



TOWN OF PRESCOTT VALLEY STAFF REPORT

DATE: August 8, 2024

TO: Mayor & Town Council

THROUGH: Gilbert Davidson, Town Manager

FROM: Donna Kennedy, Development Services Director

DEPARTMENT: Development Services

AGENDA TYPE: New Business (for Review, Comment, And/or Possible Action)

SUBJECT: Pre-Annexation Development Agreement - Consideration & Possible Action (Authorize Signature) [Donna Kennedy, Development Services Director]

VISION 2024 FOCUS AREA: Enhancing the health of neighborhoods by promoting well-being for all through safety, infrastructure, housing, connectivity, recreational space, and community engagement.

SUMMARY/BACKGROUND:

The Fain Land and Cattle Company and The Fain Signature Group (“Developer”) have proposed to enter into a Pre-Annexation Development Agreement to annex and re-zone approximately six hundred fifty-two (652) acres located west of the intersection of Lakeshore Drive and Fain Road so it may be developed into a master planned community offering a range of residential uses, commercial uses and services, and open space amenities (to be known as “LakeShore 650”).

One of the primary purposes of a Pre-Annexation Development Agreement per ARS §§9-500.05 and 9-471(T) is to discuss and outline the annexation process and planning and zoning process. Some Development Agreements supplement the rezoning process by getting into detail about applicable development codes, fees, public improvements, and possible incentives. This proposed Development Agreement is not as detailed as many but, rather, defers to the specific conditions and the Master Development Plan set out in the rezoning ordinance. This

Development Agreement does reference the maximum density permitted in those conditions and the Master Development Plan, and specifically provides that the annexation and rezoning are directly connected. If the rezoning is not approved, the request for annexation will be considered withdrawn. If the rezoning is approved but later successfully referred and voided by an adverse public vote, then the Town Council will have agreed to take steps to rescind the annexation so the property remains in Yavapai County.

The process of the Town Council approving the LakeShore 650 project would involve at least three separate actions over at least two different Council meetings. In the first meeting, the Council would begin by considering this Pre-Annexation Development Agreement. If the Development Agreement is found acceptable, it would be approved by voting to adopt Resolution No. 2024-2383. [Note: in accordance with ARS §9-500.05(A), the Development Agreement wouldn't actually become operative unless the annexation proceedings were completed.] Next, the Council would consider annexation of the property (ANX23-001). The necessary hearing was previously held on October 12, 2023, and the Developer has signed the necessary owner petitions as of August 2, 2024. The annexation process would begin if the Council votes to read Ordinance No. 2024-938 by title only on two separate occasions, then place the same on final passage. That ordinance would then be read by title only for the first reading. Finally, the Council would consider rezoning the property (ZMC23-004). The Planning & Zoning Commission held a public hearing and voted to recommend approval of the rezoning by the Town Council at the Commission's meeting held on June 10, 2024. After now holding its own public hearing, the Council would be in a position to begin the rezoning process by voting to read Ordinance No. 2024-939 by title only on two separate occasions, then place the same on final passage. The ordinance would then be read by title only for the first reading. At a second meeting, the Town Clerk would conduct the second reading of Ordinance No. 2024-938 for annexation and the Mayor would ask the Council to vote whether to adopt the ordinance. If adopted, the ordinance would not be effective for 30 days. At that same meeting, the Clerk would conduct the second reading of Ordinance No. 2024-939 for rezoning and the Mayor would ask the Council to vote whether to adopt that ordinance. If adopted, the ordinance would not be effective for 30 days.

RECOMMENDED MOTION:

Motion to authorize the Mayor to sign Resolution No. 2024-2383 adopting the proposed Pre-Annexation Development Agreement with Fain Land & Cattle Company and The Fain Signature Group, Developer, for the LakeShore 650 project, **OR** Motion not to approve Resolution No. 2024-2383. **VOTE.**

STAFF RECOMMENDATION:

Staff recommends authorizing signature of Resolution No. 2024-2383 adopting the Pre-Annexation Development Agreement with the Developer of LakeShore 650.

FISCAL ANALYSIS:

Over the 20 to 30 year period of the LakeShore 650 project (if all necessary actions are taken and the annexation and rezoning ultimately become effective), there are expected to be a number of fiscal impacts. Considerable transaction privilege tax revenue would be expected from construction and (later) through ongoing commercial services. Similarly, development impact fees, utility capacity fees, and other development permit fees would be collected by the Town. On-going utility fees would also be collected for Town utility services provided. The Developer would be required to construct at its cost certain public improvements inside the development (and potentially contribute towards cost of certain public improvements outside the development that the development would impact). Such Developer costs are typically passed on to homeowners and commercial operators through their purchase prices. However, in some cases a Community Facilities District is created that issues bonds to obtain revenue for construction improvements, and those bonds are then paid off directly by homeowners and commercial operators through payment of annual ad valorem taxes or property assessments. The Town, over time, would be required to build certain improvements, operate and maintain improvements, and provide services using the revenues described above (along with any general fund revenues that would be needed). None of this accounts for the indirect economic benefits received by the Town organization and other Town constituents from such a development involving residential and commercial uses, and related employment.

Council Action at the Meeting: [Click or tap here to enter text.](#)

ATTACHMENTS: Yes