

MINUTES OF THE SPECIAL MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Chambers, 88 E. Chicago Street, on Monday, March 24, 2014.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY AT 7:32 p.m.

The following members answered roll call:

Jay Tibshraeny	Mayor
Rick Heumann	Vice-Mayor
Trinity Donovan	Councilmember
Nora Ellen	Councilmember
Kevin Hartke	Councilmember
Jack Sellers	Councilmember
Jeff Weninger	Councilmember

Also in attendance:

Rich Dlugas	City Manager
Marsha Reed	Assistant City Manager
Nachie Marquez	Assistant City Manager
Kay Bigelow	City Attorney
Marla Paddock	Recording Secretary

PUBLIC HEARING:

PH1. Modified System Development Fees

The Mayor opened the public hearing at 7:33 p.m.

Memo Background:

In order to continue to collect System Development Fees after August 1, 2014, the City must comply with Arizona Revised Statute §9-463.05, which includes conducting a Public Hearing on the recommended fees included in the final draft of the System Development Fee Update prepared by the consulting firm of Duncan and Associates. The Public Hearing process provides citizens and other stakeholders with the opportunity to address Council to either support or express concerns about the modified system development fees shown in the report.

System development fees are designed to provide funding to a community for the cost of expanding infrastructure required to support new development. If these fees are not maintained at the proper level, the City may have to provide additional General Fund support for growth-related capital projects.

DISCUSSION:

DAWN LANG, Management Services Director, briefly highlighted some of the accomplishments implemented by the City Council related to Senate Bill 1525 which was passed by the legislature in 2011.

She stated the presentation was divided into two parts: part one would be covered by the consultant Clancy Mullin, of Duncan and Associates, who would provide an overview on the basis of the proposed fees and part two would be covered by Julie Buelt, Sr. Financial Analyst who would discuss some of the fees and their impact on various types of development.

CLANCY MULLIN provided a brief overview of the fee study, the Infrastructure Improvement Plan (IIP). The purpose of system development fees is to pay for projects related to growth. This is a mix of both new improvements and past improvements which were created to accommodate future growth yet may still have outstanding debt. Fees were calculated using the same methodology as in 2008 with a few changes to accommodate the new law related to impact fees.

Mr. Mullin highlighted arterial street fee where significant changes were made. The old calculation relied on the number of peak hour trips generated per day. The new update takes into account the number of pass-by trips and the length of those trips. This reduced the fee amount significantly for non-residential development. Because of this one of the recommendations of the study is for the City to consider eliminating the City's general fund subsidy for retail and office developments. The updated fees are actually lower than the subsidy fees. For the Utility fees, their firm had not performed that study in the past, so they used the same methodology they used for the retail and office development. While most of these fees are uniformly down compared to current fees, utility fees are slightly increasing.

JULIE BUELT then addressed examples based on the variety of land use. She covered the development fees for the following land use types: Single Family, Multi-Family, Retail, industrial, and institutional. She reviewed the percentage of costs covered by revenues over the next 10 years for this category.

The second category she covered was Police, libraries and public buildings. The City is only collecting debt at this time; they have made all the capital expenditures for these facilities at this time. As build out occurs, then collection on those fees will occur.

The third category covered was Utility Fees. These are collecting at a bit higher rate. This is because this category has more capital expenses occurring in the next 10 years.

This report and the costs will be updated in 5 years as stipulated by this legislation.

DAWN LANG then provided the finale update with the timeline to adopt the fees. She stated that on April 24th they plan to have Council introduce the Ordinance to modify the System Development Fees, then on May 8th the final adoption of the Ordinance. On July 28th the fees will become effective.

VICE MAYOR HEUMANN inquired with Park Fees decreasing, how that will affect park build outs.

JULIE BUELT stated that over the 10 year Capital Improvement Budget all the remaining neighborhood parks projected for since the total acreage is no more than 30 acres. There are two developments which have parks yet to be completed or developed. The City is limited on these community parks because they are too large to be funded by System Development Fees.

