



COST OF DEVELOPMENT ELEMENT[‡]

Growth in Scottsdale began with residential development. This early development became a catalyst for other land uses, such as commercial, office, industrial, and recreation. Over the years, Scottsdale's growth has been cyclical, with periods of expansion and relatively short periods of contraction. In each growth cycle, the community has expected development to pay for itself by providing the necessary infrastructure, including parks, school sites, streets, and water/wastewater facilities.

The Cost of Development Element establishes goals and policies that guide the fiscal impacts created by development with regard to infrastructure and public services, and determine how such impacts will be addressed.

Several City ordinances require developer participation in public infrastructure improvement, per State law:

- The **Land Division Ordinance** † requires right-of-way and easement dedications, construction of on-site and frontage infrastructure, and adequate provision of park or school facilities within subdivisions.
- The **Streets Ordinance** † requires right-of-way and easement dedications for streets and alleys, along with the construction of public infrastructure within those dedications.
- **Development Fees Ordinances** † require applicants for new development to pay a proportion of water delivery systems, sewer collection and processing systems, and water resources to serve the proposed development. These “impact fees” cover the costs of acquiring water resources, processing them to meet mandated standards, delivering them to the general area of a development, and collecting and processing sewer flows generated by the use.
- The **Payback Ordinance** † may be used by an applicant to recover prorated costs of extending water or sewer lines from non-adjacent locations. The city collects fees from neighboring parcels as they connect to this newly-constructed city water or sewer service and disburses these funds to the applicant over a specified period of time.

Developments may also participate in the improvement of public infrastructure through:

- **City Capital Projects** † – In some cases, in-lieu or development fee funds from a development may be combined with city capital funds to build infrastructure, particularly when there is a need to over-size the facility or there are substantial regional-based demands.
- **Improvement Districts** † – Property owners who wish to fund public infrastructure to serve their properties may petition City Council for an Improvement District. Through these districts, bonds or city funding are used to finance improvements. Improvement District financing is repaid through a compulsory levy (special assessment) against affected properties. The levy defrays the cost of a capital improvement or service that benefits the Improvement District properties.
- **Community Facilities Districts (CFD)** † – CFDs are special purpose, public improvement districts. CFDs provide mechanisms to finance public infrastructure, fund the operation and maintenance of public infrastructure, and provide enhanced municipal services in qualifying areas, through a variety of public funding options.
- **Other Special Districts** † – Title 48 of Arizona Revised Statutes describes other types of special districts, such as Revitalization Districts, Redevelopment Districts, Infill Incentive Districts, and Enhanced Services Districts, that may be used by developers to provide public infrastructure or services. The city may also create special districts.

Other actions by the private sector and quasi-public entities/jurisdictions may reduce the expected demand for public infrastructure, such as:

- **Sprinkler Ordinance** † – The Fire Code requirement that all new structures built since 1986 within the city have fire sprinklers reduced the need for hydrants, the sizing of water lines, and the amount of pumping and storage capacity.
- **Private Facilities** † – In some cases the development of private streets and recreational facilities reduce the need for community-serviced street and park facilities and the ongoing maintenance costs for such facilities.
- **Joint-Use Agreements** † – Where applicable and viable, joint-use agreements with school districts and flood control agencies have helped reduce the land and facilities needed to provide a variety of recreational and community services.

Goals and Policies

Goal COD 1 †

As permitted by State Law, require development to pay its fair share of the cost of public service needs it generates.

Policies

- COD 1.1 †** Ensure funding mechanisms used to finance public services bear a reasonable relationship to the burden imposed. *[Cross-reference Public Services & Facilities Element]*
- COD 1.2 †** Public infrastructure provided by development should be reasonable, fair, and mutually beneficial to the city. *[Cross-reference Public Services & Facilities Element]*
- COD 1.3** Support fiscally responsible decision- and policy-making that affects growth, development, infill, and preservation. *[Cross-reference Land Use; Growth Areas; and Economic Vitality Element]*
- COD 1.4 †** Provide opportunities for decision makers to introduce reductions and exceptions to fees when specific to revitalization or targeted growth (e.g., in Growth Areas). *[Cross-reference Growth Areas and Conservation, Rehabilitation, & Redevelopment Elements]*
- COD 1.5 †** Consider, if applicable and allowed by State law, alternative ways of financing new infrastructure. *[Cross-reference Water Resources and Public Services & Facilities Elements]*
- COD 1.6** Continue to use water, water resources, and sewer development fees to ensure that new growth pays for itself without adversely impacting existing customers. *[Cross-reference Water Resources and Public Services & Facilities Elements]*



Goal COD 2

Promote development timing guided by the adequacy of existing and/or expandable infrastructure, services, and facilities.

Policies

- COD 2.1** Plan and promote the orderly building of infrastructure, such as water, sewer, drainage, streets, and transit shelters. *[Cross-reference Public Services & Facilities Elements]*
- COD 2.2** Ensure proposed development commits to construction of primary water, wastewater, and circulation systems, as necessary, before approval. *[Cross-reference Public Services & Facilities Element]*
- COD 2.3** Secure land for public facilities, such as water treatment plants, reservoirs, rights-of-way, parks and open spaces, libraries, community centers, police, and fire. *[Cross-reference Public Buildings; Public Services & Facilities; and Safety Elements]*
- COD 2.4** Promote private-sector participation in the development of needed public facilities and amenities through required fees, dedication of land, and construction of facilities. *[Cross-reference Public Buildings and Public Services & Facilities Elements]*

Goal COD 3

Coordinate infrastructure investment and land use decisions with long-term municipal economic sustainability.

Policies

- COD 3.1** As permitted by State Law, evaluate the long-term fiscal impacts of land use decisions that will require expanded city services, ongoing maintenance, and infrastructure. *[Cross-reference Land Use; Economic Vitality; and Public Services & Facilities Elements]*
- COD 3.2** Use fiscal impact modeling to aid preparation of departmental operating plans, capital facilities development plans, and asset management programs. *[Cross-Public Services & Facilities Element]*
- COD 3.3** Conduct comprehensive analyses of long-term infrastructure replacement requirements and costs through Capital Improvement Planning. *[Cross-reference Public Services & Facilities Elements]*
- COD 3.4** Develop and analyze alternative fiscal impact scenarios involving growth policies, service levels, funding methods, and cost and rate structures. *[Cross-reference Land Use; Growth Areas; Economic Vitality; and Public Services & Facilities Elements]*