and experience will significantly augment TischlerBise's expertise as it relates to revenue generation and enhancement for public service funding. In addition to impact fees, fiscal impact analysis and infrastructure financing strategies, TischlerBise is now better able to assist our clients with revenue enhancement and public facility funding through the following services:

- Utility financial planning and rate studies
- User fee/cost of service analyses
- Cost allocation plan development
- Special tax and assessment funding alternatives

Prior to joining TischlerBise, Mr. Jewett was a Vice President with a national financial and economic consulting firm. During this time, Mr. Jewett developed and led the firm's 20+ member consulting practice with expertise areas in utility rate and user fee studies, special district formations, and public facilities financing.



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Please send the following:

- Recent Fiscal & Economic Newsletters
- Reprint "20 Points to Know About Impact Fees"
- Reprint "Impact Fees – Understand Them or Be Sorry"
- Excerpts from: ICMA IQ Report "Introduction to Infrastructure Financing"
- Excerpts from ICMA IQ Report "Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget"

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4

USER FEES

(continued from p. 1)

increased the number of fees charged to service users (see Figure 3).

How User Fees Can Help Your Agency

User fees promote economic efficiency because they are exactions related to the costs of providing a public service that directly benefits the fee payer. User fees are typically not subject to voter approval and they are viewed by the public as more acceptable than taxes or debt financing. New and increased user fees can help your community in the following ways:

- Existing revenue streams can be updated to match current service delivery costs
- Fees can fund O&M gaps created by declining taxes, impact fees and other funds
- Fees can be aligned with community policies and goals
- New fees can be created to cover costs for services provided where fees did not previously exist
- A fee study can define the actual cost of providing services which may enhance community understanding

How to Develop a Sustainable User Fee Program

At TischlerBise, we develop user fee programs with a long-term perspective. Before beginning a user fee program, we recommend that an agency establish policy goals for the user fee program. At a minimum, the policy should identify the appropriate cost layers to be recovered through the fees and the level of cost recovery for each department

fee program. Our user fee models identify these cost layers to include:

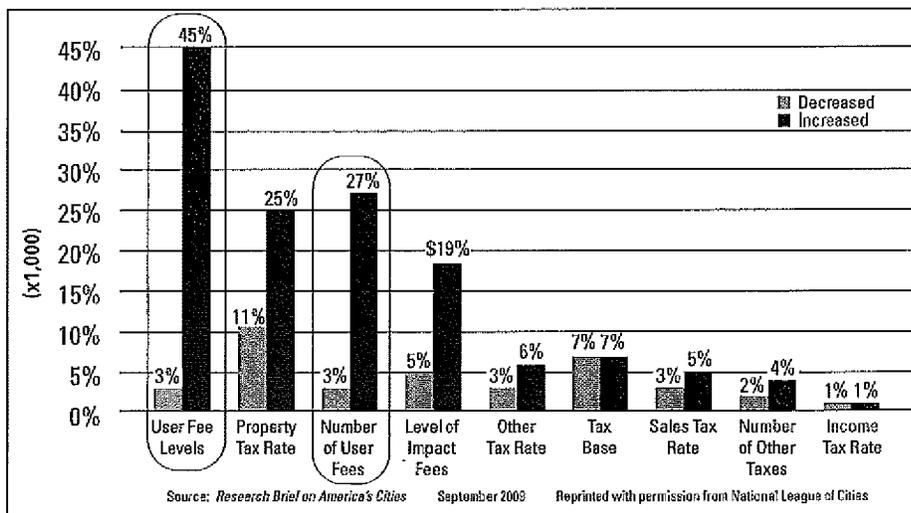
- Direct department labor
- Indirect department and support department labor
- Department overhead
- Central service support (often an agency's indirect cost allocation plan can identify central service support levels or they can be calculated as part of the fee analysis)

Often, an agency will choose not to recover the full cost of providing fee generating services as a matter of policy. For example, fees for water heater permitting activity or recreation programs are set at less than full cost recovery to encourage

participation in these services. The TischlerBise user fee model will quantify the fiscal gaps for these programs and services so that agency officials can make informed policy decisions about the benefits and desired funding of services and programs.

User fees will continue to play an important role in your agency's long-term financial plan. During the next two years, most local government agencies will still feel the affect of the national fiscal crisis as taxes and other local revenue sources will lag national economic indicators. To meet this challenge, a comprehensive user fee program developed by TischlerBise can yield results that meet your agency's financial and community goals.

Figure 3. National League of Cities Funding Survey



TischlerBise Fiscal & Economic

NEWSLETTER

Fiscal Sustainability Audit Conducted for Bloomington, Illinois

The City of Bloomington, Illinois recently retained TischlerBise to conduct a fiscal sustainability audit of current City development policies. In particular, the City was interested in exploring the following issues/questions:

- What type of land uses should be incentivized?
- How has the City fared in sharing risk in development/annexation agreements?
- What costs are associated with annexations?
- What is an appropriate return-on-investment period?

The fiscal sustainability audit prepared by TischlerBise cataloged and reviewed City policies and provided direction and recommendations as to what type of analysis should be conducted to address the above issues, given Bloomington's situation and desired outcomes. The analysis and recommendations were based on on-site

(See Bloomington, page 4)

New Publication on Fiscal Impact Analysis

We are pleased to announce the release of *Fiscal Impact Analysis: Methodologies for Planners*, written by TischlerBise President Carson Bise. A brief description of the publication from the publisher is shown below.

Fiscal impact analysis is a critical tool for communities of all sizes. A well-prepared fiscal impact analysis can help a community understand the pros and cons of a proposed development and

This new report gives a complete understanding of why fiscal impact analysis is so important.

enable well-informed decision making. But many communities either do not undertake fiscal impact analysis or lack the expertise to do so effectively.

(See Publication, page 2)

Strategic Financial Plan Prepared for Mt. Lebanon, Pennsylvania

TischlerBise recently completed a Strategic Financial Plan for Mt. Lebanon, Pennsylvania. Through a comprehensive yet focused public outreach effort along with an in-depth cost of services scenario analysis, the Strategic Financial Plan provides a greater understanding of the Municipality's financial future and a guide to set future level of service standards, resulting in a sustainable budget strategy.

Like many local governments, Mt. Lebanon has a limited and relatively fixed General Fund revenue base. Although the cost of providing services to residents increases each year, the City Council wishes to maintain—at a minimum—the current levels of service that residents have come to expect. The Strategic Financial Plan prepared by

The strategic Financial Plan provides a greater understanding of the Municipality's financial future and a guide to set future level of service standards, resulting in a sustainable budget strategy.

TischlerBise represents a "point in time" snapshot of the Municipality's current fiscal position and provides an overview of the Municipality's anticipated future revenues, projected expenditures, and potential issues that may impact the Municipality's resources over a ten-year budget forecast.

Survey of Mt. Lebanon Services

As the first step in developing the Strategic Financial Plan, TischlerBise evaluated community perception regarding the quality of services offered by the Municipality. A significant community input process was used to solicit opinions and obtain guidance. The means of gathering opinions included:

- Online survey of residents
- A telephone survey of residents
- Four focus group sessions
- Two community input meetings

(See Mt. Lebanon, page 2)

IN THIS ISSUE

Understanding the Fiscal Sustainability Equation

According to recently-released data from the National League of Cities, the fiscal woes for our country's local governments are not anticipated to improve in 2011. While many top economists have declared the Great Recession "over," local governments are still plumbing the depths, with The National League of Cities estimating local government fiscal shortfalls of approximately \$83 billion.

The fiscal woes for local governments are not anticipated to improve in 2011

The fiscal condition of individual local governments varies greatly depending on differences in local tax structure and the extent of each jurisdiction's reliance on taxes. Therefore, it is important that local government decision makers understand the different elements (revenue structure, levels of service, infrastructure capacity, etc.) of the fiscal equation and how they influence the fiscal results for various land uses.

This newsletter highlights two TischlerBise services related to achieving fiscal sustainability. First, a Strategic Financial Plan can assist local governments by forecasting financial trends and identifying potential financial and operational imbalances. Early identification of imbalances allows for early action, with a focus on minimizing the impact to services over the long term. Second, a Fiscal Sustainability Audit is a process which reviews a community's policies and regulations relative to future land use, annexation, development approval, and associated exactions. This audit also includes

Early indication of fiscal imbalances allows for early action.

an examination of fiscal policies and issues and will determine whether a community's development and fiscal policies encourage "fiscal neutrality" as it relates to development approvals.

(Continued from Mt. Lebanon, page 1)

The following is a summary of the findings of the online and telephone surveys related to Mt. Lebanon's services (shown in Figure 1 to the right). The surveys found that:

- Collectively, "high marks" are awarded to police, fire, garbage collection, library, snow removal, and festivals/events.
- About one-third of the respondents would rather see taxes and fees raised than have any cuts in existing services. While these respondents are not the majority, they are a sizable minority that should not be overlooked.
- There is essentially no expressed support for cuts to parks, library, fire, storm sewer, street maintenance, garbage collection, and snow removal.

Findings

The primary findings from this extensive evaluation include:

- The ten-year Strategic Financial Plan projections indicate that the Municipality will not have sufficient revenue to continue to provide all of its current services at today's levels. Maintaining current levels of service will require either changes to the Municipality's revenue structure (additional revenue sources) or increases to existing rates (higher property taxes). As shown to the right in Figure 2, cumulative deficits are generated under all five scenarios.
- The ten-year financial projections illustrate the seriousness of Mt. Lebanon's relatively stagnant revenue base that has relied on the use of surplus/fund balance in order to balance the budget.
- The benefits of funding garbage collection and storm sewer operations are illustrated under Status Quo A and Status Quo B, respectively. If these two functions were funded through an assessment today, the cumulative net deficit would be reduced by over \$25 million from the Status Quo.
- The Municipality has had problems maintaining its road reconstruction program as a pay-as-you-go expenditure. The ten-year financial projections indicate the Municipality will have to either (1) reduce operating expenses in other areas (and levels of service) to fund the current level of road reconstruction, (2) reduce the standard of reconstruction, or (3) consider debt financing the annual cost.
- There is little opportunity for enhancing revenue through additional or increased user fees.
- Exacerbating Mt. Lebanon's long-term financial situation is the fact that the Municipality

Figure 1

Answer Options	Excellent	Very Good	Just OK	Poor	Familiar
% Police	57%	32%	7%	1%	3%
% Fire Response	69%	21%	2%	0%	8%
% Storm Sewer	22%	31%	21%	6%	21%
% Garbage Collection	43%	45%	11%	2%	0%
% Leaf Collection	35%	42%	16%	3%	4%
% Library	67%	25%	4%	1%	3%
% Street Maintenance	19%	41%	32%	8%	1%
% Snow Removal	41%	41%	15%	2%	1%
% Street Lighting	25%	44%	25%	5%	1%
% Parks	26%	49%	21%	3%	1%
% Recreation Facilities	27%	43%	22%	6%	3%
% General Administration	13%	33%	17%	4%	34%

has a relatively small staff providing a high level of basic services. Further decreases in staff as a cost-savings method would negatively impact current service levels.

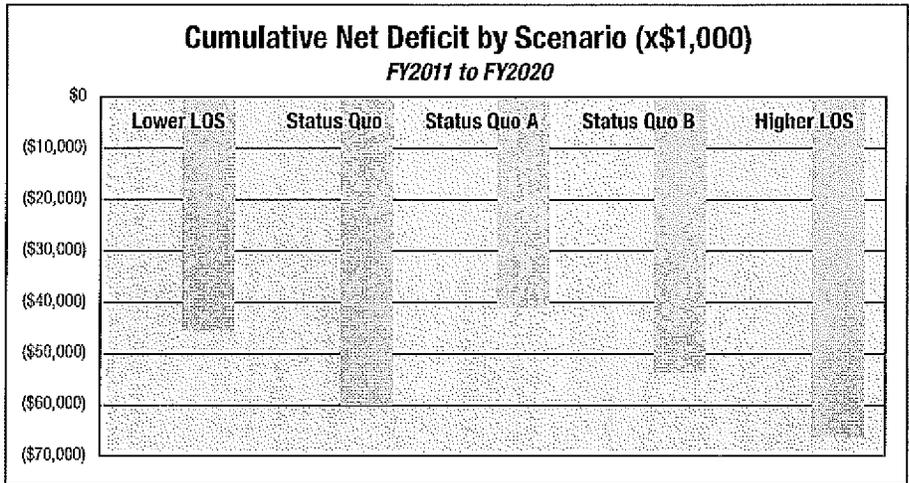
and organizing their discussion related to acceptable levels of service, budget priorities, and fiscal sustainability. Decisions made by the Commission as a result of the Strategic Financial Plan include:

Actions Taken by the Municipality

TischlerBise's Strategic Financial Plan, shared with the Commission October 2010, was helpful in framing the Municipality's budget problems

- Targeted implementation of a storm water assessment effective September 1, 2011.
- Cutting the street reconstruction program in half, a savings of \$1 million annually.

Figure 2



(Continued from Publication, page 1)

This new Planning Advisory Service Report—written by the leading national practitioner of fiscal impact analyses—gives planners, city managers, and budget personnel a complete understanding of why fiscal impact analysis is so important when considering land use decisions. Common methodologies are explained, critiqued, and put under a microscope, so that planners and

other local government officials can see the impact of each component on the resulting analysis.

Written in clear prose accompanied by a substantial number of explanatory tables, this report will become an indispensable resource on any bookshelf.

Copies are available through APAPanningBooks.com or by contacting TischlerBise.

Shenandoah University Economic Impact Analysis

TischlerBise conducted an Economic Impact Analysis of Shenandoah University, a private, coeducational university based in the City of Winchester, Virginia, about seventy miles outside Washington, DC. The University offers undergraduate and graduate degree programs with an enrollment of over 3,600.

An economic impact analysis evaluates a change in the economy or an entity's effect on the economy of a defined geographic location. It is an effective way to measure and communicate an entity's role in the local economy. The analysis identifies direct impacts, that is, the actual number of employees of the entity as well as the jobs supported by the spending of the entity itself. An economic impact analysis also evaluates the "spin-off" or "multiplier" effects that direct spending has on the location in terms of jobs, labor income, and total economic output, or activity through indirect and induced effects. That is, income received by suppliers of goods and services is then used to buy goods and services from other local companies (indirect effect) and household income is used in part to buy goods and services, which creates other economic benefits (induced effect).

Shenandoah University selected TischlerBise to conduct their first ever economic impact analysis. TischlerBise determined the economic impacts of University employment and its spending on goods, services, and construction as well as spending by students and visitors in order to examine the fiscal and qualitative impacts on the Winchester-Frederick County region. We used the IMPLAN model to determine direct and multiplier effects of University spending as well as the indirect and

induced effects of employee, student, and visitor spending.

While the University employs approximately 845 individuals (excluding students), factoring in other direct, indirect, and induced impacts, the University is responsible for almost 500 additional jobs in the City and County. This analysis of employment impact accounts for spending that is captured locally within the City and County. Another measure evaluated is the spending by the University itself in the community. Direct local spending by the University totals approximately \$52 million per year, including payroll and purchase of goods and services from businesses within the City and County study area. This spending generates an additional \$37 million in indirect and induced impacts for a combined total economic impact of approximately \$90 million.

The University is using the Economic Impact Analysis to communicate the institution's value in the community, which had not been quantified or articulated until this study.

User Fee/Cost Allocation Plans:

La Habra Heights, California
Canyon Lake, Florida

Utility Rate Assignments:

Winslow, Arizona
Lonita, California
Surfside, Florida
Swansea Village, Illinois

Infrastructure Finance/Revenue Strategy Assignments

Sunnyvale, California
Shreveport, Louisiana
Lincoln County, Nevada

Impact Fee Assignments:

Castle Rock, Colorado
Louisville, Colorado
Parkland, Florida
Effingham County, Georgia
Sandpoint, Idaho
Victor, Idaho
Spanish Fork, Utah
Jefferson County, West Virginia

Fiscal Impact Assignments:

Coolidge, Arizona
Windsor, Connecticut
Sarasota County, Florida
(Lindvest Corporation)
BRAC Regional Task Force,
North Carolina
Mt. Lebanon, Pennsylvania

Speaking Engagements

2010 Growth and Infrastructure Consortium

- Carson Bise, AICP presented on: "Impact Fee Basics."

2010 American Planning Association Conference

- Carson Bise, AICP, and Chris Cullinan presented a session entitled "Planning for the Bottom Line."

APA Webinars

- Carson Bise, AICP, and Julie Herlands presented a webinar sponsored by the American Planning Association Economic Development Division entitled "Fiscal Sustainability." Available at <http://www.utah-apa.org/webcast-archive>.

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(Continued from Bloomington, page 1)

interviews with key City personnel and feedback from City Council members.

Findings

A summary of findings from our fiscal sustainability audit are discussed below:

- The City of Bloomington has seen substantial residential and nonresidential growth over the past two decades. The City's Comprehensive Plan estimates that future growth will require nearly 6,000 acres of land for development, with the majority of acreage in residential land use. It is in the City's best interests to ascertain whether the anticipated nonresidential development is enough to offset the impact of the residential component, as our experience in Illinois suggests that Bloomington will need the revenue from nonresidential development to offset the costs of residential units.
- The City has kept the property tax rate relatively low, which has placed stress on the City's ability to maintain levels of service in the face of growth pressures and increasing capital maintenance needs. Bloomington, like many other cities, has had trouble meeting road maintenance needs and has, at a minimum, approximately \$11 million in unfunded capital needs as a result of annexations.
- The City of Bloomington has had a somewhat aggressive annexation policy over time. Many of the City's annexations have involved

non-contiguous parcels (known as "leapfrog" annexation), typically at the request of a developer. While contiguous annexation may allow for urban efficiencies of operation, "leapfrog" annexation will create the disadvantage of stretching City services because of time and distance factors.

Understanding the fiscal impacts of annexation will enable the City to negotiate annexation agreements that involve a sharing of risk between the City and the developer.

- The City has assumed most of the risk associated with funding infrastructure related to recent annexation agreements. The City has essentially acted as the "banker" to the development community by "front-ending" roads and utility infrastructure in hopes of being reimbursed by the new growth at a later date.
- Because of the fiscal implications of annexation, the costs of providing municipal services must be estimated and weighed against the anticipated revenues of areas proposed for annexation. This type of analysis is not something that the City has utilized prior to entering into annexation agreements.

Recommendations

A summary of recommendations from our evaluation are listed below in order of priority:

- TischlerBise felt the City's first priority should be the development and implementation of a

fiscal impact model to evaluate the impact of annexations and other development proposals. Understanding the fiscal impacts of annexation will enable the City to negotiate annexation agreements that involve a sharing of risk between the City and the developer.

- TischlerBise felt strongly that the City should consider revising the methodology and structure of its sewer and water tap-on fees. Currently, existing rate payers are subsidizing this cost for new development. A properly designed fee methodology would ensure that the City captures its full share of growth-related capital costs. The City can also use the fees as a revenue stream to reimburse developers for their cost of oversizing sewer and water lines in exchange for development permission.
- TischlerBise recommended that the City revisit its policies related to site-specific infrastructure improvements associated with development projects. For example, the City's sub-standard road fee is meant to upgrade the roadway leading up to the proposed development—a cost that is typically borne by the developer as part of the exaction process for site-specific improvements.
- As stated above, future growth will require nearly 6,000 acres of land for development, with the majority of acreage in residential land use. The City should give serious consideration to preparing a fiscal impact analysis of future growth in the City to determine whether the proposed mix of uses is, at a minimum, "fiscally neutral."