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JUN 27 2013

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MEMORANDUM Management Services Memo No. MS13-061

DATE: JUNE 27, 2013

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
MARSHA REED, ASSISTANT CITY MANAGER MR

FROM: DAWN LANG, MANAGEMENT SERVICES DIRECTOR DL
R.J. ZEDER, TRANSPORTATION & DEVELOPMENT DIRECTOR

SUBJECT: INTRODUCTION OF ORDINANCE NO. 4459 RESCINDING AND REPLACING CHAPTER 38 OF THE CITY CODE, SYSTEM DEVELOPMENT FEE ORDINANCE OF THE CITY OF CHANDLER

RECOMMENDATION: Staff recommends approval of Ordinance No. 4459, rescinding in its entirety Chapter 38 of the City Code entitled Development Fees and Charges and replacing with a new Chapter 38 entitled System Development Fees for the purpose of complying with new statutory requirements set out in A.R.S. § 9-463.05.

BACKGROUND/DISCUSSION: In fiscal year 2010-11, Senate Bill (SB) 1525 (50th Legislature – First Regular Session) redefined a municipality's ability to assess system development fees (a.k.a. impact fees) effective December 31, 2011, essentially rewriting Arizona's impact fee enabling act for municipalities. This legislation required several actions by cities and towns, as dissussed below.

The primary intent of the new legislation was to increase standardization of the development fee process across cities and towns. The previous legislative language was vague in some areas and silent in others, which led to differing interpretations from city to city. Among other things, the new legislation redefined some of the "types" of system development fees. Key among those changes are: Park Development Fees are limited for use on parks less than 30 acres, Library Development Fees are limited to libraries under 10,000 square feet, Fire and Police Development Fees are no longer eligible for training facilities or administrative buildings, and Public Building Development Fees have been eliminated. The legislation also required cities and towns to modify existing system development fees by January 1, 2012, to adjust for the newly defined limitations. The City of Chandler incorporated these changes in Resolution No. 4544 adopted on October 12, 2011.

In addition to changes to the types of fees to be charged, the legislation also required that each city and town amend local policies and procedures to comply with the State legislation by

August 1, 2014. To help standardize the process, the Arizona League of Cities and Towns drafted a model ordinance to provide a starting point for cities to use to incorporate the new legislation, while allowing them to personalize local definitions and policies. The model ordinance was crafted with the assistance of legal advisors, consultants (including Duncan & Associates, the City of Chandler's System Development Fee consultant), and representatives from various cities and towns (including the City Engineer from the City of Chandler).

Representatives from the Management Services Department, Transportation & Development Department, City Attorney's Office, and Duncan & Associates have reviewed the model ordinance and updated and renamed Chapter 38 of the City Code as "System Development Fees," to be known as the "System Development Fee Ordinance of the City of Chandler." Staff have analyzed the variations between the Arizona League of Cities and Towns' model ordinance and Ordinance No. 4459 and characterizes those variations as clarifications to: incorporate existing practices into the ordinance, clearly define the public hearing and approval process, the conditions for issuing credits, the conditions for issuing refunds and allowing for correction of errors. A summary of differences between the Model Ordinance and the proposed City Ordinance is attached.

This ordinance sets forth standards and procedures for creating and assessing system development fees consistent with the requirement of Arizona Revised Statutes, but does not revise the amount of our system development fees. Development fees, established in January 2012 as a result of the new legislation, remain in effect until the City completes an Infrastructure Improvement Plan (IIP) and adopts a new fee structure, which must be completed by August 1, 2014. The update to our IIP is currently in process and will be followed by discussions on land use assumptions, service areas, etc. Recommendations on a new fee structure will be proposed to Council and veted through a series of public meetings well in advance of the August 1, 2014 deadline.

PROPOSED MOTION: Move to approve Ordinance No. 4459, rescinding in its entirety Chapter 38 of the City Code entitled Development Fees and Charges and replacing with a new Chapter 38 entitled System Development Fees for the purpose of complying with new statutory requirements set out in A.R.S. § 9-463.05.

c: Glenn Brockman, Assistant City Attorney
Julie Buelt, Senior Financial Analyst
Margaret Coulter, Regulatory Affairs Manager
Sheina Hughes, City Engineer
Jeff Kurtz, Planning Administrator
Pat McDermott, Assistant City Manager
Dave Nakagawara, Building Official
Daryl Racz, Development Project Administrator
Mary Wade, City Attorney
Greg Westrum, Budget Manager

Attachments: Summary of Differences between Proposed City Ordinance and Model Ordinance
Ordinance No. 4459

Summary of Differences between the Arizona League of Cities and Towns System Development Fee "Model Ordinance" and the Proposed City of Chandler Ordinance

(1) Section 38-4A – (Minor) Deleted the exemption from impact fees for public schools, private schools and City facilities. However, as in our existing practice, we did note in Section 38-11.B.3 that public and charter schools are exempt from paying certain of the fees. [Comment: Private schools are not exempt from paying impact fees.]

(2) Section 3-8.A.6 - (Minor) Upon recommendation by consultant, removed the requirement to estimate in the Infrastructure Improvement Plan (IIP) the number of future Equivalent Dwelling Units (EDUs) associated with public schools. Our consultant maintains this would be difficult to do and will have no impact on the fee calculations. We will continue to calculate our fees based on ALL EDUs, regardless of whether or not they are exempt from paying the fee.

(3) Section 38-9.A.1.(b) through (c) - (Minor) This is simply separating the public hearing requirement from the approval requirement for the IIP and underlying land use assumptions. [Comment: This is considered a clarification rather than a variation.]

(4) Section 38-9.B.3 - (Minor) Provides additional guidance in cases where the Fee Report is amended at the public hearing. [Comment: The Model Ordinance did not specify actions to take if the Fee Report was not approved as recommended.]

(5) Section 38-10.A - (Minor) Eliminates an inconsistency between the Model Ordinance and A.R.S. since our consultant believes state statues clearly states that the IIP shall be updated every five years, with the calculation commencing from date of adoption of the IIP. [Comment: The Model Ordinance is unclear on the timing of IIP updates.]

(6) Section 38-11.A.1.(a) through (e) - (Minor) Provides guidance specific to our City on how to determine the proper fee category for a specific development, which is consistent our current practices. The model ordinance considers similar language at Section X-11.D.

(7) Section 38-11.B.3 through 5 - (Minor) Details the types of development exempt from paying system development fees, consistent with our current practices.

(8) Section 38-12.C. - (Minor) Specifies that a credit shall not exceed the amount of the system development fee paid, consistent with current practices. [Comment: The Model Ordinance does not specifically address this issue.]

(9) Section 38-12.F.2 through 5 - (Minor) Eliminates the substitution of "adequate security" to prompt issuance of a credit, leaving the City's accepting the Capital Facility as the only option to obtain a credit. It also eliminates a refund provision related to credits since under City rules the system development fee would have already been reduced by the amount of the credit. Eliminates the ability to transfer credits that were issued prior to August 1, 2014. [Comment: Credits cannot be transferred under current City SDF rules.]

(10) Section 38-13.B - (Minor) Deleted a redundant provision that development agreements be prepared and executed in accordance with A.R.S. and Chandler City Code.

(11) Section 38-13.G - (Major) Eliminated the provision allowing development agreements to defer payment of system development fees since we have never allowed this in the past and do not intend to start allowing deferred payments.

(12) Section 38-14.B. through D - (Minor) Customizes the appeal process in accordance with our current practice. [Comment: Although there is often conversation about the amount of the fee to be paid, System Development Fees are rarely, if ever, officially "appealed."]

(13) Section 38-15.A.2.(e) - (Major) In instances where a refund is requested due to a single project costing at least 10% less than the amount included in the IIP, stipulates that other projects within the same fee category in the IIP may also be included in the recalculation of construction costs to determine if overall (or for a particular group of projects) the amounts in the IIP were over or under the actual construction costs.

(14) Section 38-15.D - (Minor) Language added to allow for correction of errors, and specifying that there are no refunds for changes in development.

ORDINANCE NO. 4459

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, RESCINDING IN ITS ENTIRETY CHAPTER 38 OF THE CODE OF THE CITY OF CHANDLER ENTITLED DEVELOPMENT FEES AND CHARGES AND REPLACING WITH A NEW CHAPTER 38 ENTITLED SYSTEM DEVELOPMENT FEES.

WHEREAS, Senate Bill (SB) 1525 (Fiftieth Legislature, First Regular Session) rewrote the State of Arizona's impact fee enabling act; and

WHEREAS, the League of Arizona Cities and Towns convened a workgroup to prepare a model ordinance for Cities and Towns to adopt to be in conformance with Arizona Revised Statutes; and

WHEREAS, the City of Chandler adapted the League of Arizona Cities and Towns' model ordinance with local definitions and process.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that Chapter 38 of the Code of the City of Chandler, Arizona is hereby rescinded in its entirety and replaced as follows:

Chapter 38 – SYSTEM DEVELOPMENT FEES

38-1. Title.

38-2. Legislative Intent and Purpose.

38-3. Definitions.

38-4. Applicability.

38-5. Authority and Requirements.

38-6. Administration.

38-7. Land Use Assumptions.

38-8. Infrastructure Improvements Plan.

38-9. Adoption and Modification Procedures.

38-10. Timing of Updates.

38-11. Collection of Fees.

38-12. Credits and Credit Agreements.

38-13. Development Agreements.

38-14. Appeals.

38-15. Refunds.

38-16. Oversight of Program.

Appendix – Fee Schedule

38-1: Title.

This Chapter shall be known as the "System Development Fee Ordinance of the City of Chandler," and may be cited as such.

38-2: Legislative Intent and Purpose.

This Chapter is adopted for the purpose of promoting the health, safety and general welfare of the residents of the City by:

A. Requiring new development to pay its proportionate share of the costs incurred by the City that are associated with providing Necessary Public Services to new development;

B. Setting forth standards and procedures for creating and assessing system development fees consistent with the requirements of Arizona Revised Statutes ("A.R.S.") § 9-463.05, including requirements pursuant to A.R.S. § 9-463.05, Subsection K, that on or before August 1, 2014, the City replace its system development fees that were adopted prior to January 1, 2012 with system development fees adopted pursuant to the requirements of A.R.S. § 9-463.05 as amended by the state legislature in SB 1525, Fiftieth Legislature, First Regular Session;

C. Providing for the temporary continuation of certain system development fees adopted prior to January 1, 2012 until otherwise replaced pursuant to this Chapter, or longer where such system development fees were pledged to support Financing or Debt for a Grandfathered Facility as permitted by A.R.S. § 9-463.05, Subsections K, R, and S; and

D. Setting forth procedures for administering the system development fee program, including mandatory Offsets, Credits, and refunds of system development fees. All system development fee assessments, Offsets, Credits, or refunds must be administered in accordance with the provisions of this Chapter.

This Chapter shall not affect the City's zoning authority or its authority to adopt or amend its General Plan, provided that planning and zoning activities by the City may require amendments to system development fees as provided in Section 38-7 of this Chapter.

38-3: Definitions.

When used in this Chapter, the terms listed below shall have the following meanings unless the context requires otherwise. Singular terms shall include their plural.

Applicant: A person who applies to the City for a Building Permit.

Appurtenance: Any fixed machinery or Equipment, structure or other fixture, including integrated hardware, software or other components, associated with a Capital Facility that is necessary or convenient to the operation, use, or maintenance of a Capital Facility.

Aquatic Center: A facility primarily designed to host non-recreational competitive functions generally occurring within water, including, but not limited to, water polo games, swimming meets and diving events. Such facility may be indoors, outdoors, or any combination thereof, and includes all necessary supporting amenities, including but not limited to, locker rooms, offices, snack bars, bleacher seating and shade structures.

Arterial Streets: See "Street Facilities."

Building Permit: A written permit or license issued by an authorized officer of the City, which is intended to: ensure that work is performed according to the applicable provisions of the City's building, safety and zoning codes; authorize the Applicant and/or holder to construct a building or structure of a particular kind on specified property; authorize vertical construction; increase square footage; authorize changes to land use; or provide for the addition of a residential or nonresidential point of demand to the water or wastewater system. A Building Permit may be issued in connection with the construction of a new building or structure or in connection with the substantial alteration of an existing building or structure, either for expansion of an existing use or to accommodate a new use.

Capital Facility: An asset having a Useful Life of three or more years that is a component of one or more Categories of Necessary Public Service provided by the City. A Capital Facility may include any associated purchase of real property, architectural and engineering services leading to the design and construction of buildings and facilities, improvements to existing facilities, improvements to or expansions of existing facilities and associated financing and professional services.

Category of Necessary Public Service: A specific type of Necessary Public Services for which the City is authorized to assess system development fees, as further defined in Section 38-8.A.1 of this Chapter.

Category of Development: A specific type of residential, commercial, or industrial development against which a system development fee is calculated and assessed. The City assesses system development fees against the following types of development within each of the three broader categories of development: (i) for residential development, Single-Family and Multi-Family; (ii) for commercial development, Retail/Commercial and Office; and (iii) for industrial, Industrial/Warehouse and Public/Quasi-Public. The development fees with categories associated with Non-Residential developments: "Retail/Commercial," "Office," "Public/Quasi-Public" and "Industrial/Warehouse" take into account that a development or phase of development may contain components of more than one use category but the primary use category for which the development or phase of development is being constructed shall be the basis for which fees are assessed.

For uses that cannot readily be designated under a particular category and are not part of a larger retail, industrial or office development, the City Engineer shall determine the category the particular use will be assigned based on which category has a p.m. peak hour trip generation rate equal to or less than the rate for the land use under consideration.

City: The City of Chandler, Arizona.

Credit: A reduction in an assessed system development fee resulting from Developer contributions to, payments for, construction of, or dedications for Capital Facilities included in an Infrastructure Improvements Plan pursuant to Section 38-12 of this Chapter (or as otherwise permitted by this Chapter).

Credit Agreement: A written agreement between the City and the Developer(s) of a Subject Development that allocates Credits to the Subject Development pursuant to Section 38-12 of this Chapter. A Credit Agreement may be included as part of a Development Agreement pursuant to Section 38-13 of this Chapter.

Credit Allocation: A term used to describe when Credits are distributed to a particular development or parcel of land after execution of a Credit Agreement, but are not yet issued.

Credit Issuance: A term used to describe when the amount of an assessed system development fee attributable to a particular development or parcel of land is reduced by applying a Credit Allocation.

Developer: An individual, group of individuals, partnership, corporation, limited liability company, association, municipal corporation, state agency, or other person or entity undertaking land development activity, and their respective successors and assigns.

Development Agreement: An agreement prepared in accordance with the requirements of Section 38-13 of this Chapter and A.R.S. § 9-500.05 and any applicable requirements of the Chandler City Code.

Direct Benefit: A benefit to a development resulting from a Capital Facility that: (a) addresses the need for a Necessary Public Service created in whole or in part by the development; and that (b) meets either of the following criteria: (i) the Capital Facility is located in the immediate area of the development and is needed in the immediate area of the development to maintain the Level of Service; or (ii) the Capital Facility substitutes for, or eliminates the need for a Capital Facility that would have otherwise have been needed in the immediate area of the development to maintain the City's Level of Service.

Dwelling Unit: One (1) or more rooms, or a portion of a room in a building, providing complete, independent living facilities for one (1) or more persons including permanent provisions for living, sleeping, eating, cooking and sanitation.

Equipment: Machinery, tools, materials, and other supplies, not including Vehicles, that are needed by a Capital Facility to provide the Level of Service specified by the Infrastructure Improvements Plan.

Equivalent Demand Unit (EDU): A unit of demand within a particular Category of Necessary Public Services, defined in terms of a standardized measure of the demand that a unit of development in a Category of Development generates for Necessary Public Services in relation to the demand generated by a Single-Family Dwelling Unit. For all Categories of Necessary Public Services, the EDU factor for a Single-Family Dwelling Unit is one (1), while the EDU factor for a unit of development within another Category of Development is represented as a ratio of the demand for that Category of Necessary Public Services typically generated by that unit as compared to the demand for such services typically generated by a Single-Family Dwelling Unit. An EDU shall be a "service unit" for purposes of Paragraph T, Subparagraph 10 of A.R.S. § 9-463.05.

Excluded Library Facility: Library improvements for which system development fees may not be charged pursuant to A.R.S. § 9-463.05.T.7.(d), including that portion of any library building that exceeds 10,000 square feet, and Equipment, Vehicles or Appurtenances associated with library operations.

Excluded Park Facility: Park and recreational improvements for which system development fees may not be charged pursuant to A.R.S. § 9-463.05.T.7.(g), including amusement parks, aquariums, Aquatic Centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than 3,000 square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, or zoo facilities.

Fee Report: A written report adopted pursuant to Section 38-9 of this Chapter that identifies the methodology for calculating the amount of each system development fee, explains the relationship between the system development fee to be assessed and the Plan-Based Cost per EDU calculated in the Infrastructure Improvements Plan and which meets other requirements set forth in A.R.S. § 9-463.05.

Financing or Debt: Any debt, bond, note, loan, interfund loan, fund transfer, or other debt service obligation used to finance the development or expansion of a Capital Facility or associated Appurtenances, Vehicles or Equipment.

Fire Protection Facilities: A Category of Necessary Public Services that includes fire stations, fire Equipment, fire Vehicles and all Appurtenances for fire stations. Fire Protection Facilities do not include Vehicles or Equipment used to provide administrative services, or helicopters or airplanes. Fire Protection Facilities do not include any facility that is used for training firefighters from more than one station or substation.

Grandfathered Facilities: Capital Facilities and associated Appurtenances, Vehicles or Equipment provided through Financing or Debt incurred before June 1, 2011 for which a system development fee has been Pledged towards repayment as described in Section 38-5.C of this Chapter.

General Plan: Refers to the overall land-use plan for the City establishing areas of the City for different purposes, zones and activities adopted pursuant to City Resolution Number 4195 on June 26, 2008 and as may be amended from time to time thereafter.

Gross Floor Area: The sum of the gross horizontal areas of each story of a building measured from the exterior faces of the exterior walls or from the center line of walls separating two buildings or different uses, including attic space with headroom of seven feet (7") or greater and served by a permanent, fixed stair, but not including enclosed off-street parking or loading areas. Gross Floor Area shall also include areas of buildings within the horizontal projection of the roof or floor above, which do not have surrounding exterior walls but exceed three feet (3') in horizontal dimension. Gross Floor Area shall also include basements, if provided, and outdoor patios/retail areas without roofs or walls as further described in the definition of Retail/Commercial.

Gross System Development Fee: The total system development fee to be assessed against a Subject Development on a per unit basis, prior to subtraction of any Credits.

Industrial/Warehouse: Based on the Category of Development, any establishments primarily engaged in the fabrication, assembly or processing of goods; the display, storage and sale of goods to other firms for resale; activities involving movement and storage of products or Equipment; or an enclosed storage facility containing independent, fully enclosed bays that are leased to persons for storage of their household goods or personal property.

Infrastructure Improvements Plan: A document or series of documents that meet the requirements set forth in A.R.S. § 9-463.05, including those adopted pursuant to Section 38-9 of this Chapter to cover any Category or combination of Categories of Necessary Public Services.

Interim Fee Schedule: Any system development fee schedule established prior to January 1, 2012 in accordance with then-applicable law, and which shall expire not later than August 1, 2014 pursuant to Section 38-11 of this Chapter.

Land Use Assumptions: Projections of changes in land uses, densities, intensities and population for a Service Area over a period of at least ten years as specified in Section 38-7 of this Chapter.

Level of Service: A quantitative and/or qualitative measure of a Necessary Public Service that is to be provided by the City to development in a particular Service Area, defined in terms of the relationship between service capacity and service demand, accessibility, response times, comfort or convenience of use, or other similar measures or combinations of measures. Level of Service may be measured differently for different Categories of Necessary Public Services, as identified in the applicable Infrastructure Improvements Plan.

Library Facilities: A Category of Necessary Public Services in which literary, musical, artistic, or reference materials are kept (materials may be kept in any form of media such as electronic, magnetic, or paper) for non-commercial use by the public in a facility

providing a Direct Benefit to development. Libraries do not include Excluded Library Facilities, although a Library may contain, provide access to, or otherwise support an Excluded Library Facility.

Lot: As defined in Section 35-200 of the Chandler City Code, a piece or parcel of land separated from other parcels of land by description, as in a subdivision or on a record survey map or by metes and bounds, for purposes of sale, lease or separate use, and having frontage on at least one (1) street.

Multi-Family: A building or buildings containing multiple Dwelling Units that has a single City water meter serving the building(s).

Necessary Public Services: "Necessary Public Services" shall have the meaning prescribed in A.R.S. § 9-463.05, Subsection T, Paragraph 7.

Non-Residential: All land uses, except Single-Family and Multi-Family.

Office: Based on the Category of Development, professional, business, administrative, executive, medical and dental buildings and clinics, and other buildings having no storage of stock-in-trade (other than samples) or heavy Equipment and no sale of commodities on the premises.

Offset: An amount which is subtracted from the overall costs of providing Necessary Public Services to account for those Capital Facilities or associated debt that will be paid for by a development through taxes, fees (except for system development fees), and other revenue sources, as determined by the City pursuant to Section 38-8.13 of this Chapter.

Park Facilities: A Category of Necessary Public Services including but not limited to parks, Swimming Pools and related facilities and Equipment located on real property not larger than 30 acres in area, as well as Park Facilities larger than 30 acres where such facilities provide a Direct Benefit. Park Facilities do not include Excluded Park Facilities, although Park Facilities may contain, provide access to, or otherwise support an Excluded Park Facility.

Plan-Based Cost Per EDU: The total future capital costs identified in the Infrastructure Improvements Plan for a Category of Necessary Public Services as attributable to new development over a specified time period divided by the total new Equivalent Demand Units projected in a particular Service Area for that Category of Necessary Public Services over the same time period.

Pledged: Where used with reference to a system development fee, a system development fee shall be considered "pledged" where it was identified by the City as a source of payment or repayment for Financing or Debt that was identified as the source of financing for a Necessary Public Service for which a system development fee was assessed pursuant to the then-applicable provisions of A.R.S. § 9-463.05.

Police Facilities: A Category of Necessary Public Services, including Vehicles and Equipment, that are used by law enforcement agencies to preserve the public peace,

prevent crime, detect and arrest criminal offenders, protect the rights of persons and property, regulate and control motorized and pedestrian traffic, train sworn personnel, and/or provide and maintain police records, Vehicles, Equipment and communications systems. Police Facilities do not include Vehicles and Equipment used to provide administrative services, or helicopters or airplanes. Police Facilities do not include any facility that is used for training officers from more than one station or substation.

Public or Quasi-Public: Based on the Category of Development, a governmental or institutional use, or a non-profit recreational use, not located in a retail/commercial establishment. Typical uses include elementary, secondary or higher educational establishments, day care centers, hospitals, mental institutions, nursing homes, assisted living facilities, group homes, adult care homes, fire stations, city halls, county court houses, post offices, jails, libraries, museums, places of religious worship, military bases, airports, bus stations, fraternal lodges, parks and playgrounds.

Public School: An institution of learning which receives public funding and offers tuition-free education for all children, including some or all of the grades from kindergarten through 12th grade. The site may contain athletic, dining, assembly and recreation facilities.

Qualified Professional: Any one of the following: (a) a professional engineer, surveyor, financial analyst or planner, or other licensed professional providing services within the scope of that person's education or experience related to city planning, zoning, or system development fees and holding a license issued by an agency or political subdivision of the State of Arizona; (b) a financial analyst, planner, or other non-licensed professional who is providing services within the scope of the person's education or experience related to city planning, zoning, or system development fees; or (c) any other person operating under the supervision of one or more of the above.

Residential Land Use: A Single-Family or Multi-Family development.

Retail/Commercial: Based on the Category of Development, establishments primarily devoted to, or intended for, the sale, lease, rental or display of goods, food or merchandise for consumption by the general public, including any outdoor sales and display area(s) and storage/stockroom area(s) but excluding any outdoor area for sale of cars, trucks, boats, recreational vehicles or manufactured dwellings. Calculation of Gross Floor Area shall include all other indoor and outdoor sales areas or customer service area(s) that may be incidental to, but nevertheless share customer walking aisles or store entrances.

Service Area: Any specified area within the boundaries of the City within which: (a) the City will provide a Category of Necessary Public Services to development at a planned Level of Service; and (b) within which (i) a Substantial Nexus exists between the Capital Facilities to be provided and the development to be served, or (ii) in the case of Library Facilities or a Park Facility larger than 30 acres, a Direct Benefit exists between the Library Facilities or Park Facilities and the development to be served, each as prescribed in the Infrastructure Improvements Plan. Some or all of the Capital Facilities providing

service to a Service Area may be physically located outside of that Service Area provided that the required Substantial Nexus or Direct Benefit is demonstrated to exist.

Single-Family: A building containing one Dwelling Unit that is not attached to any other Dwelling Unit and has its own City water meter.

Storm Drainage: A Category of Necessary Public Services including but not limited to storm sewers constructed in sizes needed to provide for stormwater management for areas beyond major street projects and stormwater detention/retention basins, tanks, pump stations and channels necessary to provide for proper stormwater management, including any Appurtenances for those facilities.

Street Facilities: A Category of Necessary Public Service, which includes a "street" (as defined in Section 1-2 of the Chandler City Code) that is identified in the zoning code (Chapter 35 of the Chandler City Code) as an Arterial Street, or which is a road that has been so designated on an officially adopted plan of the City; and also includes traffic signals, rights-of-way, and improvements thereon; culverts, irrigation tiling, and storm drains serving such streets.

Subject Development: A land area linked by a unified plan of development, which must be contiguous unless the land area is part of a Development Agreement executed in accordance with Section 38-13 of this Chapter.

Substantial Nexus: A Substantial Nexus exists where the demand for Necessary Public Services that will be generated by a development can be reasonably quantified in terms of the burden it will impose on the available capacity of existing Capital Facilities, the need it will create for new or expanded Capital Facilities, and/or the benefit to the development from those Capital Facilities.

Swimming Pool: A public facility primarily designed and/or utilized for recreational non-competitive functions generally occurring within water, including, but not limited to, swimming classes, open public swimming sessions and recreational league swimming/diving events. The facility may be indoors, outdoors, or any combination thereof, and includes all necessary supporting amenities.

Useful Life: The period of time in which an asset can reasonably be expected to be used under normal conditions, whether or not the asset will continue to be owned and operated by the City over the entirety of such period.

Vehicle: Any device, structure, or conveyance utilized for transportation in the course of providing a particular Category of Necessary Public Services at a specified Level of Service, excluding helicopters and other aircraft.

Wastewater: A Category of Necessary Public Services including but not limited to sanitary sewer lines, lift stations, reclamation plants, wastewater treatment plants, and all other facilities for the collection, interception, transportation, treatment and disposal of wastewater, as well as for the distribution of reclaimed water, and any Appurtenances for those facilities.

Water: A Category of Necessary Public Services including but not limited to those facilities necessary to provide for water services to development, including the acquisition, supply, transportation, treatment, purification and distribution of water, and any Appurtenances to those facilities.

38-4: Applicability.

A. Except as otherwise provided herein, from and after June 27, 2013, this Chapter shall apply to all new development within any Service Area.

B. The provisions of this Chapter shall apply to all of the territory within the corporate limits of the City, and water, reclaimed water and wastewater system development fees shall apply within the City's water, reclaimed water and wastewater Service Areas, subject to the following:

1. Arterial Street system development fees shall only be assessed in the area south of Frye Road, east of McClintock Road, and north of Frye Road, east of Arizona Avenue, except property which is both north of Knox Road and west of the Southern Pacific Railroad tracks.

2. Water system development fees specific to water resource development shall only be assessed in Salt River Project off-project and non-member areas.

3. Wastewater fees shall not be assessed on water-only (landscape) connections.

C. The City Engineer or his/her designee is authorized to make determinations regarding the application, administration and enforcement of the provisions of this Chapter.

38-5: Authority and Requirements.

A. *Fee Report and Implementation.* The City may assess and collect a system development fee for costs of Necessary Public Services, including all professional services required for the preparation or revision of an Infrastructure Improvements Plan, Fee Report, system development fee, and required reports or audits conducted pursuant to this Chapter. System development fees shall be subject to the following requirements:

1. The City shall develop and adopt a Fee Report that analyzes and defines the system development fees to be charged in each Service Area for each Category of Necessary Public Service, based on the Infrastructure Improvements Plan and the Plan-Based Cost per EDU calculated pursuant to Section 38-8.A.14 of this Chapter.

2. System development fees shall be assessed against all new commercial, residential, and industrial developments, provided that the City may assess

different amounts of system development fees against specific Categories of Development based on the actual burdens and costs that are associated with providing Necessary Public Services to that Category of Development. No system development fee shall exceed the Plan-Based Cost per EDU for any Category of Development.

3. No system development fees shall be charged, or Credits issued, for any Capital Facility that does not fall within one of the Categories of Necessary Public Services for which system development fees may be assessed as identified in Section 38-8.A.1 of this Chapter.

4. Costs for Necessary Public Services made necessary by new development shall be based on the same Level of Service provided to existing development in the same Service Area. System development fees may not be used to provide a higher Level of Service to existing development or to meet stricter safety, efficiency, environmental, or other regulatory standards to the extent that these are applied to existing Capital Facilities that are serving existing development.

5. System development fees may not be used to pay the City's administrative, maintenance, or other operating costs.

6. Projected interest charges and financing costs can only be included in system development fees to the extent they represent principal and/or interest on the portion of any Financing or Debt used to finance the construction or expansion of a Capital Facility identified in the Infrastructure Improvements Plan.

7. Except for any fees included on Interim Fee Schedules, all system development fees charged by the City must be included in a "Fee Schedule" prepared and adopted pursuant to this Chapter.

8. All system development fees shall meet the requirements of A.R.S. § 9-463.05.

B. *Costs per EDU.* The Fee Report shall summarize the costs of Capital Facilities necessary to serve new development on a per EDU basis as defined and calculated in the Infrastructure Improvements Plan, including all required Offsets, and shall recommend a system development fee schedule for adoption by the City. The actual system development fees to be assessed shall be disclosed and adopted in the form of system development fee schedules in Appendix A to this Chapter.

C. *Carry-over of Previously-Established System Development Fees, Credits and Grandfathered Facilities.* Notwithstanding the requirements of this Chapter, certain system development fees adopted by the City prior to the effective date of this Chapter shall continue in effect as follows:

1. Until August 1, 2014 or the date a new system development fee is adopted for the applicable Category of Necessary Public Services in a Service Area pursuant to this Chapter, whichever occurs first, system development fees established prior to January 1, 2012 shall continue in full force and effect to the extent that the system development fee is used to provide a Category of Necessary Public Services that is authorized by Section 38-8.A.1 of this Chapter. System development fees collected prior to January 1, 2012, shall be expended on Capital Facilities within the same Category of Necessary Public Services for which they were collected.

2. The City may continue to collect and use any system development fee established before January 1, 2012, even if the system development fee would not otherwise be permitted to be collected and spent pursuant to A.R.S. § 9-463.05, as amended by the state legislature in SB 1525, Fiftieth Legislature, First Regular Session, if either of the following apply:

   (a) Both of the following conditions are met:

      i. Prior to June 1, 2011, the system development fee was Pledged towards the repayment of Financing or Debt incurred by the City to provide a Capital Facility.

      ii. The applicable Capital Facility was included in the City's Infrastructure Improvements Plan, or other City planning document prepared pursuant to applicable law, prior to June 1, 2011.

   (b) Before August 1, 2014, the City uses the system development fee to finance a Capital Facility in accordance with A.R.S. § 9-463.05, Subsection S.

3. Defined terms in any previously established fee schedule shall be interpreted according to the ordinance in effect at the time of their adoption.

38-6: Administration.

A. *Separate Accounts.* System development fees collected pursuant to this Chapter shall be placed in separate, interest-bearing accounts for each Category of Necessary Public Services within each Service Area.

B. *Limitations on Use of Fees.* System development fees and any interest thereon collected pursuant to this Chapter shall be spent to provide Capital Facilities associated with the same Category of Necessary Public Services in the same Service Area for which they were collected, including costs of Financing or Debt used by the City to finance such Capital Facilities and other costs authorized by this Chapter that are included in the Infrastructure Improvements Plan.

C. *Time Limit.* System development fees collected after July 31, 2014 shall be used within ten (10) years of the date upon which they were collected for all Categories of Necessary Public Services except for Water and Wastewater Facilities. System development fees for Water Facilities or Wastewater Facilities collected after July 31, 2014 shall be used within fifteen (15) years of the date upon which they were collected.

38-7: Land Use Assumptions.

The Infrastructure Improvements Plan shall be consistent with the City's current Land Use Assumptions for each Service Area and each Category of Necessary Public Services as adopted by the City pursuant to A.R.S. § 463.05.

A. *Reviewing the Land Use Assumptions.* Prior to the adoption or amendment of an Infrastructure Improvements Plan, the City shall review and evaluate the Land Use Assumptions on which the Infrastructure Improvements Plan is to be based to ensure that the Land Use Assumptions within each Service Area conform to the General Plan.

B. *Evaluating Necessary Changes.* If the Land Use Assumptions upon which an Infrastructure Improvements Plan is based have not been updated within the last five (5) years, the City shall evaluate the Land Use Assumptions to determine whether changes are necessary. If, after general evaluation, the City determines that the Land Use Assumptions are still valid, the City shall issue the notice required in Section 38-10.B of this Chapter.

C. *Required Modifications to Land Use Assumptions.* If the City determines that changes to the Land Use Assumptions are necessary in order to adopt or amend an Infrastructure Improvements Plan, it shall make such changes as necessary to the Land Use Assumptions prior to or in conjunction with the review and approval of the Infrastructure Improvements Plan pursuant to Section 38-9 of this Chapter.

38-8: Infrastructure Improvements Plan.

A. *Infrastructure Improvements Plan Contents.* The Infrastructure Improvements Plan shall be developed by Qualified Professionals and may be based upon or incorporated within the City's Capital Improvements Plan. The Infrastructure Improvements Plan shall:

1. Specify the Categories of Necessary Public Services for which the City will impose a system development fee, which may include any or all of the following:

   (a) Water (including water system development fees and water resource system development fees);

(b) Wastewater (including wastewater system development fees/trunkline, wastewater system development fees/treatment and reclaimed water system development fees);

(c) Stormwater, Drainage, and Flood Control;

(d) Libraries;

(e) Street Facilities;

(f) Fire Protection;

(g) Police; and

(h) Parks.

2. Define and provide a map of one or more Service Areas within which the City will provide each Category of Necessary Public Services for which system development fees will be charged. Each Service Area must be defined in a manner that demonstrates a Substantial Nexus between the Capital Facilities to be provided in the Service Area and the EDUs to be served by those Capital Facilities. For Libraries and for Parks larger than 30 acres, each Service Area must be defined in a manner that demonstrates a Direct Benefit between the Capital Facilities and the EDUs to be served by those Capital Facilities. The City may cover more than one category of Capital Facilities in the same Service Area provided that there is an independent Substantial Nexus or Direct Benefit, as applicable, between each Category of Necessary Public Services and the EDUs to be served.

3. Identify and describe the Land Use Assumptions upon which the Infrastructure Improvements Plan is based in each Service Area.

4. Analyze and identify the existing Level of Service provided by the City to existing EDUs for each Category of Necessary Public Services in each Service Area.

5. Identify the Level of Service to be provided by the City for each Category of Necessary Public Services in each Service Area based on the relevant Land Use Assumptions and any established City standards or policies related to required Levels of Service. If the City provides the same Category of Necessary Public Services in more than one Service Area, the Infrastructure Improvements Plan shall include a comparison of the Levels of Service to be provided in each Service Area.

6. For each Category of Necessary Public Services, analyze and identify the existing capacity of the Capital Facilities in each Service Area, the utilization of those Capital Facilities by existing EDUs and the available

excess capacity of those Capital Facilities to serve new EDUs including any existing or planned commitments or agreements for the usage of such capacity. The Infrastructure Improvements Plan shall additionally identify any changes or upgrades to existing Capital Facilities that will be needed to achieve or maintain the planned Level of Service to existing EDUs, or to meet new safety, efficiency, environmental, or other regulatory requirements for services provided to existing EDUs.

7. Identify any Grandfathered Facilities and the impact thereof on the need for Necessary Public Services in each affected Service Area.

8. Estimate the total number of existing and future EDUs within each Service Area based on the City's Land Use Assumptions and projected new EDUs in each Service Area.

9. Based on the analysis in Subsections 3-6 of this Section, provide a summary table or tables describing the Level of Service for each Category of Necessary Public Services by relating the required Capital Facilities to EDUs in each Service Area, and identifying the applicable EDU factor associated with each Category of Development.

10. For each Category of Necessary Public Services, analyze and identify the projected utilization of any available excess capacity in existing Capital Facilities, and all new or expanded Capital Facilities that will be required to provide and maintain the planned Level of Service in each Service Area as a result of the new projected EDUs in that Service Area, for a period not to exceed ten (10) years. Nothing in this Subsection shall prohibit the City from additionally including in its Infrastructure Improvements Plan projected utilization of, or needs for, Capital Facilities for a period longer than ten (10) years, provided that the costs of such Capital Facilities are excluded from the calculation of the Plan-Based Cost per EDU.

11. For each Category of Necessary Public Services, estimate the total cost of any available excess capacity and/or new or expanded Capital Facilities that will be required to serve new EDUs, including costs of land acquisition, improvements, engineering and architectural services, studies leading to design, design, construction, financing, and administrative costs, as well as projected costs of inflation. Such total costs shall not include costs for ongoing operation and maintenance of Capital Facilities, nor for replacement of Capital Facilities to the extent that such replacement is necessary to serve existing EDUs. If the Infrastructure Improvements Plan includes changes or upgrades to existing Capital Facilities that will be needed to achieve or maintain the planned Level of Service to existing EDUs, or to meet new regulatory requirements for services provided to existing EDUs, such costs shall be identified and distinguished in the Infrastructure Improvements Plan.

12. Forecast the revenues from taxes, fees, assessments or other sources that will be available to fund the new or expanded Capital Facilities identified in the Infrastructure Improvements Plan, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions. The Infrastructure Improvements Plan shall additionally estimate the time required to finance, construct and implement the new or expanded Capital Facilities.

13. Calculate required Offsets as follows:

    (a) From the forecasted revenues in Subsection 12 of this Section, identify those sources of revenue that: (i) are attributable to new development, and (ii) will contribute to paying for the capital costs of Necessary Public Services.

    (b) For each source and amount of revenue identified pursuant to paragraph (a) of this Subsection, calculate the relative contribution of new development paying for the capital costs of Necessary Public Services in each Service Area.

    (c) Based on the relative contributions identified pursuant to paragraph (b) of this Subsection, for each Category of Necessary Public Services, calculate the total Offset to be provided in each Service Area.

    (d) For each Category of Necessary Public Services, convert the total Offset to be provided in each Service Area into an Offset amount per EDU by dividing the total Offset by the number of new EDUs.

    (e) Beginning August 1, 2014, for purposes of calculating the required Offset, if the City imposes a construction, contracting, or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate that is imposed on the majority of other transaction privilege tax classifications in the City, the entire excess portion of the construction, contracting, or similar excise tax shall be treated as a contribution to the capital costs of Necessary Public Services provided to new development unless the excess portion is already utilized for such purpose pursuant to this Section.

    (f) In determining the amount of required Offset for land included in a community facilities district established under A.R.S. Title 48, Chapter 4, Article 6, the City shall take into account any Capital Facilities provided by the district that are included in the Infrastructure Improvements Plan and the capital costs paid by the

district for such Capital Facilities, and shall offset system development fees assessed within the community facilities district proportionally.

14. Calculate the Plan-Based Cost per EDU by:

(a) Dividing the total projected costs to provide Capital Facilities to new EDUs for each Category of Necessary Public Services in each Service Area as determined pursuant to Subsections 1 through 12 of this Section by the total number of new EDUs projected for that Service Area over a period not to exceed ten (10) years for each Category of Necessary Public Services.

(b) Subtracting the required Offset per EDU calculated pursuant to Subsection 13 of this Section.

B. *Multiple Plans.* An Infrastructure Improvements Plan adopted pursuant to this Subsection may address one or more of the City's Categories of Necessary Public Services in any or all of the City's Service Areas. Each Capital Facility shall be subject to no more than one Infrastructure Improvements Plan at any given time.

C. *Reserved Capacity.* The City may reserve capacity in an Infrastructure Improvements Plan to serve one or more planned future developments, including capacity reserved through a Development Agreement pursuant to Section 38-13 of this Chapter. All reservations of existing capacity must be disclosed in the Infrastructure Improvements Plan at the time it is adopted.

38-9: Adoption and Modification Procedures.

A. *Adopting or Amending the Infrastructure Improvements Plan.* The Infrastructure Improvements Plan shall be adopted or amended subject to the following procedures:

1. *Major Amendments to the Infrastructure Improvements Plan.* Except as provided in paragraph 2 of this Subsection, the adoption or amendment of an Infrastructure Improvements Plan shall occur at one or more public hearings according to the following schedule, and may occur concurrently with the adoption of an update of the City's Land Use Assumptions as provided in Section 38-7 of this Chapter:

(a) Sixty days before the first public hearing regarding a new or updated Infrastructure Improvements Plan, the City shall provide public notice of the hearing and post the Infrastructure Improvements Plan and the underlying Land Use Assumptions on its website; the City shall additionally make available to the public the documents used to prepare the Infrastructure Improvements Plan and underlying Land Use Assumptions and the amount of any proposed changes to the Plan-Based Cost per EDU.

(b) The City shall conduct a public hearing on the Infrastructure Improvements Plan and underlying Land Use Assumptions.

(c) The City shall approve or disapprove the Infrastructure Improvements Plan within 60 days, but no sooner than 30 days, after the public hearing. If the document was amended as a result of the public hearing, the revised Infrastructure Improvements Plan shall be posted on the City's public website at least 15 days prior to the meeting.

2. *Minor Amendments to the Infrastructure Improvements Plan.* Notwithstanding the other requirements of this Section, the City may update the Infrastructure Improvements Plan and/or its underlying Land Use Assumptions without a public hearing if all of the following apply:

(a) The changes in the Infrastructure Improvements Plan and/or the underlying Land Use Assumptions will not add any new Category of Necessary Public Services to any Service Area.

(b) The changes in the Infrastructure Improvements Plan and/or the underlying Land Use Assumptions will not increase the Level of Service to be provided in any Service Area.

(c) Based on an analysis of the Fee Report and the City's adopted system development fee schedules, the changes in the Infrastructure Improvements Plan and/or the underlying Land Use Assumptions would not, individually or cumulatively with other amendments undertaken pursuant to this Subsection, have caused a system development fee in any Service Area to have been increased by more than five (5) per cent above the system development fee that is provided in the current system development fee schedule.

(d) At least 30 days prior to the date that the any amendment pursuant to this Section is adopted, the City shall post the proposed amendments on the City website.

B. *Adopting or Amending the Fee Report.* Any adoption or amendment of a Fee Report and fee schedule shall occur at one or more public hearings according to the following schedule:

1. The first public hearing on the Fee Report and fee schedule must be held at least 30 days after the adoption or approval of the Infrastructure Improvements Plan as provided in Subsection A of this Section. The City must give at least 30 days notice prior to the hearing, provided that this notice may be given on the same day as the approval or disapproval of the Infrastructure Improvements Plan.

2. The City shall make the Fee Report and fee schedule available to the public on the City's website 30 days prior to the public hearing described in Paragraph 1 of this Subsection.

3. The Fee Report and fee schedule may be adopted by the City no sooner than 30 days, and no later than 60 days, after the hearing described in Paragraph 1 of this Subsection. If the document was amended as a result of the public hearing, the revised Fee Report shall be posted on the City's public website at least 15 days prior to the meeting.

4. The development fee schedules adopted pursuant to this Subsection shall become effective no earlier than 75 days after adoption of the Fee Report by the City.

38-10: Timing of Updates.

A. *Updating the Infrastructure Improvements Plan.* Except as provided in Subsection B of this Section, not later than every five (5) years the City shall update the applicable Infrastructure Improvements Plan and Fee Report related to each Category of Necessary Public Services pursuant to Section 38-9 of this Chapter. Such five-year period shall be calculated from the date of the adoption of the Infrastructure Improvements Plan.

B. *Determination of No Changes.* Notwithstanding Subsection A of this Section, if the City determines that no changes to an Infrastructure Improvements Plan, underlying Land Use Assumptions, or Fee Report are needed, the City may elect to continue the existing Infrastructure Improvements Plan and Fee Report without amendment by providing notice as follows:

1. Notice of the determination shall be published at least 180 days prior to the end of the five-year period described in Subsection A of this Section.

2. The notice shall identify the Infrastructure Improvements Plan and Fee Report that shall continue in force without amendment.

3. The notice shall provide a map and description of the Service Area(s) covered by such Infrastructure Improvements Plan and Fee Report.

4. The notice shall identify an address to which any resident of the City may submit, within 60 days, a written request that the City update the Infrastructure Improvements Plan, underlying Land Use Assumptions, and/or Fee Report and the reasons and basis for the request.

C. *Response to Comments.* The City shall consider and respond within 30 days to any timely requests submitted pursuant to Paragraph 4 of Subsection B of this Section.

38-11: Collection of Fees.

A. *Collection.* System development fees, together with any administrative charges assessed to defray the costs of administering this Chapter, shall be calculated and collected at issuance of permission to commence development; specifically:

1. Unless otherwise specified pursuant to a Development Agreement adopted pursuant to Section 38-13 of this Chapter, system development fees shall be paid at the time of issuance of a Building Permit according to the current system development fee schedule for the applicable Service Area(s) as adopted pursuant to this Chapter, or according to any other applicable system development fee schedule as authorized in this Chapter.

   (a) The City shall determine the amount of each required system development fee through the use of the applicable fee schedule.

   (b) The City shall determine the Category of Development for each development based on the land use(s) applicable to the Lot to be developed in its entirety. The system development fees for Retail/Commercial, Office, Public/Quasi-Public and Industrial/Warehouse shall take into account that a development or phase of development may contain components of more than one use category but the primary use category for which the development or phase of development is being constructed shall be the basis for which fees are assessed. If a Lot consists of two (2) or more separate areas with different land uses applicable to each separate area, then the system development fee shall be determined by adding up all the fees that would be applicable for each land use type in each separate area. Determinations of the Category of Development by the City Engineer may be appealed to the City Manager or his/her designee.

   (c) The City shall determine the water meter size for each Lot based on the actual meter size installed on each Lot. If the exact meter size is not listed in a table, then the City shall use the next largest meter size in such table. If a Lot consists of two (2) or more separate areas with separate meters in each separate area, then the system development fee shall be determined by adding up all the fees that would be applicable for each meter size in each separate area. If a new wastewater customer is not a water customer, the City Engineer will determine the appropriate water meter size based on the estimated wastewater generation for the project.

   (d) In assessing the system development fees for Non-Residential land use types, square footage shall be measured in terms of Gross Floor Area, and any determination of square footage shall be in

whole units, with any fractions thereof being rounded up to the next square foot.

(e) System development fees for development projects involving an addition to or remodeling of an existing facility, change of use, change of housing type, change of meter size or other modification or redevelopment of a previously developed Lot or building with a valid certificate of occupancy shall be calculated as follows: the applicable system development fees for the proposed development as set forth in the current system development fee schedules minus the applicable system development fees for the previous development as set forth in the current system development fee schedules. In the event that the difference is negative, no refund of previously paid system development fees shall be made.

2. If a Building Permit is not required for the development, but water or wastewater connections are required, any and all system development fees due shall be paid at the time the water service connection is purchased. If only a wastewater connection is required, the system development fees shall be paid prior to approval of a connection to the sewer system. If no Building Permit or water or wastewater connection is required, all system development fees shall be paid prior to development approval. Wastewater system development fees shall be assessed if a development connects to the public sewer, or as determined by the City Engineer, is capable of discharging sewage to a City public sewer.

3. If the development is located in a Service Area with a Stormwater, Drainage, and Flood Control system development fee, and neither a Building Permit, water, or sewer service connection is required, the Storm Drainage system development fee due shall be paid at the time a civil or site permit is issued for the development.

4. No Building Permit, water or sewer connection, or certificate of occupancy shall be issued if a system development fee is not paid as directed in the previous paragraphs.

5. If the Building Permit is for a change in the type of building use, an increase in square footage, a change to land use, or an addition to a point of demand to the water or wastewater system, the system development fee shall be assessed on the additional service units resulting from the expansion or change, and following the system development fee schedule applicable to any new use type.

6. For issued permits that expire or are voided, system development fees and administrative charges shall be as follows:

(a) If the original permittee is seeking to renew an expired or voided permit, and the system development fees paid for such development have not been refunded, then the permittee shall pay the difference between any system development fees paid at the time the permit was issued and those in the fee schedule at the time the permit is reissued or renewed.

(b) If a new or renewed permit for the same development is being sought by someone other than the original permittee, the new permit Applicant shall pay the full system development fees specified in the fee schedule in effect at the time that the permits are reissued or renewed. If the original permittee has assigned its rights under the permits to the new permit Applicant, the new permit Applicant shall pay system development fees as if it were the original permittee.

B. *Exceptions*. System development fees shall not be owed under any of the following conditions.

1. System development fees have been paid for the development and the permit(s) which triggered the collection of the system development fees have not expired or been voided.

2. The approval(s) that trigger the collection of system development fees involve modifications to existing development that do not: (a) add new EDUs, (b) increase the impact of existing EDUs on existing or future Capital Facilities, or (c) change the land-use type of the existing development to a different Category of Development for which a higher system development fee would have been due. To the extent that any modification does not meet the requirements of this paragraph, the system development fee due shall be the difference between the system development fee that was or would have been due on the existing development and the system development fee that is due on the development as modified.

3. Public Schools and charter schools shall be exempt from payment of non-utility system development fees in accordance with A.R.S. § 9-500.18 with the exception of Arterial Street system development fees. In addition, Public Schools and charter schools shall be exempt from Arterial Street system development fees.

4. Separate water meters installed for irrigation purposes only shall not be included in the calculation of the wastewater system development fee.

5. Temporary structures for which an administrative use permit is secured for use as a sales office and not for residential or other purposes and intended to be removed within the two-year period granted under the use permit

shall be exempt from system development fees. This exemption shall not apply where the temporary building is erected on a parcel of land upon which a permanent building with permanent facilities is to be constructed.

C. *Temporary Exemptions from System Development Fee Schedules.* New developments in the City shall be temporarily exempt from increases in system development fees that result from the adoption of new or modified system development fee schedules as follows:

1. *Single-Family Uses.* On or after the day that the first Building Permit is issued for a Single-Family development, the City shall, at the permittee's request, provide the permittee with an applicable system development fee schedule that shall be in force for a period of 24 months beginning on the day that the first Building Permit is issued, and which shall expire at the end of the first business day of the 25th month thereafter. During the effective period of the applicable system development fee schedule, any Building Permit issued for the same Single-Family development shall not be subject to any new or modified system development fee schedule, provided that if the City reduces the amount of an applicable system development fee during the period that a grandfathered system development fee schedule is in force, the City shall assess the lower system development fee.

2. *Non-Residential and Multi-Family Uses.* On or after the day that the final approval is issued for a Non-Residential or Multi-Family development, the City shall provide an applicable system development fee schedule that shall be in force for a period of 24 months beginning on the day that final development approval of a site plan or final subdivision plat is given, and which shall expire at the end of the first business day of the 25th month thereafter. For the purpose of this paragraph, final approval shall mean the approval of a site plan or, if no site plan is submitted for the development, the approval of a final subdivision plat. During the effective period of the applicable system development fee schedule, any Building Permit issued for the same development shall not be subject to any new or modified system development fee schedule, provided that if the City reduces the amount of an applicable system development fee during the period that a grandfathered system development fee schedule is in force, the City shall assess the lower system development fee.

3. *Other Development.* Any development not covered under Paragraphs 1 and 2 of this Subsection shall pay system development fees according to the fee schedule that is current at the time of collection as specified in Subsection A of this Section.

4. *Changes to Site Plans and Subdivision Plats.* Notwithstanding the other requirements of this Subsection, if changes are made to a development's final site plan or subdivision plat that will increase the number of service

units after the issuance of a grandfathered system development fee schedule, the City may assess any new or modified system development fees against the additional service units.

D. *Option to Pursue Special Fee Determination.* The development fees with categories "Retail/Commercial," "Office," "Public/Quasi-Public" and "Industrial/Warehouse" take into account that a development or phase of development may contain components of more than one use category but the primary use category for which the development or phase of development is being constructed shall be the basis for which fees are assessed. For uses that cannot readily be designated under a particular category and are not part of a larger retail, industrial or office development, the City Engineer shall determine the category the particular use will be assigned based on which category has a p.m. peak hour trip generation rate equal to or less than the rate for the land use under consideration.

38-12: Credits and Credit Agreements.

A. *Eligibility of Capital Facility.* All system development fee Credits must meet the following requirements:

1. One of the following is true:

   (a) The Capital Facility, or the financial contribution toward a Capital Facility that will be provided by the Developer and for which a Credit will be issued, must be identified in an adopted Infrastructure Improvements Plan and Fee Report as a Capital Facility for which a system development fee was assessed; or

   (b) The Applicant must demonstrate to the satisfaction of the City that, given the class and type of improvement, the subject Capital Facility should have been included in the Infrastructure Improvements Plan in lieu of a different Capital Facility that was included in the Infrastructure Improvements Plan and for which a system development fee was assessed. If the subject Capital Facility is determined to be eligible for a Credit in this manner, the City shall amend the Infrastructure Improvements Plan to (i) include the subject replacement facility and (ii) delete the Capital Facility that will be replaced.

2. Credits shall not be available for any Capital Facility provided by a Developer if the cost of such Capital Facility will be repaid to the Developer by the City through another agreement or mechanism. To the extent that the Developer will be paid or reimbursed by the City for any contribution, payment, construction, or dedication from any City funding source including an agreement to reimburse the Developer with future collected system development fees pursuant to Section 38-13 of this

Chapter, any Credits claimed by the Developer shall be: (a) deducted from any amounts to be paid or reimbursed by the City; or (b) reduced by the amount of such payment or reimbursement.

B. *Eligibility of Subject Development.* To be eligible for a Credit, the Subject Development must be located within the Service Area of the eligible Capital Facility.

C. *Calculation of Credits.* Credits will be based on that portion of the costs for an eligible Capital Facility identified in the adopted Infrastructure Improvements Plan for which a development fee was assessed pursuant to the Fee Report. If the Gross System Development Fee for a particular Category of Necessary Public Service is adopted at an amount lower than the Plan-Based Cost per EDU, the amount of any Credit shall be reduced in proportion to the difference between the Plan-Based Cost per EDU and the Gross System Development Fee adopted. A Credit shall not exceed the actual costs the Applicant incurred in providing the eligible Capital Facility, nor shall it exceed the amount of the applicable system development fee for the Subject Development.

D. *Allocation of Credits.* Before any Credit can be issued to a Subject Development (or portion thereof), the Credit must be allocated to that development as follows:

1. The Developer and the City must execute a Credit Agreement including all of the following:

   (a) The total amount of the Credits resulting from provision of an eligible Capital Facility.

   (b) The estimated number of EDUs to be served within the Subject Development.

   (c) The method by which the Credit values will be distributed within the Subject Development.

2. It is the responsibility of the Developer to request allocation of system development fee Credits through an application for a Credit Agreement (which may be part of a Development Agreement entered into pursuant to Section 38-13 of this Chapter).

3. If a Building Permit is issued or a water/sewer connection is purchased, and a system development fee is paid prior to execution of a Credit Agreement for the Subject Development, no Credits may be allocated retroactively to that permit or connection. Credits may be allocated to any remaining permits for the Subject Development in accordance with this Chapter.

4. If the entity that provides an eligible Capital Facility sells or relinquishes a development (or portion thereof) that it owns or controls prior to execution

of a Credit Agreement or Development Agreement, Credits resulting from the eligible Capital Facility will only be allocated to the development if the entity legally assigns such rights and responsibilities to its successor(s) in interest for the Subject Development.

5. If multiple entities jointly provide an eligible Capital Facility, both entities must enter into a single Credit Agreement with the City, and any request for the allocation of Credit within the Subject Development(s) must be made jointly by the entities that provided the eligible Capital Facility.

6. Credits may only be reallocated from or within a Subject Development with the City's approval of an amendment to an executed Credit Agreement, subject to the following conditions:

   (a) The entity that executed the original agreement with the City, or its legal successor in interest, and the entity that currently controls the Subject Development are parties to the request for reallocation.

   (b) The reallocation proposal does not change the value of any Credits already issued for the Subject Development.

7. A Credit Agreement may authorize the allocation of Credits to a non-contiguous parcel only if all of the following conditions are met:

   (a) The entity that executed the original agreement with the City or its legal successor in interest, the entity that currently controls the Subject Development, and the entity that controls the non-contiguous parcel are parties to the request for reallocation.

   (b) The reallocation proposal does not change the value of any Credits already issued for the Subject Development.

   (c) The non-contiguous parcel is in the same Service Area as that served by the eligible Capital Facility.

   (d) The non-contiguous parcel receives a Necessary Public Service from the eligible Capital Facility.

   (e) The Credit Agreement specifically states the value of the Credits to be allocated to each parcel and/or EDU, or establishes a mechanism for future determination of the Credit values.

   (f) The Credit Agreement does not involve the transfer of Credits to or from any property subject to a Development Agreement.

E. *Credit Agreement.* Credits shall only be issued pursuant to a Credit Agreement executed in accordance with Subsection D of this Section. The City Engineer or

authorized designee is authorized by this Chapter to enter into a Credit Agreement with the controlling entity of a Subject Development, subject to the following:

1. The Developer requesting the Credit Agreement shall provide all information requested by the City to allow it to determine the value of the Credit to be applied.

2. An application for a Credit Agreement shall be submitted to the City by the Developer within one year of the date on which ownership or control of the Capital Facility passes to the City.

3. The Developer shall submit a draft Credit Agreement to the City Engineer or authorized designee(s) for review in the form provided to the Applicant by the City. The draft Credit Agreement shall include, at a minimum, all of the following information and supporting documentation:

   (a) A legal description and map depicting the location of the Subject Development for which Credit is being applied. The map shall depict the location of the Capital Facilities that have been or will be provided.

   (b) An estimate of the total EDUs that will be developed within the Subject Development depicted on the map and described in the legal description.

   (c) A list of the Capital Facilities, associated physical attributes and the related costs as stated in the Infrastructure Improvements Plan.

   (d) Documentation showing the date(s) of acceptance by the City, if the Capital Facilities have already been provided.

   (e) The total amount of Credit to be applied within the Subject Development and the calculations leading to the total amount of Credit.

   (f) The Credit amount to be applied to each EDU within the Subject Development for each Category of Necessary Public Services.

4. The City's determination of the Credit to be allocated is final.

5. Upon execution of the Credit Agreement by the City and the Applicant, Credits shall be deemed allocated to the Subject Development.

6. Any amendment to a previously approved Credit Agreement must be initiated within two (2) years of the City's final acceptance of the eligible Capital Facility for which the amendment is requested.

7. Any Credit Agreement approved as part of a Development Agreement shall be amended in accordance with the terms of the Development Agreement and Section 38-13 of this Chapter.

F. *Issuance of Credits.* Credits allocated pursuant to Subsection D of this Section may be issued and applied toward the Gross System Development Fees due from a development, subject to the following conditions:

1. Credits issued for an eligible Capital Facility may only be applied to the system development fee due for the applicable Category of Necessary Public Services, and may not be applied to any fee due for another Category of Necessary Public Services.

2. Credits shall only be issued when the eligible Capital Facility from which the Credits were derived has been accepted by the City.

3. Where Credits have been issued pursuant to Paragraph 2 of this Subsection, a system development fee due at the time a Building Permit is issued shall be reduced by the Credit amount stated in or calculated from the executed Credit Agreement. Where Credits have not yet been issued, the Gross System Development Fee shall be paid in full.

4. Credits, once issued, may not be rescinded or reallocated to another permit or parcel, except that Credits may be released for reuse on the same Subject Development if a Building Permit for which the Credits were issued has expired or been voided and is otherwise eligible for a refund under Section 38-15.A.2(a) of this Chapter.

5. Notwithstanding the other provisions of this Section 38-12, Credits issued prior to August 1, 2014 may only be used for the Subject Development for which they were issued.

38-13: Development Agreements.

Development Agreements containing provisions regarding system development fees, system development fee Credits and/or disbursement of revenues from system development fee accounts shall comply with the following:

A. *Development Agreement Required.* A Development Agreement is required to authorize any of the following:

1. To issue Credits prior to the City's acceptance of an eligible Capital Facility.

2. To allocate Credits to a parcel that is not contiguous with the Subject Development and that does not meet the requirements of Section 38-12.D.(7) of this Chapter.

3. To reimburse the Developer of an eligible Capital Facility using funds from system development fee accounts.

4. To allocate different Credit amounts per EDU to different parcels within a Subject Development.

5. For a Single-Family Dwelling Unit, to allow system development fees to be paid at a later time than the issuance of a Building Permit as provided in this Section.

B. *General Requirements.* Except where specifically modified by this Section, all provisions of Section 38-12 of this Chapter shall apply to any Credit Agreement that is authorized as part of a Development Agreement.

C. *Early Credit Issuance.* A Development Agreement may authorize the issuance of Credits prior to acceptance of an eligible Capital Facility by the City when the Development Agreement specifically states the form and value of the security (i.e., bond, letter of Credit, etc.) to be provided to the City prior to issuance of any Credits. The City shall determine the acceptable form and value of the security to be provided.

D. *Non-Contiguous Credit Allocation.* A Development Agreement may authorize the allocation of Credits to a non-contiguous parcel only if all of the following conditions are met:

1. The non-contiguous parcel is in the same Service Area as that served by the eligible Capital Facility.

2. The non-contiguous parcel receives a Necessary Public Service from the eligible Capital Facility.

3. The Development Agreement specifically states the value of the Credits to be allocated to each parcel and/or EDU, or establishes a mechanism for future determination of the Credit values.

E. *Uneven Credit Allocation.* The Development Agreement must specify how Credits will be allocated amongst different parcels on a per-EDU basis, if the Credits are not to be allocated evenly. If the Development Agreement is silent on this topic, all Credits will be allocated evenly amongst all parcels on a per-EDU basis.

F. *Use of Reimbursements.* Funds reimbursed to Developers from system development fee accounts for construction of an eligible Capital Facility must be utilized in accordance with applicable law for the use of City funds in construction or acquisition of Capital Facilities, including A.R.S. § 34-201, *et seq.*

G. *Deferral of Fees.* A Development Agreement shall not provide for the deferral of payment of system development fees for any type of development beyond the issuance of a Building Permit.

H. *Waiver of Fees.* If the City agrees to waive any system development fees assessed on development in a Development Agreement, the City shall reimburse the appropriate system development fee account for the amount that was waived.

I. *No Obligation.* Nothing in this Section obligates the City to enter into any Development Agreement or to authorize any type of Credit Agreement permitted by this Section.

38-14: Appeals.

A system development fee determination by City staff may be appealed in accordance with the following procedures:

A. *Limited Scope.* An appeal shall be limited to disputes regarding the calculation of the system development fees for a specific development and/or permit and calculation of EDUs for the development.

B. *Form of Appeal.* An appeal shall be initiated on such written form as the City may prescribe, including a full statement of the grounds, and submitted to the City Engineer.

C. *Action by Manager.* The City Manager or authorized designee shall act upon the appeal within 14 calendar days of receipt of the appeal and the Applicant shall be notified of the City Manager or authorized designee's decision in writing.

D. *Final Decision.* The City Manager or authorized designee's decision regarding the appeal is final.

E. *Fees During Pendency.* Building Permits may be issued during the pendency of an appeal if the Applicant (1) pays the full system development fee calculated by the City at the time the appeal is filed or (2) provides the City with financial assurances in the form acceptable to the City Manager or authorized designee equal to the full amount of the system development fee. Upon final disposition of an appeal, the fee shall be adjusted in accordance with the decision rendered, and a refund paid if warranted. If the appeal is denied by the City Manager or authorized designee, and the Applicant has provided the City with financial assurances as set forth in clause (2) above, the Applicant shall deliver the full amount of the system development fee to the City within ten days of the City Manager or designee's final decision on the appeal. If the Applicant fails to deliver the full amount of the system development fees when required by this Subsection, the City may draw upon such financial assurance instrument(s) as necessary to recover the full amount of the system development fees due from the Applicant.

38-15: Refunds.

A. *Refunds.* A refund (or partial refund) will be paid to any current owner of property within the City who submits a written request to the City and demonstrates that:

1. The permit(s) that triggered the collection of the system development fee have expired or been voided prior to the commencement of the development for which the permits were issued and the system development fees collected have not been expended, encumbered, or Pledged for the repayment of Financing or Debt; or

2. The owner of the subject real property or its predecessor in interest paid a system development fee for the applicable Category of Necessary Public Services on or after August 1, 2014, and one of the following conditions exists:

   (a) The Capital Facility designed to serve the subject real property has been constructed, has the capacity to serve the subject real property and any development for which there is reserved capacity and the service which was to be provided by that Capital Facility has not been provided to the subject real property from that Capital Facility or from any other Capital Facility.

   (b) After collecting the fee to construct a Capital Facility, the City fails to complete construction of the Capital Facility within the time period identified in the Infrastructure Improvements Plan, as it may be amended, and the corresponding service is otherwise unavailable to the subject real property from that Capital Facility or any other Capital Facility.

   (c) For a Category of Necessary Public Services other than Water or Wastewater Facilities, any part of a system development fee is not spent within ten (10) years of the City's receipt of the system development fee.

   (d) Any part of a system development fee for Water or Wastewater Facilities is not spent within fifteen (15) years of the City's receipt of the system development fee.

   (e) The system development fee was calculated and collected for the construction cost to provide all or a portion of a specific Capital Facility serving the subject real property and the actual construction costs for the Capital Facility are less than the construction costs projected in the Infrastructure Improvements Plan by a factor of 10% or more. In such event, the current owner of the subject real property shall, upon request as set forth in this

Section A, be entitled to a refund for the difference between the amounts of the system development fee charged for and attributable to such construction cost and the amount the system development fee would have been calculated to be if the actual construction cost had been included in the Fee Report. In performing the recalculation, the City may take into consideration actual construction costs for other improvements serving the subject real property that were included in the Infrastructure Improvements Plan for the same Category of Necessary Public Facilities. The refund contemplated by this Subsection shall relate only to the costs specific to the construction of the applicable Capital Facility and shall not include any related design, administrative, or other costs not directly incurred for construction of the Capital Facility that are included in the system development fee as permitted by A.R.S. § 9-463.05.

B. *Earned Interest.* A refund of a system development fee shall include any interest actually earned on the refunded portion of the system development fee by the City from the date of collection to the date of refund. All refunds shall be made to the record owner of the property at the time the refund is paid.

C. *Refund to Government.* If a system development fee was paid by a governmental entity, any refund shall be paid to that governmental entity.

D. *Correction of Errors.* The City Engineer is hereby authorized and directed to correct any error in the assessment and collection of system development fees detected within twenty-four (24) months of the date of the payment of the system development fees, including assessing additional system development fee amounts or issuing a refund from the appropriate system development fee fund(s).

E. *No Refund for Change of Development.* After a system development fee has been paid pursuant to this Chapter, no refund of any part of such system development fee shall be made if the development for which the system development fee was paid is later demolished, destroyed, or is altered, reconstructed, or reconfigured so as to reduce the size of the development, the number of units in the development, or the number of EDUs.

38-16: Oversight of Program.

A. *Annual Report.* Within 90 days of the end of each fiscal year, the City shall file with the City Clerk an unaudited annual report accounting for the collection and use of the fees for each Service Area and shall post the report on its website in accordance with A.R.S. § 9-463.05, Subsections N and O, as amended.

B. *Biennial Audit.* In addition to the Annual Report described in Subsection A of this Section, the City shall provide for a biennial, certified audit of the City's

Land Use Assumptions, Infrastructure Improvements Plan and system development fees.

1. An audit pursuant to this Subsection shall be conducted by one or more Qualified Professionals who are not employees or officials of the City and who did not prepare the Infrastructure Improvements Plan.

2. The audit shall review the collection and expenditures of development fees for each project in the plan and provide written comments describing the amount of system development fees assessed, collected and spent on capital facilities.

3. The audit shall describe the Level of Service in each Service Area and evaluate any inequities in implementing the Infrastructure Improvements Plan or imposing the system development fee.

4. The City shall post the findings of the audit on the City's website and shall conduct a public hearing on the audit within 60 days of the release of the audit to the public.

5. For purposes of this Subsection a certified audit shall mean any audit authenticated by one or more of the Qualified Professionals conducting the audit pursuant to Paragraph 1 of this Subsection.

Appendix A: Interim Fee Schedule

System Development Fee	Single-Family (unit)	Multi-Family (unit)	Retail/ Commercial (square foot)	Office (square foot)	Industrial/ Warehouse (square foot)	Public/ Quasi-Public (square foot)
Arterial Street [1]	$3,983	$2,446	$7.39 [2]	$5.88 [3]	$2.63	$1.66 [4]
Fire [4]	$344	$263	$0.43	$0.33	$0.11	$0.11
Library [4]	$75	$58	$0.00	$0.00	$0.00	$0.00
Parks [4]	$3,740	$2,865	$0.00	$0.00	$0.00	$0.00
Police [4]	$164	$125	$0.20	$0.16	$0.05	$0.05
Public Buildings [4]	$97	74	$0.12	$0.09	$0.03	$0.03
Reclaimed Water [5]	$1,114	$511	----------See Table A----------			
Wastewater – Treatment [5]	$5,272	$2,413	----------See Table A----------			
Wastewater – Trunkline [5]	$167	$77	----------See Table A----------			
Water	$5,019	$1,832	----------See Table A----------			
Water Resource [6]	$34	$13	----------See Table A----------			

[1] Assessed in any area south of Frye Road, east of McClintock Road, and north of Frye Road, east of Arizona Avenue, except property which is both north of Knox Road and west of the Southern Pacific Railroad tracks.

[2] City will contribute an additional seven dollars and forty cents ($7.40) per square foot for retail space for a total of fourteen dollars and seventy-nine cents ($14.79) per square foot for retail. However, for retail space that generates less than three trips per 1,000 square foot of retail space at p.m. peak according to the ITE Trip Generation Manual, the fee will be three dollars and sixty-nine cents ($3.69) per square foot, with the City contributing eleven dollars and ten cents ($11.10) per square foot of retail.

[3] For Class A office space (as determined by the City Engineer) with a minimum of 50,000 square feet in a single building, the fee will be four dollars and forty cents ($4.40) per square foot, with the City contributing one dollar and forty-eight cents ($1.48) per square foot.

[4] Pursuant to A.R.S. 9-500.18, these non-utility system development fees may not be assessed on school districts or charter schools. In addition, arterial street system development fees shall not be collected from a school district or charter school.

[5] No reclaimed water or wastewater fees for water-only (landscape) connections.

[6] Assessed in Salt River Project off-project areas and nonmember areas only.

Table A: Non-Residential Utility System Development Fees

Water Meter Size	Water Meter Type	Reclaimed Water [1]	Wastewater Treatment [1]	Wastewater Trunkline [1]	Water	Water Resource [2]
5/8" x 3/4"	Disc	$1,114	$5,272	$167	$5,019	$42
3/4"	Disc	$1,672	$7,906	$251	$7,529	$65
1"	Disc	$2,785	$13,177	$417	$12,549	$107
1 ½"	Disc	$5,570	$26,354	$834	$25,097	$249
2"	Disc	$8,913	$42,166	$1,334	$40,154	$484
2"	Turbine	$8,913	$42,166	$1,334	$40,154	$484
3"	Compound	$17,825	$84,332	$2,667	$80,309	[3]
3"	Turbine	$19,496	$92,238	$2,917	$87,838	[3]
4"	Compound	$27,850	$131,768	$4,168	$125,482	[3]
6"	Compound	$55,700	$263,535	$8,336	$250,963	[3]
6"	Turbine	$69,625	$329,419	$10,419	$313,704	[3]
8"	Compound	$89,120	$421,656	$13,336	$401,541	[3]
8"	Turbine	$100,261	$474,364	$15,004	$451,733	[3]
10" and Larger	Any	[4]	[4]	[4]	[4]	[3]

[1] No Reclaimed Water or wastewater fees for water-only (landscape) connections.
[2] Assessed in Salt River Project off-project and nonmember areas only.
[3] The Water Resource system development fee for meters three inches and larger shall be determined based on the City Engineer's projected water use using the following formula:
System Development Fee = (Single-Family Water Resource Fee) x Average Projected Water Use (GPD)/417 (GPD)
[4] For meters ten inches and larger, the Reclaimed Water, wastewater system and Water system development fees shall be based on the following formula:
System Development Fee = (5/8" x 3/4" Fee) x (Safe Maximum Operating Capacity (GPM)/20 (GPM))

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler, Arizona, this ___ day of _____, 2013.

ATTEST:

_____ _____

CITY CLERK MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of _____, 2013.

ATTEST:

_____ _____

CITY CLERK MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4459 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2013 and that a quorum was present thereat.

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY GAB