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**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM**                      **Management Services Memo No. 07-091**

**DATE:**            JANUARY 16, 2007

**TO:**                MAYOR AND COUNCIL

**THRU:**            W. MARK PENTZ, CITY MANAGER *WMP*  
                      RICH DLUGAS, ASSISTANT CITY MANAGER *RD*

**FROM:**            PAT WALKER, MANAGEMENT SERVICES DIRECTOR *P Walker*

**SUBJECT:**        PUBLIC HEARING FOR SYSTEM DEVELOPMENT FEE UPDATE

BACKGROUND/DISCUSSION: According to provisions of the Chandler City Code, System Development Fees are to be updated annually. It has been the City's practice to have consultants review the fees every other year, and have City staff make an inflationary adjustment in the interim years. The 2007 update is based on an adjustment by using the prior year consultant-prepared methodologies with updated capital improvement program costs. As you are aware, construction and land costs have increased dramatically in Chandler over the normal ENR inflationary index.

In this update, the City has included the cost of financing for utility and non-utility projects that require the sale of bonds to proceed. This is due to the priorities Council has chosen during the budget process where the projects need to be built prior to having all of the impact fee revenue available to pay for them.

In order to adequately notify interested parties of the 2007 update, letters were sent on November 9, 2006 to the Associated General Contractors of America, Capitol Consulting (representing the Arizona Multihousing Association), Chandler Chamber of Commerce, Home Builders Association of Central Arizona (HBACA) and Valley Partnership informing them of the proposed update to the System Development Fees and the planned date of the Public Hearing. Staff hosted a November 28, 2006 meeting attended by various development community representatives including Valley Partnership and the HBACA. Additionally, information has been sent to various groups to respond to questions on the update (see attachments). Staff also made a presentation at the December 11, 2006 Chandler Builder Advisory meeting.

On December 13, 2006, City staff met with Courtney Gilstrap LeVinus of Capitol Consulting. The primary purpose of the meeting was to discuss single family versus multi-family fee differentials. The City currently has fee differentials for single family and multi-family in all categories except police, fire and public building. BBC Research, the consultant providing the

original methodology the City uses to calculate these fee categories, has maintained that there is a lack of statistical or anecdotal evidence to support a fee differential in these categories. Attached please find a memo from BBC Research that was prepared in a prior update to address this issue.

At the December 13, 2006 meeting with Capitol Consulting, staff committed to look at the methodology of other valley cities that had a fee differential in these areas. Another consultant, TischlerBise, has been engaged by several Arizona municipalities to calculate System Development Fees and includes fee differentials in all categories. Staff reviewed the TischlerBise reports prepared for the Cities of Avondale and Peoria and had discussions with TischlerBise personnel. In calculating police fees, TischlerBise uses calls for service data to apportion demand between residential and nonresidential development, then uses numerous additional factors to calculate fees in various residential and nonresidential categories. For police, fire and general government, TischlerBise calculates a differential between single family detached, single family attached/multi-family and all other housing types (the majority being mobile homes) by using that city's census data to calculate the persons per household for each of these residential categories. However, the City of Chandler is in agreement with BBC Research's philosophy that the number of people in each household does not have a direct bearing on the level of service to be provided in these categories. For example, a single family dwelling unit could have a family of four living in it and never need to place a police or fire call for service, and a person living alone in a multi-family dwelling unit could have repeated calls for service. The Chandler Police and Fire Department's personnel, capital facilities and equipment are sized to meet the needs and serve the overall population. In addition, even if that philosophy would change, the Chandler Police and Fire Departments have not historically tracked the calls of service by land use to even consider that methodology.

Over a number of years, representatives of the Arizona Multihousing Association have brought up the issue regarding the differential between single and multi-family police and fire impact fees. We have told them each time that if they could provide statistical information supporting this differential, it would be taken into consideration. However, to date nothing has been provided. Later this year, the City will be requesting proposals to update all of the City's System Development Fees for next year and the methodology can once again be reviewed. Since this is just an internal update to the consultant's methodology, it would be staff's recommendation that if Council desired, to consider this as part of the consultant's update next year.

On January 11, 2007, staff received an email from the HBACA requesting that the City consider phasing in the community and neighborhood park fees due to the large increases and their belief that the Cities of Avondale and Phoenix have phased in impact fees. Staff at the City of Avondale were contacted and stated that this information was incorrect; the City of Avondale adopted the maximum supportable fees recommended by their consultant, TischlerBise. Staff at the City of Phoenix confirmed that a portion of their fees were being phased in, but it was not due to the percentage increase in fees but rather to give them time to evaluate the land costs associated with the fees. If the City of Chandler phases in the community and neighborhood park fees, the reduced amount of revenue collected until the fees are at the maximum supportable amount would affect the next System Development Fee update, resulting in even higher fees.

Additionally, only developers of residential projects pay these fees, and residential build-out is rapidly approaching.

The Advance Notice of Intent was published in the East Valley Tribune on November 21, 2006 showing the date, time and place of the Public Hearing scheduled for January 25, 2007. In compliance with State Statutes, a copy of the System Development Fees was filed with the City Clerk for public review beginning November 9, 2006, and is available on-line as agenda item number 44 on the November 16, 2006 Chandler City Council Regular Meeting Agenda. The ordinance to adopt the new fees is scheduled for introduction at the February 8, 2007 Council Meeting, with final adoption scheduled for the February 22, 2007 Council Meeting. The new fees will be effective June 1, 2007.

FINANCIAL IMPLICATIONS: System Development Fees are charges designed to provide funding to a community for the cost of expanding infrastructure or building capital facilities required to support new development. If these fees are not maintained at the proper level, the City will not have sufficient funds to pay for growth related projects.

cc: Pat McDermott, Assistant City Manager  
Julie Buel, Senior Financial Analyst

Attachments: Proposed System Development Fees Updates  
Schedule for Implementation of Updated System Development Fees  
December 1, 2006 Email Response for Description of CIP Projects  
January 4, 2007 Letter Responding to Home Builders Association of Central  
Arizona Questions  
January 4, 2007 Letter Responding to Valley Partnership Questions  
November 16, 2004 BBC Research Memo Regarding Single Family Versus  
Multi-Family SDF Differentials

## Proposed System Development Fee Updates

	Current Fee	Updated Fee
<i>Water System Development Charges:</i>		
Single-family (per dwelling unit)	3,573.00	3,959.00
Multi-family (per dwelling unit)	1,803.00	1,998.00
5/8 x 3/4 Disc Meter	3,573.00	3,959.00
3/4 Disc Meter	5,360.00	5,939.00
1-0 Disc Meter	8,933.00	9,898.00
1 1/2 Disc Meter	17,865.00	19,795.00
2-0 Disc Meter	28,584.00	31,672.00
3-0 Compound Meter	57,168.00	63,343.00
4-0 Compound Meter	89,325.00	98,973.00
6-0 Compound Meter	178,651.00	197,946.00
8-0 Compound Meter	285,841.00	316,712.00
2-0 Turbine Meter	28,584.00	31,672.00
3-0 Turbine Meter	62,528.00	69,282.00
6-0 Turbine Meter	223,313.00	247,431.00
8-0 Turbine Meter	321,571.00	356,301.00
<i>Water Resource System Development Charges:</i>		
Single-family (per dwelling unit)	672.00	745.00
Multi-family (per dwelling unit)	367.00	407.00
5/8 x 3/4 Disc Meter	858.00	951.00
3/4 Disc Meter	1,313.00	1,455.00
1-0 Disc Meter	2,093.00	2,320.00
1 1/2 Disc Meter	5,644.00	6,254.00
2-0 Disc Meter	9,672.00	10,717.00
2-0 Turbine Meter	12,864.00	14,254.00
<i>Wastewater System Development Charges/Trunkline:</i>		
Single-family (per dwelling unit)	276.00	285.00
Multi-family (per dwelling unit)	162.00	167.00
5/8 x 3/4 Disc Meter	276.00	285.00
3/4 Disc Meter	414.00	427.00
1-0 Disc Meter	690.00	711.00
1 1/2 Disc Meter	1,380.00	1,422.00
2-0 Disc Meter	2,208.00	2,275.00
3-0 Compound Meter	4,416.00	4,549.00
4-0 Compound Meter	6,900.00	7,107.00
6-0 Compound Meter	13,800.00	14,214.00
8-0 Compound Meter	20,080.00	22,743.00
2-0 Turbine Meter	2,208.00	2,275.00
3-0 Turbine Meter	4,830.00	4,975.00
6-0 Turbine Meter	17,250.00	17,768.00
8-0 Turbine Meter	24,840.00	25,586.00

## Proposed System Development Fee Updates

	Current Fee	Updated Fee
<i>Wastewater System Development Charges/Treatment:</i>		
Single-family (per dwelling unit)	2,214.00	2,281.00
Multi-family (per dwelling unit)	1,303.00	1,343.00
5/8 x 3/4 Disc Meter	2,214.00	2,281.00
3/4 Disc Meter	3,320.00	3,420.00
1-0 Disc Meter	5,534.00	5,701.00
1 1/2 Disc Meter	11,068.00	11,401.00
2-0 Disc Meter	17,709.00	18,241.00
3-0 Compound Meter	35,419.00	36,482.00
4-0 Compound Meter	55,341.00	57,002.00
6-0 Compound Meter	110,683.00	114,004.00
8-0 Compound Meter	177,093.00	182,406.00
2-0 Turbine Meter	17,709.00	18,241.00
3-0 Turbine Meter	38,739.00	39,902.00
6-0 Turbine Meter	138,354.00	142,505.00
8-0 Turbine Meter	199,229.00	205,206.00
<i>Reclaimed Water System Development Charges:</i>		
Single-family (per dwelling unit)	1,297.00	1,336.00
Multi-family (per dwelling unit)	764.00	787.00
5/8 x 3/4 Disc Meter	1,297.00	1,336.00
3/4 Disc Meter	1,946.00	2,005.00
1-0 Disc Meter	3,243.00	3,341.00
1 1/2 Disc Meter	6,485.00	6,680.00
2-0 Disc Meter	10,376.00	10,688.00
3-0 Compound Meter	20,752.00	21,375.00
4-0 Compound Meter	32,425.00	33,398.00
6-0 Compound Meter	64,850.00	66,796.00
8-0 Compound Meter	103,760.00	106,873.00
2-0 Turbine Meter	10,376.00	10,688.00
3-0 Turbine Meter	22,698.00	23,379.00
6-0 Turbine Meter	81,063.00	83,495.00
8-0 Turbine Meter	116,730.00	120,232.00
<i>Fire Fees:</i>		
Residential (per dwelling unit)	362.00	564.00
Commercial (per square foot)	0.20	0.33
Industrial (per square foot)	0.20	0.33
<i>Police Fees:</i>		
Residential (per dwelling unit)	296.00	241.00
Commercial (per square foot)	0.17	0.14
Industrial (per square foot)	0.17	0.14
<i>Library Fees:</i>		
Single-family (per dwelling unit)	-	-
Multi-family (per dwelling unit)	-	-
Commercial (per square foot)	-	-
Industrial (per square foot)	-	-

## Proposed System Development Fee Updates

	Current Fee	Updated Fee
<i>Arterial Street Fees:</i>		
Single-family (per dwelling unit)	2,353.00	2,896.00
Multi-family (per dwelling unit)	1,546.00	1,904.00
Retail (per square foot)	11.26	13.86
Office (per square foot)	3.46	4.26
Industrial (per square foot)	2.49	3.07
Public/quasi-public (per square foot)	0.69	0.86
<i>Community Parks Fees:</i>		
Single-family (per dwelling unit)	1,400.00	4,175.00
Multi-family (per dwelling unit)	805.00	2,402.00
Commercial (per square foot)	-	-
Industrial (per square foot)	-	-
<i>Neighborhood Parks Fees:</i>		
Single-family (per dwelling unit)	850.00	2,483.00
Multi-family (per dwelling unit)	489.00	1,429.00
Commercial (per square foot)	-	-
Industrial (per square foot)	-	-
<i>Public Building Fees:</i>		
Residential (per dwelling unit)	294.00	573.00
Commercial (per square foot)	0.17	0.33
Industrial (per square foot)	0.17	0.33

# Schedule for Implementation of Updated System Development Fees

## Dates to make June 1, 2007 Effective Date

November 16, 2006	Council - Adopt by Motion Notice of Intent and Publish Date of Public Hearing
January 25, 2007	Council – Conduct Public Hearing (must be at least 60 days after Notice of Intent and at least 14 days prior to Scheduled Adoption)
February 8, 2007	Council – Introduce and Tentatively Adopt Ordinance to Update System Development Fees
February 22, 2007	Council – Adopt Ordinance to Update System Development Fees
June 1, 2007	New System Development Fees in Effect

**Julie Buelt/COC**  
12/01/2006 03:04 PM

To barnettl@hbaca.org, alyons@valleypartnership.org,  
vs@latitudecommercial.com, jbraley@fmgroup.net  
cc Pat Walker/COC, TPippin@bbcresearch.com

bcc

Subject Descriptions of CIP Projects

Greetings!

In response to a question raised at the November 28th meeting, attached please find a word document showing the projects included in the 2006-2011 CIP and the page numbers where they are located in the document. Also included is a write-up on the Fire Training Expansion that is part of the City's May 2007 bond authorization election.

Any project not included in this list has not been formally adopted in the current 5-year CIP, but is anticipated to be needed through build-out. Chandler anticipates reaching 95% of residential build-out by 2010. Additionally, as discussed at the November 28th meeting, some projects have been updated with current construction costs.



SDF Project Descriptions.doc

Please feel free to contact me or Pat Walker (480-782-2252) with any questions.

Regards,  
Julie Buelt  
Senior Financial Analyst  
City of Chandler  
55 North Arizona Place; Suite 201  
Chandler, AZ 85225  
Telephone (480) 782-2259 Fax: (480) 782-2253

## City of Chandler SDF CIP Descriptions

### **POLICE**

South Chandler Police Substation	p. 50
Police Communications Center/Administration Renovation	p. 51

### **FIRE**

Southeast Chandler Fire Station (Station #10)	p. 43
Fire Station #11	p. 45
Fire Station #12	p. 46
Fire Headquarters	p. 44

### **FIRE TRAINING FACILITY EXPANSION (will be added in 2007-2012 CIP)**

#### **BACKGROUND:**

The Fire Training Facility is located at 3550 S. Dobson Road on 6.8 acres of land adjacent to the Intel Facility. This land was donated to the City by the Intel Corporation. This facility was a two-phase project constructed over ten years. The first phase included a small classroom building, an outside amphitheater, outdoor propane props, and a burn building consisting of a two story building simulating residential fires, a hazardous materials burn room, and a multi-story building simulating industrial fires. The second phase was completed in 2005 and added offices and additional classroom space, including a fire command tactical simulation room.

#### **DISCUSSION:**

In June 2005, Intel donated an additional five acres of land directly adjacent to the current Training Facility to be used for the expansion of the facility. The expansion will once again be accomplished in phases.

Phase One will be the design and construction of a "strip mall" burn prop and utility building. Strip mall incidents are becoming more frequent for the fire department. As the city continues to add more commercial complexes, and these structures continue to age, it is critical that firefighters have access to training that can mimic real world situations in a controlled training atmosphere. These structures have very unique characteristics that our firefighters need to be familiar with such as common walls and attics, different occupancy classes, and fire loads. From a command standpoint, these characteristics require emergency operations at a strip mall fire to be managed very differently than they would be for a residential fire. The fire crews might be attacking the fire offensively in part of the strip mall, while simultaneously being defensive (no interior firefighting) in another portion of the structure. A strip mall burn prop will be of tremendous value to our overall training program by enhancing the knowledge and skills

## City of Chandler SDF CIP Descriptions

of our firefighters and making a significant impact on the safety of both firefighters and citizens.

The utility building will serve as an indoor amphitheater, a simulated “big box” structure, an indoor physical fitness testing facility, and to store the large amount of equipment needed to run an effective training program. The building will also provide storage for auxiliary fire department vehicles, reserve fire engines, and fire fighting equipment.

Phase Two will be the design and construction of additional classroom space that will be needed when the Department reaches build-out, and will be reimbursed through fire impact fees.

### **NEIGHBORHOOD PARKS**

Neighborhood Park Land Acquisition	p. 20
Future Neighborhood Park Development	p. 37
Homestead South Park Site	p. 27
Roadrunner Park Site	p. 31
Canal Park Site	p. 30
Arbuckle Park Site	p. 25
Homestead North Park Site	p. 26

<b>Neighborhood Parks Projects Beyond 2011 CIP</b>	
Park 1 (Pecos, Arizona, Germann, Alma School)	These are the remaining Neighborhood Parks expected through build-out, listed the major roads anticipated surrounding the park. The amount of \$2,099,165 was arrived at by calculating the cost of developing a 10-acre park in FY11/12.
Park 2 (Queen Creek, Lindsay, Ocotillo, Gilbert)	
Park 3 (Ocotillo, Gilbert, Chandler Heights, Cooper)	

### **COMMUNITY PARKS**

Mesquite Groves Park Site	p. 28
Veteran’s Oasis Park Site	p. 32
Nozomi Park	p. 33

### **PUBLIC BUILDING**

City Hall	p. 10
Public Works Expansion	p. 11

Municipal Facility (beyond 2011 CIP) – final phase of the City Hall project

City of Chandler  
SDF CIP Descriptions

**ARTERIAL STREETS**

Arizona – Ocotillo to Riggs	p. 121
Chandler – Colorado to McQueen	p. 96
Chandler Heights – Arizona to Cooper (note that the CIP project only covers through McQueen, which is between Arizona and Cooper)	p. 130
Cooper – Consolidated Canal to Germann	p. 98
Gilbert – Germann to Queen Creek	p. 113
Gilbert – Queen Creek to Chandler Heights (also includes Gilbert – Chandler Heights to Hunt)	p. 128
McQueen – Queen Creek to Riggs	p. 112
Ocotillo – Arizona to Cooper (note that the CIP project only covers through McQueen, which is between Arizona and Cooper)	p. 129
Pecos – McQueen to ¼ m West of Gilbert	p. 99
Queen Creek – West City Limits to Dobson (also includes Queen Creek – Dobson to Alma School, Queen Creek – Alma School to Arizona and Queen Creek – Arizona to McQueen)	p. 97
Queen Creek – McQueen to Cooper (also includes Queen Creek – Cooper to Gilbert and Queen Creek – Gilbert to Lindsay)	p. 124
Riggs – Gilbert to Val Vista	p. 123

City of Chandler  
SDF CIP Descriptions

<b>Arterial Streets Projects Beyond 2011 CIP</b>	
Alma School – Frye to Germann	Project costs will include items such as land acquisition, utility relocation, design and construction management, curb and gutter construction, landscaping, pavement removal, asphalt cement mill and overlay, street lights, traffic lights, storm drains, irrigation and sidewalks.
Alma School – Germann to Ocotillo	
Alma School – Ocotillo to Chandler Heights	
Alma School – Chandler Heights to South	
Arizona – Knox to Ray	
Arizona – Pecos to Ocotillo	
Arizona – Riggs to Hunt	
Chandler Heights – Alma School to Arizona	
Chandler Heights – Cooper to Gilbert	
Chandler Heights – Gilbert to Val Vista	
Cooper – North City Limits to Ray	
Cooper – Queen Creek t- Riggs	
Dobson – Ocotillo to Queen Creek	
Germann – Arizona to Airport Rd.	
Lindsay – Ocotillo to Riggs	
Lindsay – Riggs to Hunt	
McClintock – Frye to Santan Freeway	
McQueen – Warner to Chandler	
McQueen – Chandler to Pecos	
McQueen – Riggs to Hunt	
Ocotillo – Dobson to Alma School	
Ocotillo – Cooper to Gilbert	
Ocotillo – Gilbert to East City Limits	
Ray – Arizona to Cooper	
Riggs – West City Limits to Arizona	
Warner – UPRR to McQueen	

City of Chandler  
SDF CIP Descriptions

Improvement Districts	The dollar amounts listed represent the remaining creditable portion of the project areas.
Improvement District 51	Ray Road (4 lane with 40 foot median) Warner Road (4 lane) McQueen Road (6 lane) Cooper Road (4 lane)
Improvement District 53	Dobson Road (4 lane with median) Alma School Road (4 lane with median)
Improvement District 67	Price Road (4 and 6 lanes)
Ocotillo West	Queen Creek Road (4 lane with 40 foot median) Price Road (6 lane with 40 foot median) Alma School Road (4 lane with 40 foot median) Ocotillo Road (4 lane with 16 foot median) Dobson Road (4 lane with 40 foot median) Traffic Signals at Queen Creek/Price, Queen Creek/Dobson, Queen Creek/Pennington (half), Price/Dobson and Alma School/Ocotillo
Ocotillo Phase 2	Dobson Road (4 lane with 16 foot median) Alma School Road (4 lane with 40 foot median) Ocotillo Road (4 lane with 16 foot median) Traffic Signal at Alma School/Ocotillo

**WATER**

Brown Road Treatment Plant Buy-in	p. 59
Water Master Plan Update	p. 61
Well Construction	p. 62
Transmission Mains	p. 63
Water Treatment Plant Expansion	p. 66
Joint Water Treatment Plant	p. 69

*Please note that all costs through build-out have been identified in this category, however, only 5 years of costs are shown in the 2006 – 2011 CIP.*

City of Chandler  
SDF CIP Descriptions

**WATER RESOURCES**

Water Purchases	p. 60
CAP Reallocation Water	p. 64

*Please note that all costs through build-out have been identified in this category, however, only 5 years of costs are shown in the 2006 – 2011 CIP.*

**WASTEWATER**

Wastewater Master Plan Update	p. 73
Water Reclamation Facility Expansion	p. 74
Collection System Facility Improvements	p. 79

Vactor Truck (beyond 2011 CIP) – Due to additional growth, the City anticipates needing an additional vactor truck in FY11/12 at an approximate cost of \$250,000.

*Please note that all costs through build-out have been identified in this category, however, only 5 years of costs are shown in the 2006 – 2011 CIP.*

**RECLAIMED WATER**

Effluent Reuse Master Plan Update	p. 75
Effluent Reuse – Storage & Recovery Wells	p. 76
Effluent Reuse – Wetlands	p. 77
Effluent Reuse – Transmission Mains	p. 78

*Please note that all costs through build-out have been identified in this category, however, only 5 years of costs are shown in the 2006 – 2011 CIP.*



**Chandler + Arizona**

*Where Values Make The Difference*

January 4, 2007

Lauren C. Barnett  
Deputy Director – Municipal Affairs  
Home Builders Association of Central Arizona  
3200 East Camelback Road; Suite 180  
Phoenix, AZ 85018

Dear Lauren:

Enclosed please find documents to address the questions posed in your email dated November 30, 2006. The first set of documents addresses your question regarding information on the growth-related projects in the 2006-2011 CIP for which updated costs were used in the system development fee calculation. The second set of documents consists of excerpts from the 2005 consultant reports to address your request of reviewing the methodology used by the consultants to calculate the fees. To address your request of demographic data, we have included the 4/26/2005 Build-out Projections prepared by the Long Range Planning Division that were used in this year's calculation.

You also requested that the City provide a single family utility fee for a 1" meter line. Chandler transitioned all residential meter sizes from 3/4" to 1" approximately ten years ago. Accordingly, the single family utility system development fees that are currently in place as well as those proposed for 2007 are based on a 1" meter.

Please feel free to contact me at (480) 782-2252 if you have any questions on the enclosed materials, or if you need anything else prior to the January 25, 2007 public hearing.

Sincerely,

Patricia A. Walker  
Management Services Director

Enclosures: Changes to CIP Projects  
Excerpts from 2005 Consultant Reports  
4/26/2005 Build-out Projections



## Changes to CIP Projects

Fee Category	Project	Amount per Fee Calculation for 2006-2011 Time Period	Amount per 2006-2011 CIP	Variance	Comments
Fire	Fire Station # 11	6,274,919	6,197,387	77,532	See attachment #1
Fire	Fire Station # 12	5,635,963	4,835,661	800,302	See attachment #2
Neighborhood Parks	Future Neighborhood Park Development	5,881,095	5,314,596	566,499	See attachment #3
Neighborhood Parks	Homestead South Park Site	1,943,671	1,776,128	167,543	See attachment #3
Neighborhood Parks	Roadrunner Park Site	1,893,326	1,710,950	182,376	See attachment #3
Neighborhood Parks	Canal Park Site	1,665,495	1,521,931	143,564	See attachment #3
Neighborhood Parks	Homestead North Park Site	1,355,220	1,238,401	116,819	See attachment #3
Community Parks	Mesquite Groves Park Site	33,756,068	29,885,510	3,870,558	See attachment #3
Community Parks	Veteran's Oasis Park Site	8,683,697	6,875,502	1,808,195	See attachment #3
Public Building	City Hall	26,487,077	22,806,611	3,680,466	See attachment #4
Public Building	Public Works Expansion	2,500,000	1,881,129	618,871	See attachment #5
Water	Transmission Mains	14,424,600	10,214,900	4,209,700	For FY07/08 only, the transmission mains project will be part of the Joint Water Treatment Plant project.
Water	Joint Water Treatment Plant	76,167,100	80,376,900	(4,209,800)	
Reclaimed Water	Effluent Reuse - Storage & Recovery Wells	14,244,600	11,284,500	2,960,100	The amount of the variance is due to the FY06/07 amount for the Tumbleweed Site being budgeted in the bond fund due to cashflow constraints. This project is still a growth-related project and the bond fund will need to be reimbursed by system development fees.

Attachment #1

PROJECT	YEAR	ITEM	AMOUNT	COMMENTS
Southeast Fire Station -- San Tan/Airport	2008/09	Design and Construction	\$5,395,756	For design/construction we have used the inflationary numbers provided by Contract Administration.
		FF&E's	\$ 166,541	Adjusted amount with new accurate cost figures and have used a 4% inflation factor.
		Engine and Equipment	\$ 712,622	Adjusted amount with new accurate cost figures and have used a 5% inflation factor for the engine.
06-11 TOTAL			\$6,197,387	
NEW TOTAL			\$6,274,919	
		Land Lease	Unknown	We are going to be leasing the land from the airport for this station. We have had preliminary discussions with them regarding a trade-off of services in lieu of cash payments. However, we have not formalized any agreement.

Attachment #2

PROJECT	YEAR	ITEM	AMOUNT	COMMENTS
Southeast Fire Station – Ocotillo / Gilbert	2010/11	Design and Construction	\$4,700,127	For design/construction we have used the inflationary numbers provided by Contract Administration.
		FF&E's	\$ 153,685	Adjusted amount with new accurate cost figures and have used a 4% inflation factor.
		Engine and Equipment	\$ 782,151	Adjusted amount with new accurate cost figures and have used a 5% inflation factor for the engine.
06-11 TOTAL			\$4,835,661	
NEW TOTAL			\$5,635,963	The engine was not included in the calculations submitted for 06-11 CIP.

Attachment #3

Community Services Department  
CAPITAL IMPROVEMENT PROGRAM (PROPOSED)

PROJECT	FY 2006-07 Capital	FY 2007-08 Capital	FY 2008-09 Capital	FY 2009-10 Capital	FY 2010-11 Capital	Totals
Neighborhood Park Land Acquisition						
Gilbert/Ocotillo (10 ac.)	\$ 2,256,900	\$ 2,366,941				\$ 8,341,381
Queen Creek/Lindsey (10 ac)			\$ 2,449,780	\$ 1,267,760		\$ 3,501,036
Pecos/Az Ave (10 ac)						\$ 38,756,068
Markwood (5 ac)						
Nozomi Park Site	\$ 3,501,036					
Mesquite Groves Park Site						
Aquatic Facility Construction (6 ac)	\$ 8,248,052	\$ 2,047,472	\$ 15,749,795		\$ 7,710,749	\$ 1,293,732
Park Design (Phases 1&2)						\$ 1,355,220
Park Development (47 ac)						\$ 1,665,495
Satellite Rec Center (15,000 sqft)						\$ 8,683,697
Arbuckle Park Site	\$ 1,293,732					\$ 1,943,671
Homestead North Park Site	\$ 142,470	\$ 1,212,750				\$ 1,893,326
Canal Park Site	\$ 175,089	\$ 1,490,406				\$ 5,881,095
Veteran's Oasis Park Site	\$ 8,683,697	\$ 1,739,339				
Homestead South Park Site	\$ 204,332	\$ 217,816	\$ 1,675,510			
Roadrunner Park Site						
Future Neighborhood Park Dev						
Centennial Park Site		\$ 217,816	\$ 1,675,510	\$ 1,734,153		
Valencia Park Site			\$ 225,439	\$ 233,329		
Citrus Vista Park Site					\$ 1,794,848	



## CITY HALL COST ANALYSIS

Estimated costs were developed for the following items on both sites, and analysis conducted based upon these costs:

- Site Acquisition Costs, which include both the cost to acquire the site and the cost to relocate existing businesses, if required.
- Site Development Costs, which include environmental remediation and/or clean-up, and demolition of existing facilities.
- Project/Construction Costs, which include the cost of hard building and site construction, upgrading or relocation of existing utilities, project soft costs, and an Owner's contingency.

Because Benton-Robb has a current Development Agreement for Site 7, and because there are therefore several different ways of developing a City Hall on Site 7, there are two options which were analyzed for Site 7, which are referred to as 7A and 7B. Option 7A is for developing the City Hall as part of the proposed mixed-use development as suggested by Benton Robb, while Option 7B is for a City-owned and developed City Hall on the southern half of the site. Note that for purposes of this analysis, the various financing options have been taken out of the analysis as either option can be financed in several ways, including the lease-purchase option. Estimated costs for the options are:

### Site Acquisition Costs (Estimated)

- |                  |                                    |
|------------------|------------------------------------|
| • Site 7A        | \$2,790,000 (\$1,218,000 per acre) |
| • Site 7B        | \$2,690,000 (\$1,228,000 per acre) |
| • Chicago Street | \$4,730,000 (\$1,126,000 per acre) |

### Site Development Costs (Estimated)

- |                  |           |
|------------------|-----------|
| • Site 7A        | \$141,720 |
| • Site 7B        | \$26,460  |
| • Chicago Street | \$660,580 |

### Project/Construction Costs (Estimated)

- |                  |              |
|------------------|--------------|
| • Site 7A        | \$52,786,934 |
| • Site 7B        | \$46,295,258 |
| • Chicago Street | \$46,083,573 |

MAY 2007 BOND ELECTION "ISSUE STATEMENT"

Attachment # 5

PLANNING AND PUBLIC WORKS BUILDING EXPANSION

RECOMMENDATION:

It is recommended that the sale of \$9,960,000 in bonds be approved for expansion of the existing Planning and Public Works Building or construction of a new building for the Public Works staff located at the City's downtown campus.

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BACKGROUND

The City's Planning and Public Works Building at 215 E. Buffalo was renovated in 1998. The renovations accommodated only a portion of the public works staff. The Engineering Inspections and Materials Testing Labs are currently housed at 249 E. Chicago Street. With the construction of the new County Courts facility next to the Chicago Street facility, it is necessary to relocate the staff in the remaining City facility. Additional space is required to house the existing engineering staff and lab from the Chicago Street facility as well as the real estate staff that is currently located in leased space in the Chandler Corporate Center. Space is also needed for expansion of the Transit staff as a result of increased transit services resulting from vote approval of the Regional Transportation Plan (Proposition 400). Since this building expansion will be encroaching on the surface parking and the city administration staff (Mayor and Council offices, City Manager, Legal, City Clerk, Management Services, and Human Resources) will be moving from the Boyer Building south to the new City Hall site, the Planning and Public Works Building and the IT Building will not have adequate parking. The expansion of this building also includes a parking structure.

DISCUSSION

Based on projections of staffing needs at build out, building and parking space is needed for approximately 40 staff positions and for the materials testing lab. It is anticipated that these staff positions and the lab will need approximately 9000 square feet of building space and 42 new parking stalls. In addition to the new parking spaces needed for additional staff, the area will no longer have access to the Boyer Building parking structure when the city administration staff move to the new City Hall and the new building expansion will most likely encroach on the existing surface parking. Therefore, a new 400 space parking structure is needed. Bond funding will be used for the assessment of space needs, and design and construction of a new building or expansion of the existing building and a new space parking structure.

Moreover, there must be a "rational nexus" (as described in federal case law) between the charge levied and the infrastructure needs imposed. Additionally, system development fees must be calibrated in "rough proportion" to new development's appropriate share of infrastructure cost. The fees described in this report meet all of the standards outlined above.

How should fees be calculated? There are two generally accepted methodologies for calculating system development fees. The two approaches are described in detail below.

*Current service standard.* A "current service standard" approach, sometimes described as a "buy-in" methodology, is one method for calculating system development fees. This approach involves quantifying the City's current service standard by calculating its current investment in capital infrastructure for each fee area and allocating a portion of these assets to residential and nonresidential development. After allocating assets accordingly, the resulting amounts are divided by current housing units for residential fees and current square footage for nonresidential fees. By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

*Forward-looking fee calculation.* The other generally accepted methodology for calculating system development fees is the forward-looking or Capital Improvement Plan (CIP) approach. Unlike the current service standard method, which looks at current assets, this second approach considers projected capital investments. Of the projected capital infrastructure, only the share of the infrastructure that is attributable to new growth can be included in the fee calculation. The total projected investment needed to serve new growth is then allocated to residential and nonresidential development with the resulting amounts divided by incremental growth projections. Among the advantages of the CIP approach is its establishment of a spending plan to give developers and new residents more certainty about the uses of their fee revenues.

Another advantage of the CIP approach is that as cities approach build-out and departments determine that all future growth-related infrastructure needs have been fulfilled, system development fees are zeroed out. Fees can be zeroed out in timely accordance with the phasing out of future infrastructure plans. For example, based on the City of Chandler's Library CIP, it was determined that a system development fee for the library department is no longer applicable. Under the CIP approach therefore, there is little possibility of over-collecting fees. Under the current service standard approach, however, because fees are not based on future infrastructure plans, there may be lag time between the last growth-related capital project and the end of fee collection, resulting in a greater possibility of over collecting fees.

Of the two methodologies, BBC used the CIP approach to calculate the fees presented in this report. Because the City of Chandler is expected to reach 95 percent of residential build-out by 2010 (reaching total residential build-out by 2025), the City departments were able to readily identify the additional infrastructure needed to serve growth until build-out. After build-out, system development fees will no longer be collected unless higher density redevelopment occurs. As such, it is vital to ensure that all future growth-related infrastructure will be fully financed with the updated SDFs. Therefore, BBC and the City collectively decided that the forward-looking CIP approach was the most appropriate and intuitive methodology for the City of Chandler.

## 1.0 Introduction

The purpose of this memorandum is twofold. The first is to identify the updated System Development Charges (SDCs) for water and wastewater. The second is to discuss why the SDCs for both water and wastewater have increased since the most recent 2003 comprehensive update. It should be noted that the City raised the SDC fees by 4% effective March 1<sup>st</sup> 2005.

## 2.0 Updated SDCs

Based on use of the "cash flow" approach to determining SDCs (the same approach used for the 2003 update), a 38% increase is indicated for the water SDC; an increase from \$3,085 to \$4,245 per equivalent residential unit (ERU). The wastewater SDC is projected to increase 25% from \$3,025 to \$3,782 per ERU. If equipment is included in the wastewater CIP the wastewater SDC would

increase from \$3,782 to \$3,785. The components of the increases in the single family residential water and wastewater SDCs (without equipment) are shown in Table 1. A complete listing of the City's current and proposed utility SDCs can be found in Appendix A. Appendix B contains the cashflow projection for both the water and wastewater SDC funds.

Fee	SDC		Difference		
	Current	Proposed	\$	%	
<b>Water</b>					
System	\$2,431	\$3,573	\$1,142	47%	
Resource	654	672	18	3%	
<b>Total</b>	<b>\$3,085</b>	<b>\$4,245</b>	<b>\$1,160</b>	<b>38%</b>	
<b>Wastewater</b>					
Treatment	\$1,617	\$2,209	\$592	37%	
Reclaimed Water	1,159	1,297	138	12%	
Trunkline	249	276	27	11%	
<b>Total</b>	<b>\$3,025</b>	<b>\$3,782</b>	<b>\$757</b>	<b>25%</b>	

## Discussion – SDC Determination

The calculated or “Maximum Supportable” SDCs illustrated in Table 1 are based on the updated financial planning model that reflects the capital improvement program (CIP) expenditures as contained in the City’s five-year plan encompassing FY 2003-04 through FY 2007-08. For years subsequent to this five-year period (FY 2008-09 through FY 2027-28), we have relied on CIP cost projections developed by the City. The CIP is reflective of the City’s estimated growth rate and indicates that the “build-out” population of 293,000 will be reached in FY 2018-19 and that by FY 2009-10, residential development will reach 90% of the estimated total build-out population. Residential and non-residential development or ERU projections were based on estimated residential dwelling units and building square footage for non-residential development as provided by the City<sup>1</sup>.

As was previously noted, the approach to calculating the SDC value is based on the cash flow requirements associated with funding all growth-related capital projects and associated financing costs. The water and sewer SDC values were determined based on a requirement that the respective SDC funds maintain positive cash balances while funding the growth-related CIP and repaying all related borrowings. Stated in somewhat mechanical terms, the Maximum Supportable SDC in FY 2003-04 is the product of using the “goal seek” function in Excel spreadsheet software to set the SDC fund end-of-year cash balance to zero (for the last year in which there are debt service or loan repayments), while having the annual increase in the SDC held as close to 2% as possible given the recommended FY 2003-04 SDCs shown in Table 1. If a lower FY 2003-04 SDC were preferred, the annual percentage increase would have to be greater. If a lower annual percentage increase were preferred, the FY 2003-04 SDC would have to be greater.

The following factors or considerations were used in arriving at the projected SDC values and the financial plan that illustrates estimated cash flow results not only for the respective Water and Sewer SDC funds, but also the Operating funds.

1. Other than FY 2002-03 for the Sewer SDC fund, no fund (SDC or Operating) is projected to have a negative end-of-year cash balance.
2. The Operating fund cash reserve ratio should not fall below 25% for the individual funds or on a combined basis; although this is not a hard and fast “rule”. For example, periodic (one to two year) dips below 25% are reflected in the plan. Rate increases and/or borrowings (bonds or loans from the Operating fund) are used to achieve the 25% targeted cash

---

<sup>1</sup> LRP MEMO 03-008, Residential Units and Employment Estimates, Hank Pluster, Long Range Planning Manager, City of Chandler, February 12, 2003. (A copy of this memorandum is included in Appendix D to this report).





**Chandler • Arizona**

*Where Values Make The Difference*

January 4, 2007

Alisa Lyons  
Vice President – Governmental Affairs  
Valley Partnership  
3003 North Central Avenue; Suite 310  
Phoenix, AZ 85012

Dear Alisa:

Enclosed please find responses to the questions posed in your email dated December 7, 2006. Please feel free to contact me at (480) 782-2252 if you have any questions, or if you need anything else prior to the January 25, 2007 public hearing.

Sincerely,

Patricia A. Walker  
Management Services Director

Enclosures: Questions and Answers  
Chandler City Code Excerpt

## General

1. Please explain the methodology for setting the ratio of residential:non-residential at 33%:67% in the handouts from 11-28-06.

*As noted on page seven of the "2005 System Development Fee Update" prepared by BBC Research (emailed to you December 8, 2006), residential and non-residential square feet anticipated from now until build-out are used to allocate infrastructure costs for the non-utility system development fees. By updating the prior year's data from 2005 to 2006, the allocation becomes 33% for residential and 67% for non-residential.*

2. Also from those handouts, what is the MUD Administration Building?

*This project is to construct a 3,100 square foot Municipal Utilities Administration building. The present facility at 975 East Armstrong Way was built to provide space for the current administrative staff with the ability to expand the building as additional MUD employees are added and space needs expand. On the handouts, please note that this project is entirely in the "non-growth" category, therefore, funding comes solely from utility user fees, not system development fees.*

3. Also from those handouts, there were two sets of matrices entitled "Growth/Non-Growth CIP - SEWER" and "Growth/Non-Growth CIP - WATER". Each shows a project for costs from FY 05 through FY15 and then 'next 5 years,' 'next 11 years,' and 'next 4 years'. For Sewer, when I take the sum of the next four years in the individual FY columns, I get \$156,966,155. But under the 'next 4 years' column, the figure is \$10,300,000. Can you help me better understand these matrices?

*Several years are lumped together outside the five-year planning window. The columns contain data from FY05/06 through FY34/35. After the growth/non-growth columns for FY14/15, the "Next 5 Years" are FY15/16 – FY19/20, the "Next 11 Years" are FY20/21 – FY30/31 and the "Next 4 Years" are FY31/32 – FY34/35.*

## Police/Fire

1. How were the Contingency dollar amounts calculated on the following projects:
  - a. Fire Administration Construction
  - b. Southeast Fire Station - Chandler Heights/McQueen
  - c. Southeast Fire Station - San Tan/Airport
  - d. Southwest Fire Station -Ocotillo/Gilbert
  - e. South Chandler Police Substation
  - f. Police Communications Center/Administration

*The contingency line item is calculated as part of the budget process for every construction project. It includes items such as staff charges and construction change orders.*

2. Why is the Contingency line item only in the Fire/Police sections?

*Although each individual department does calculate a contingency line item in their construction project costs, not all departments show the same level of detail when including their final version of the project in the published CIP.*

3. Are Fire Station #11 and Fire Station #12 in the Impact Fee sheets the same as Southeast Fire Station-San Tan/Airport and Southwest Fire Station -Ocotillo/Gilbert in the CIP?

*Fire Station #11 is the Southeast Fire Station – San Tan/Airport, and Fire Station #12 is the Southeast Fire Station – Ocotillo/Gilbert.*

4. Please provide a detailed description of "Fees" for the following projects:
  - a. Fire Administration Construction
  - b. Southeast Fire Station - San Tan/Airport
  - c. Southwest Fire Station -Ocotillo/Gilbert
  - d. Southeast Fire Station - Chandler Heights/McQueen
  - e. South Chandler Police Substation
  - f. Police Communications Center/Administration

*The fee line item is calculated as part of the budget process for every construction project. It includes items such as system development fees, permit fees and plan review fees.*

5. Under the Fire Administration Construction project, please provide a detailed description of "Municipal Arts".

*A description of the Municipal Arts Fund may be found in our City Code, Chapter 31, Section 10.3 (see attached copy). Please note that this is specifically not calculated on the impact fee portion of any CIP project.*

6. Under the Fire Administration Construction project, please list which of the items in the CIP (construction management, construction, contingency, etc.) make up the cost to growth of \$1,197,992.

*As noted on the handouts at the 11/28/06 meeting, this project is only estimated to be 20% growth-related, based on the current headcount in Fire Administration and the expected headcount in that area at build-out. All applicable portions of the project are then calculated at 20% of the project cost.*

### **Parks**

1. Under Parks, if a developer builds these parks (provides the design and park development), does the developer get credits for what it cost him or for the cost listed in the CIP?

*The City does not allow developers to build parks on their behalf. Please note that the park fees are not assessed to non-residential development.*

### **Public Buildings**

1. Regarding the Public Building Impact Fee increase from \$.17 to \$.33, please tell me which projects (and costs) went into the calculation for the \$.17 so I can understand why the fee went up so drastically:

*As noted on page nineteen of the "2005 System Development Fee Update" prepared by BBC Research (emailed to you December 8, 2006), there were three projects included in the 2005 calculation – City Hall, City Hall Parking Garage and a Municipal Facility beyond the 5-year CIP window. The 2006 calculation still includes these projects, but now separates the City Hall*

*project and the Public Works Expansion project now that a site has been selected for the City Hall that is not adjacent to the Public Works building.*

2. Under City Hall, what is the acreage of the land to be purchased?

*The site selected is approximately three and a half acres.*

3. Under Public Works Expansion, the cost in the handouts from 11-28-06 is \$9.8 million. But in the CIP it is \$3.76 million. Please explain the discrepancy.

*The 2006-2011 CIP project for the Public Works Expansion only includes costs for a 42 stall parking lot, not the 400 space public parking garage included in the \$9.8 million cost.*

### **Arterial Streets**

1. Please explain the methodology for setting the percentage of growth-related portion for Arterial Streets at 88%.

*As noted on page twenty-one of the "2005 System Development Fee Update" prepared by BBC Research (emailed to you December 8, 2006), City staff (and the Maricopa Association of Governments – MAG) has determined that "construction of all CIP arterial street projects is 88 percent dependent on new growth. That is, 12 percent of the arterial street projects listed in the City's CIP are attributable to "pass-through" traffic and not eligible for SDF inclusion."*

2. Please provide a detailed description of "Additional Services" for the following road projects:
  - a. Arizona Avenue (Ocotillo Road to Riggs Road)
  - b. Chandler Boulevard (Colorado Street to McQueen Road)
  - c. Chandler Heights Road (Arizona Avenue to McQueen Road)
  - d. Gilbert Road (Germann Road to Queen Creek Road)
  - e. Gilbert Road (Queen Creek Road to Hunt Highway)
  - f. McQueen Road (Queen Creek to Riggs Road)
  - g. Ocotillo Road (Arizona Avenue to McQueen Road)
  - h. Queen Creek Road (McQueen Road to Lindsay Road)

*The types of items included in "additional services" varies from project to project, however, they include items such as:*

- *Right-of-way acquisition/relocation services;*
- *Design contingency;*
- *Public involvement/shareholder meetings;*
- *Legal descriptions;*
- *Surveying;*
- *Utility Coordination;*
- *Mapping/aerial photography;*
- *Geotechnical services;*
- *Electrical design; and*
- *Enhanced landscape design.*

**Water/Wastewater**

1. Under Well Construction, what is the cost per gallon?

*The City does not plan their well construction CIP projects based upon a cost per gallon since the productive output of a well cannot be guaranteed.*

2. Regarding the Joint Water Treatment Plant, it looks like when the CIP was adopted, this item was not a done deal. Has Council approved this partnership with Gilbert and are the financials (\$80,376,900 through 2011) still the same?

*The intergovernmental agreement with the Town of Gilbert was adopted at the May 11, 2006 Council meeting. At this time, the City anticipates spending the amounts noted in the 2006 – 2011 CIP, along with an additional \$34,052,900 in FY12/13 (see the handouts provided at the 11/28/06 meeting) for the second phase of the project.*

*31-10.3. Establishment of municipal art fund.*

A. There is established in the City Treasury a separate fund designated "municipal arts fund" to which funds appropriated as contemplated by this chapter shall be allocated. Disbursements from this municipal arts fund or from other appropriations for works of art and incidentals leading to the selection, purchase or commission of such works of art, require prior City Council approval after a recommendation by the Arts Commission. The municipal arts fund shall be expended by the City Council after recommendations from the Arts Commission for projects and for works of art in accordance with the municipal arts plan. A budget for the municipal art fund shall be recommended annually by the Arts Commission along with the City's budget.

B. During the budget process and concurrent with the approval of the annual budget the City Council shall designate eligible construction projects for which an amount equal to one (1) percent of the estimated cost of such projects shall be appropriated and shall be allocated to the municipal arts fund. Eligible construction projects shall include only those projects paid for with funds from which art is not precluded as an object of expenditure and shall not include projects paid from enterprise funds or impact fees nor shall include system development projects nor infrastructure projects.

(Ord. No. 1276, 12-19-83; Ord. No. 1412, §§ 1--3, 1-10-85; Ord. No. 3015, § 3, 8-26-99)



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## MEMORANDUM

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To: Ms. Pat Walker, Management Services Director, City of Chandler  
From: Mr. Tom Pippin, Managing Director, BBC Research & Consulting  
Re: Single Family vs. Multi-Family SDF Differentials  
Date: November 16, 2004

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Pat, per your request this memorandum outlines the history, philosophy and analysis underlying single family and multi-family differentials in Chandler's System Development Fees (SDF).

### History

Chandler first hired BBC in 1994 to prepare General Fund SDF: police, fire, general government, parks, library and streets. Originally, only the Street SDF incorporated a fee differential between single family and multi-family residential units. It was based on statistical data from the Institute of Transportation Engineers (ITE) Trip Generation manual. All of the other fee categories were calculated and assessed on a per unit basis, regardless of single family or multi-family status.

In 1996, Chandler retained BBC to update the original SDF. At this time, the City requested that BBC conduct statistical research into the link between housing type and the need for parks and library infrastructure. Our surveys found that, on average, multi-family households required less parks and library infrastructure than single family units. Based on this research, the City adopted updated parks and library SDF with a fee differential between single family and multi-family units.

Since then, BBC has completed 3 additional SDF updates for Chandler: 1997, 2000 and 2002. In all of these studies, and presently, the City has maintained the same 6 categories of SDF. Three categories – police, fire and general government – are still calculated and assessed on a per household basis, while the other three categories – streets, parks and libraries – have different fee levels for single family and multi-family units.

### Philosophy

BBC has designed General Fund impact fees for municipal clients across the Western United States since 1983. In our 20+ years of doing this work, we have strived to be analytically conservative and make as few contentious assumptions as possible.

In this context, we support fee differentials for single family and multi-family units when there is consistent, reliable data in favor of them. When the data are unclear, conflicting, or do not exist, however, we prefer to calculate impact fees without a differential.

As explained below, this “data driven” approach is what we have pursued in Chandler since 1994.

### **SDF with Differentials**

Chandler’s System Development Fees are designed to recover the cost of growth-related infrastructure from new development.

For the 3 SDF categories with fee differentials, there is clear statistical evidence that new single family and new multi-family units require different infrastructure.

For example, would Chandler have to build more new streets due to a 1,000 unit single family subdivision than a 1,000 unit multi-family development? Yes, data from the ITE Trip Generation manual shows that households living in single family units generate more vehicle trips – and thus the need for more lane miles of roads – than households residing in multi-family units.

Similarly, would Chandler have to build more new parks and libraries due to a 1,000 unit single family subdivision than a 1,000 unit multi-family development? Yes, BBC’s 1996 intercept surveys of Chandler park and library patrons demonstrate that, on average, households living in single family units generate more demand for park and library facilities than households residing in multi-family units.

### **SDF without Differentials**

For the 3 SDF categories without fee differentials, there is no clear statistical evidence -- and often conflicting anecdotal evidence -- that new single family and new multi-family units require different infrastructure.

**Police.** For example, would Chandler have to build more new police substations and buy more new police capital equipment due to a 1,000 unit single family subdivision than a 1,000 unit multi-family development? BBC is aware of no local, state, regional or national statistical study that answers this question conclusively.

Multi-family developers will sometimes argue anecdotally, and understandably in their own self-interest, that their units typically contains smaller households which should lead to less demand for law enforcement services and, by extension, infrastructure. Thus, multi-family Police SDF should arguably be lower.

On the other hand, single family developers can also claim anecdotally, and in self-interest, that multi-family units have more residential density, more parking density and lower average household incomes. All of these factors can lead to more demand for law enforcement services and thus infrastructure. Therefore, multi-family Police SDF should arguably be higher.

BBC is unconvinced by both anecdotal arguments. In the absence of clear statistical or anecdotal data otherwise, we recommend that the City of Chandler retain the conservative position and not implement single family and multi-family Police SDF differentials.

**Fire.** Similarly, would Chandler have to build more new fire stations and buy more new fire vehicles and other capital equipment due to a 1,000 unit single family subdivision than a 1,000 unit multi-family development? Again, BBC is aware of no study that answers this question conclusively.

Multi-family developers will argue that their units sometimes have sprinklers that should lead to less demand for fire protection services and thus infrastructure. Moreover, they will claim that their higher density land use means more units can be covered in any given fire response time/driving radius. Therefore, multi-family Fire SDF should arguably be lower.

On the other hand, single family developers can claim that fire protection in multi-family units is higher risk because fires can spread quickly and more lives and property are endangered. Moreover, they will point out that specialized equipment is sometimes needed for larger floor-plate and taller buildings. All of these factors can lead to more demand for fire protection services and, by extension, infrastructure. Thus, multi-family Fire SDF should arguably be higher.

As with law enforcement, BBC is unconvinced by both anecdotal arguments. In the absence of clear statistical or anecdotal data, we recommend that the City of Chandler retain the conservative position and not implement single family and multi-family Fire SDF differentials.

**General Government.** Finally, would Chandler have to build more new General Government administrative space and purchase related capital equipment to serve a 1,000 unit single family subdivision than a 1,000 unit multi-family development?

In the absence of statistical studies, multi-family developers will sometimes argue that their units typically contains smaller households which should lead to less demand for government services and thus infrastructure. Therefore, multi-family General Government SDF should arguably be lower.

On the other hand, single family developers can claim that most administrative services are not predicated on population but rather housing units such as land use, building and zoning, code enforcement, communications, revenue collection, etc. Thus, General Government SDF should be the same regardless of residential type.

In the absence of clear statistical or anecdotal data otherwise, we recommend that the City of Chandler retain the conservative position and not implement single family and multi-family General Government SDF differentials.

Pat, please feel free to call me anytime with questions regarding this memorandum. My toll-free number is 800-748-3222, x236.