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MEMORANDUM **Management Services Memo No. 07-103**

DATE: FEBRUARY 2, 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: INTRODUCTION AND TENTATIVE APPROVAL OF ORDINANCE NO. 3880 AMENDING SECTION 38-13 OF THE CHANDLER CITY CODE TO UPDATE SYSTEM DEVELOPMENT FEES

RECOMMENDATION: Staff recommends introduction and tentative approval of Ordinance No. 3880 amending Section 38-13 of the Chandler City Code to update System Development Fees.

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. 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 fee revenue available to pay for them.

On January 24, 2007, City staff received another memorandum from the Home Builders Association of Central Arizona. Attached please find a copy of the response along with the original memorandum. Their concerns are focused on the reasons for the large percentage increases in the Community Parks and Neighborhood Parks fee categories.

For Community Parks, the majority of the change in project costs comes from the Mesquite Groves Park Site project. The increase in this project is due to an increase in construction costs as well as the addition of a 15,000 square foot satellite recreation center to accommodate the demands new growth has placed on the City's recreational facilities. For Neighborhood Parks,

demands new growth has placed on the City's recreational facilities. For Neighborhood Parks, the majority of the change in project costs comes from Neighborhood Park Land Acquisition and Future Neighborhood Park Development. In the 2006 update, average park land acquisition costs were \$135,154/acre. In the 2007 update, average park land acquisition costs were \$240,228/acre. The City's Real Estate Division currently estimates land prices ranging from \$348,400/acre to \$653,400/acre.

One other item to consider when comparing the 2006 System Development Fee update and this year's update is that the number of residential dwelling units will continue to decline as the City moves closer to build-out. Last year, residential fees were calculated using 18,764 residential dwelling units. This year, residential fees were calculated using 14,789 residential dwelling units. As you may recall, only developers of residential projects pay the Community Parks and Neighborhood Parks fees. Therefore, even if project costs remained the same from update to update, the fees in these categories would increase if the number of residential dwelling units anticipated through build-out declined.

The following information addresses some questions raised at the January 25, 2007 Public Hearing regarding the potential for developers to construct neighborhood parks. Chandler has explored a number of options for the development of parks by residential home developers. In the early stages of the Ocotillo development, staff met for almost a year in an attempt to work out a system to rebate or refund the Residential Development Tax (which was replaced with the Neighborhood Park System Development Fee as of February 1, 2006) to the developers in exchange for a completely developed park. Finally it was mutually decided that the best approach would be for Ocotillo to build a series of private parks to serve their residents.

The City entered into an agreement with Shea Homes to build Dobson Park. Shea Homes provided the land and constructed the park and in turn they were refunded the Residential Development Tax equal to the cost of the park. The key to this agreement was that the City could only refund the Residential Development Tax from their development. It was able to work because of the size of their development and the number of homes in the development. It required the development of 1,289 homes to cover the cost of the park. Refunding the Residential Development Tax turned out to be a major accounting problem for the Planning and Development staff.

The City explored a similar agreement in 2001 with Continental Homes for the development of Chuckwalla Park. Several meetings were held with the developer and city legal staff and in the end it was determined the best approach was for the City to construct the park using the Residential Development Tax.

City staff feel "city constructed parks" offer a greater degree of control over park elements and quality. They also insure that the desires of the neighborhood are met in the park design and construction.

Later this afternoon, City staff will meet individually with both Rus Brock of the Home Builders Association of Central Arizona and Suzanne Gilstrap of Capitol Consulting to address their

concerns. These meetings will be summarized in a memo to be distributed on Monday, February 5, 2007.

In order to adequately notify interested parties of the 2007 update, letters were sent to the Associated General Contractors of America, Capitol Consulting (representing multi-family housing), Chandler Chamber of Commerce, Home Builders Association of Central Arizona and Valley Partnership informing them of the proposed update to the system development fees and the planned date of the Public Hearing. Staff made a brief presentation at the December 11, 2006 Chandler Builder Advisory meeting and has met individually with several of the above-mentioned groups to address their concerns.

The Advance Notice of Intent was published in the Arizona Republic on November 21, 2006 showing the date, time and place of the Public Hearing held on 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. The new fees will be effective June 1, 2007.

In summary, there are various factors contributing to the increase in many of the fee categories this year, including (1) the declining number of residential dwelling units and nonresidential square feet each year until build-out, (2) additional growth-related projects added to the Capital Improvement Program and (3) inflationary increases in construction and land costs. Therefore, there cannot be a straight comparison of inflationary costs to the amount of the fee increases.

FINANCIAL IMPLICATIONS: System Development Fees are charges 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 will not have sufficient funds to pay for growth related projects.

PROPOSED MOTION: Move to introduce and tentatively approve Ordinance No. 3880 amending Section 38-13 of the Chandler City Code to update system development fees, and authorize the Mayor to execute all necessary documents.

cc: Pat McDermott, Assistant City Manager

Attachments: Proposed System Development Fee Updates
Ordinance No. 3880
February 2, 2007 Response to Home Builders Association of Central Arizona
Memorandum

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

ORDINANCE NO. 3880

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER,
ARIZONA, AMENDING SECTION 38-13 OF THE CODE OF THE CITY OF
CHANDLER TO UPDATE SYSTEM DEVELOPMENT CHARGES.

WHEREAS, new development imposes increased and excessive demands on City facilities and infrastructure needed to provide necessary public services; and

WHEREAS, City staff has provided an update to the previous fee studies which show the level of fees/charges needed to generate sufficient funds to provide public facilities and infrastructure to serve new development; and

WHEREAS, the City projects new development to continue which will place ever-increasing demands on the City to provide public facilities and infrastructure to serve new developments; and

WHEREAS, to the extent that new development places demands upon public facilities and infrastructure, those demands should be satisfied by shifting the responsibility for financing such public facilities and infrastructure from the public to the development creating the demands; and

WHEREAS, development fees/charges collected pursuant to this Chapter 38 of the City Code may not be used to cure existing deficiencies in public facilities and infrastructure.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that Section 38-13 of the Code of the City of Chandler, Arizona is hereby amended to read as follows:

38-13. Current development fees/charges.

System development charges/fees are hereby established as follows:

Water System Development Charges:

Single-family (per dwelling unit) \$~~3,573.00~~ 3,959.00

Multi-family (per dwelling unit) ~~1,803.00~~ 1,998.00

Commercial/industrial (See Table A)

Water Resource System Development Charges:⁽¹⁾

Single-family (per dwelling unit) ~~672.00~~ 745.00

Multi-family (per dwelling unit) ~~367.00~~ 407.00

Commercial/industrial (See Table A)

Wastewater System Development Charges/Trunkline:⁽²⁾

Single-family (per dwelling unit) ~~276.00~~ 285.00

Multi-family (per dwelling unit) ~~162.00~~ 167.00

Commercial/industrial (See Table A)

Wastewater System Development Charges/Treatment:⁽²⁾

Single-family (per dwelling unit) ~~2,214.00~~ 2,281.00

Multi-family (per dwelling unit) ~~1,303.00~~ 1,343.00

Commercial/industrial (See Table A)

Reclaimed Water System Development Charges:⁽²⁾

Single-family (per dwelling unit) ~~1,297.00~~ 1,336.00

Multi-family (per dwelling unit) ~~764.00~~ 787.00

Commercial/industrial (See Table A)

Fire Fees:⁽⁶⁾

Residential (per dwelling unit)⁽³⁾ ~~362.00~~ 564.00

Commercial (per square foot) ~~0.20~~ 0.33

Industrial (per square foot) ~~0.20~~ 0.33

Police Fees:⁽⁶⁾

Residential (per dwelling unit)⁽³⁾ ~~296.00~~ 241.00

Commercial (per square foot) ~~0.17~~ 0.14

Industrial (per square foot) ~~0.17~~ 0.14

Library Fees:

Single-family (per dwelling unit) 0.00

Multi-family (per dwelling unit) 0.00

Commercial (per square foot) 0.00

Industrial (per square foot) 0.00

Arterial Street Fees:⁽⁴⁾

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)⁽⁵⁾ ~~5.63~~ 6.93

Office (per square foot) ~~3.46~~ 4.26

Industrial (per square foot) ~~2.49~~ 3.07

Public/quasi-public⁽⁶⁾ ~~0.69~~ 0.86

Community Parks Fees:

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) 0.00

Industrial (per square foot) 0.00

Public Building Fees:⁽⁶⁾

Residential (per dwelling unit)⁽³⁾ ~~294.00~~ 573.00

Commercial (per square foot) ~~0.17~~ 0.33

Industrial (per square foot) ~~0.17~~ 0.33

Neighborhood Parks Fees:

Single-family (per dwelling unit) ~~850.00~~ 2,483.00

Multi-family (per dwelling unit) ~~489.00~~ 1,429.00

Commercial (per square foot) 0.00

Industrial (per square foot) 0.00

- (1) Assessed in off-project areas and nonmember areas only.
- (2) No reclaimed water or wastewater fees for water-only connections (landscape).
- (3) Residential includes both single-family and multi-family.
- (4) 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.
- (5) City will contribute an additional ~~five-six~~ dollars and ~~sixty-ninety-three~~ cents (\$5.63 6.93) per square foot for retail space for a total of ~~eleven-thirteen~~ dollars and ~~twenty-eighty-six~~ cents (\$11.26 13.86) per square foot for retail. For retail space that generates < 3 trips per 1,000 square foot of retail space at PM peak according to the ITE Trip Generation Manual, the fee will be ~~two-three~~ dollars and ~~eighty-one~~ forty-six cents (\$2.81 3.46) per square foot, with the City contributing ~~eight-ten~~ dollars and ~~forty-five~~ cents (\$8.45 10.40) per square foot of retail.
- (6) Pursuant to ARS 9-500.18, the fire, police and general government fees shall not be collected from a school district or charter school. In addition, arterial street impact fees shall not be collected from a school district.

TABLE A

COMMERCIAL/INDUSTRIAL SYSTEM CHARGES

Meter Size, inches	Type	Water System	Water Resource ⁽¹⁾	Wastewater System Trunkline	Wastewater System Treatment	Reclaimed Water ⁽²⁾
5/8 x 3/4	Disc	— \$3,573.00	— \$858.00	— \$276.00	— \$2,214.00	— \$1,297.00
3/4	Disc	— 5,360.00	— 1,313.00	— 414.00	— 3,320.00	— 1,946.00
1-0	Disc	— 8,933.00	— 2,093.00	— 690.00	— 5,534.00	— 3,243.00
1 1/2	Disc	— 17,865.00	— 5,644.00	— 1,380.00	— 11,068.00	— 6,485.00
2-0	Disc	— 28,584.00	— 9,672.00	— 2,208.00	— 17,709.00	— 10,376.00
3-0	Compound	— 57,168.00	(3)	— 4,416.00	— 35,419.00	— 20,752.00
4-0	Compound	— 89,325.00	(3)	— 6,900.00	— 55,341.00	— 32,425.00
6-0	Compound	— 178,651.00	(3)	— 13,800.00	— 110,683.00	— 64,850.00
8-0	Compound	— 285,841.00	(3)	— 20,080.00	— 177,093.00	— 103,760.00
2-0	Turbine	— 28,584.00	— 12,864.00	— 2,208.00	— 17,709.00	— 10,376.00
3-0	Turbine	— 62,528.00	(3)	— 4,830.00	— 38,739.00	— 22,698.00
6-0	Turbine	— 223,313.00	(3)	— 17,250.00	— 138,354.00	— 81,063.00
8-0	Turbine	— 321,571.00	(3)	— 24,840.00	— 199,229.00	— 116,730.00

Meter Size, inches	Type	Water System	Water Resource ⁽¹⁾	Wastewater System Trunkline	Wastewater System Treatment	Reclaimed Water ⁽²⁾
5/8 x 3/4	Disc	\$3,959.00	\$951.00	\$285.00	\$2,281.00	\$1,336.00
3/4	Disc	5,939.00	1,455.00	427.00	3,420.00	\$2,005.00
1-0	Disc	9,898.00	2,320.00	711.00	5,701.00	3,341.00
1 1/2	Disc	19,795.00	6,254.00	1,422.00	11,401.00	6,680.00
2-0	Disc	31,672.00	10,717.00	2,275.00	18,241.00	10,688.00
3-0	Compound	63,343.00	(3)	4,549.00	36,482.00	21,375.00
4-0	Compound	98,973.00	(3)	7,107.00	57,002.00	33,398.00

6-0	Compound	197,946.00	(3)	14,214.00	114,004.00	66,796.00
8-0	Compound	316,712.00	(3)	22,743.00	182,406.00	106,873.00
2-0	Turbine	31,672.00	14,254.00	2,275.00	18,241.00	10,688.00
3-0	Turbine	69,282.00	(3)	4,975.00	39,902.00	23,379.00
6-0	Turbine	247,431.00	(3)	17,768.00	142,505.00	83,495.00
8-0	Turbine	356,301.00	(3)	25,586.00	205,206.00	120,232.00

(1) Assessed in off-project areas and nonmember areas only.

(2) No reclaimed water or wastewater fees for water-only connections (landscape).

For meters eight (8) inches and larger, the water system, wastewater system and reclaimed water development charges shall be based on the following formula:

$$\text{Development Charge} = (5/8 \times 3/4 \text{ Charge}) \times (\text{Safe Maximum Operating Capacity (GPM)} / 20(\text{GPM}))$$

(3) The water resource charge fee for meters three (3) inches and larger shall be determined based on the City Engineer's projected water use using the following formula:

$$\text{Development Charge} = (\text{Single-family Water Resource Charge}) \times \text{Average Projected Water Use (GPD)} / 417 (\text{GPD})$$

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler, Arizona, this ____ day of _____, 2007.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of _____, 2007.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 3880 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2007 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 07-104

DATE: FEBRUARY 2, 2007

TO: LAUREN BARNETT, HOME BUILDERS ASSOCIATION OF CENTRAL ARIZONA

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

SUBJECT: RESPONSE TO JANUARY 24, 2007 MEMORANDUM

At the January 25, 2007 System Development Fee Public Hearing, Mayor and Council were informed that your organization had submitted a memorandum the day before and that staff would prepare a response. Enclosed please find the additional information requested organized into the three categories in your memorandum.

CHANGES TO CIP PROJECTS

Per your previous request, the City provided a list of the projects for which costs had been updated since the adoption of the 2006-2011 on January 4, 2007. However, a more appropriate comparison is between the amounts used in the 2006 System Development Fee update and the amounts used in this year's update. Please refer to the attached comparisons for Community Parks and Neighborhood Parks.

For Community Parks, the majority of the change in project costs comes from the Mesquite Groves Park Site project. The increase in this project is due to an increase in construction costs as well as the addition of a 15,000 square foot satellite recreation center to accommodate the demands new growth has placed on the City's recreational facilities. For Neighborhood Parks, the majority of the change in project costs comes from Neighborhood Park Land Acquisition and Future Neighborhood Park Development. In the 2006 update, average park land acquisition costs were \$135,154/acre. In the 2007 update, average park land acquisition costs were \$240,228/acre. The City's Real Estate Division currently estimates land prices ranging from \$348,400/acre to \$653,400/acre.

One other item to consider when comparing the 2006 System Development Fee update and this year's update is that the number of residential dwelling units will continue to decline as the City moves closer to build-out. Last year, residential fees were calculated using 18,764 residential dwelling units. This year, residential fees were calculated using 14,789 residential dwelling units. As you may recall, only developers of residential projects pay the Community Parks and Neighborhood Parks fees. Therefore, even if project costs remained the same from update to

update, the fees in these categories would increase if the number of residential dwelling units anticipated through build-out declined.

COMMUNITY PARKS

Your memorandum refers to a “significant increase in the level of service (LOS) for the regional parks.” The parks included in this portion of the calculation are for community parks, not regional parks. Additionally, an increase in the cost of a community park project between the 2006 and 2007 system development fee updates does not increase the level of service.

The Mesquite Groves Park Site project includes an aquatic facility that may be a joint-use facility with the Chandler Unified School District. Regardless of any potential shared use, this would remain a city-owned facility, with all construction costs paid solely by the City. The school district would only participate in their share of operating and maintenance costs for the programs they may run. However, there is not a formal agreement in place at this time with the school district.

As you noted in your memorandum, there are differences in some community park projects between the 2007 update and the 2006-2011 Capital Improvement Program. Please see the “Changes to CIP Projects” section above for a discussion of the changes to the Mesquite Groves Park Site and Veteran’s Oasis Park Site projects.

Your memorandum includes a concern that the Mesquite Groves Park Site “appears to be located in a developed area” and would thus benefit existing residents. If the Mesquite Groves Park Site was not constructed, the residents in that surrounding area would not have the same level of service as those residing around the existing community parks. Community parks are meant to serve residents within a two-mile radius of the site. As staff has indicated in prior year updates, only utility projects must be in place prior to new development. Historically, non-utility projects lag behind development until sufficient fee revenue has been collected to finance the project unless Council prioritizes a project in the budget cycle and debt financing must be used to complete the project.

The difference between the fund balances in the 2007 update and the impact fee annual report on file with the City Clerk (as required by State statutes) are due to different methods of accounting. The impact fee annual report on file with the City Clerk is intended to match the City’s Comprehensive Annual Financial Report, which is prepared using generally accepted accounting principles (GAAP). The GAAP basis fund balance at June 30, 2006 for the Community Park Impact Fee Fund was the \$3,775,466 you reference in your memorandum. For the 2007 update, the uncommitted fund balance is needed since only the portion of the fund balance that has not been committed for encumbrances or carryforwards is available to pay for future projects. At June 30, 2006, the budget basis fund balance (GAAP basis fund balance less encumbrances) was the \$2,016,574 you reference in your memorandum.

NEIGHBORHOOD PARKS

Per your request, attached please find a listing of the locations for all current and proposed neighborhood parks.

Similar to Community Parks, your memorandum includes a concern that Homestead North, Homestead South, Canal (Kirby) and Arbuckle Park Sites “appear to be located in already developed areas.” If these neighborhood parks were not constructed, the residents in those surrounding areas would not have the same level of service as those residing around the existing neighborhood parks. The City’s goal is to have a neighborhood park-size facility within every square mile of residential development. As staff has indicated in prior year updates, only utility projects must be in place prior to new development. Historically, non-utility projects lag behind development until sufficient fee revenue has been collected to finance the project unless Council prioritizes a project in the budget cycle and debt financing must be used to complete the project.

Similar to Community Parks, the difference between the fund balances in the 2007 update and the impact fee annual report on file with the City Clerk (as required by State statutes) are due to different methods of accounting. The impact fee annual report on file with the City Clerk is intended to match the City’s Comprehensive Annual Financial Report, which is prepared using generally accepted accounting principles (GAAP). The GAAP basis fund balance at June 30, 2006 for the Neighborhood Park Impact Fee Fund was the \$9,113,697 you reference in your memorandum. For the 2007 update, the uncommitted fund balance is needed since only the portion of the fund balance that has not been committed for encumbrances or carryforwards is available to pay for future projects. At June 30, 2006, the budget basis fund balance (GAAP basis fund balance less encumbrances) was the \$4,640,372 you reference in your memorandum.

The last request in your memorandum regarded funding offset information for all fee categories in the study. At this time, the City has not identified any offsets for residential development. The only fee category for which offsets have been identified is the retail arterial street fee.

This information has been provided to Council and should you have any questions, please feel free to contact me at (480) 782-2252.

c: Mayor Boyd W. Dunn
Vice Mayor Lowell Huggins
Councilmember Bob Caccamo
Councilmember Trinity Donovan
Councilmember Matt Orlando
Councilmember Martin Sepulveda
Councilmember Jeff Weninger
W. Mark Pentz, City Manager
Rich Dlugas, Assistant City Manager
Pat McDermott, Assistant City Manager
Julie Buelt, Senior Financial Analyst

Attachments: January 24, 2007 Memorandum from the Home Builders Association of Central
Arizona
Community Parks Comparison
Neighborhood Parks Comparison
Neighborhood Parks Locations



MEMORANDUM

To: Ms. Pat Walker, City of Chandler
Ms. Julie Buelt, City of Chandler

From: Lauren C. Barnett, Home Builders Association of Central Arizona

Date: January 24, 2007

Subject: 2007 System Development Fees Update

The Home Builders Association of Central Arizona appreciates being a continued stakeholder in the process of reviewing the proposed System Development Fee increases. On behalf of the development community at large, thank you for providing the venue to be involved in this important process.

Fully understanding the rising cost of building materials, the HBACA has no objections to Fee increases to cover the City's higher costs. Additionally, the HBACA understands and finds a reasonable relationship between new growth and new growth-related expenditures to the extent those costs are wholly related to providing the same level of service (LOS) to new residents.

We would like to take this opportunity afforded to us by the process to communicate questions and concerns.

CHANGES TO CIP PROJECTS

To help our understanding of the recent changes to the CIP projects, we would like line-by-line cost changes for each project. For example, if the park land costs estimate changed, we would like to review the cost estimate provided to the City and date when estimate was made.

COMMUNITY PARKS

We have some questions with the proposed Community Parks. For instance, there appears to be a significant increase in the LOS for the regional parks. Also, the Mesquite Grove Park/Aquatic Facility is to be a joint use project between the City and the Chandler Unified School District. Nevertheless, the improvement costs are attributed 100% to new development.

The CIP costs do not match the costs identified in the Study for the Mesquite Grove Park and Veterans Oasis Park. Please confirm which is the most current and accurate figure (below).

Mesquite Grove Park	Study: \$33,756,068	CIP: \$29,885,510
Veterans Oasis Park	Study: \$8,683,697	CIP: \$6,875,502

E S T A B L I S H E D I N 1 9 5 1



COMMUNITY PARKS (continued)

We are also concerned that Mesquite Grove Park appears to be located in a developed area. It is not clear why new development is being assessed 100% of the costs to construct a park which benefits existing residents.

In addition, the beginning fund balance identified in the Study (as of 6/30/06) of \$2,016,574 does not match the impact fee annual report balance of \$3,775,466 on the same date. Please clarify these figures.

NEIGHBORHOOD PARKS

Like Community Parks, there appears to be a significant increase in the LOS for Neighborhood Parks. Additionally, to better help our understanding and ensure that new growth is not paying more than its fair share, we request that the planned locations for each Neighborhood Park be provided. We were unable to find reference to all planned locations.

Homestead North, Homestead South, Canal (Kirby) and Arbuckle Parks appear to be located in already developed areas. It is not clear to us why new development is being assessed 100% of the costs to construct the parks.

The beginning fund balance identified in the Study (as of 6/30/06) of \$4,640,372 does not match the impact fee annual report balance of \$9,113,697 on the same date. Please clarify these figures.

Finally, we request all funding offsets information for all Fee categories in the Study.

CONCLUSION

In light of these questions, we would like to have an additional meeting with City staff. This will allow us the opportunity to better explain our questions and concerns.

Again, thank you for the opportunity to have this level of communication and the forum to express our concerns regarding the proposed Fee increases. We look forward to continuing to work with the City of Chandler.

E S T A B L I S H E D I N 1 9 5 1

Community Parks Comparison

Type of Capital Infrastructure	2005 - 2010 CIP Value (2006 Update)	2006 - 2011 CIP Value	2006 - 2011 Revised CIP (2007 Update)	Variance 2006 - 2011 CIP to Revised CIP	Variance 2006 Update to 2007 Update	Comments
Community Parks and Land						
Mesquite Groves Park Site	\$ 20,285,889	\$ 29,885,510	\$ 33,756,068	\$ 3,870,558	\$ 13,470,179	In the 2006 update, base year construction costs were \$108,000/acre. For the 2007 update, base year construction costs are \$123,672/acre. Additionally, this project has been modified to include a 15,000 square foot Satellite Recreation Center to accommodate the demands new citizens are placing on our recreational facilities in the amount of \$6.2M.
Veteran's Oasis Park Site	7,442,210	6,875,502	8,683,697	1,808,195	1,241,487	
Nozomi Park	3,264,800	3,501,036	3,501,036	-	236,236	
Total 5 Year CIP	\$ 30,992,899	\$ 40,262,048	\$ 45,940,801	\$ 5,678,753	\$ 14,947,902	
Fee Study						
SDF Fee Study	\$ 2,570		-		\$ (2,570)	
Uncommitted Fund Balance, Loans, Debt Service & Carryforward Costs	\$ (7,746,287)		\$ 8,688,740		\$ 16,435,027	Variance largely due to the timing of the update. The 2006 update was performed prior to year-end, so estimates were used to arrive at the uncommitted fund balance. The 2007 update is using actual year-end amounts as recorded in the City's financial records.
Grand Total	\$ 23,249,182		\$ 54,629,541		\$ 31,380,359	

Neighborhood Parks Comparison

Type of Capital Infrastructure	2005 - 2010 CIP Value (2006 Update)	2006 - 2011 CIP Value	2006 - 2011 Revised CIP (2007 Update)	Variance 2006 - 2011 CIP to Revised CIP	Variance 2006 Update to 2007 Update	Comments
Neighborhood Parks and Land						
Neighborhood Park Land Acquisition	\$ 4,781,190	\$ 8,341,381	\$ 8,341,381	-	\$ 3,560,191	The \$8,341,381 in the 2007 update is based upon average acquisition costs of \$240,228/acre. The \$4,781,190 in the 2006 update is based upon average acquisition costs of \$135,154/acre.
Future Neighborhood Park Development	2,784,942	5,314,596	5,881,095	566,499	3,096,153	
Ryan Park Site	2,077,812	-	-	-	(2,077,812)	
Homeslead South Park Site	1,640,857	1,776,128	1,943,671	167,543	302,814	
Tibshraeny Park Site	1,513,200	-	-	-	(1,513,200)	
Roadrunner Park Site	1,505,374	1,710,950	1,893,326	182,376	387,952	
Canal Park Site	1,358,472	1,521,931	1,665,495	143,564	307,023	
Arbuckle Park Site	1,197,575	1,293,732	1,293,732	-	96,157	
Homestead North Park Site	1,105,395	1,238,401	1,355,220	116,819	249,825	
Chuckwalla Park Site	653,400	-	-	-	(653,400)	
Pine Lakes Park Site	594,000	-	-	-	(594,000)	
Ocotillo Park Site	363,000	-	-	-	(363,000)	
Total 5 Year CIP	\$ 19,575,217	\$ 21,197,119	\$ 22,373,920	\$ 1,176,801	\$ 2,798,703	
Park 1 (Queen Creek, Gilbert, Ocotillo, Cooper)	\$ 1,080,000	-	-	-	-	
Park 2 (Ocotillo, Lindsey, Chandler Heights, Gilbert)	1,080,000	-	2,099,165	-	-	
Park 3 (Ocotillo, Gilbert, Chandler Heights, Cooper)	1,080,000	-	-	-	-	
Park 4 (Chandler Heights, Lindsey, Riggs, Gilbert)	1,080,000	-	-	-	-	
Park 1 (Pecos, Arizona, Germann, Alma School)	-	-	2,099,165	-	-	
Park 2 (Queen Creek, Lindsey, Ocotillo, Gilbert)	-	-	2,099,165	-	-	
Total Beyond Adopted CIP	\$ 4,320,000	\$ -	\$ 6,297,495	\$ -	\$ 1,977,495	
Fee Study	\$ 2,570	\$ -	\$ -	\$ -	\$ (2,570)	
SDF Fee Study	-	-	-	-	-	
Uncommitted Fund Balance, Loans, Debt Service & Carryforward Costs	\$ (9,790,941)	\$ -	\$ 3,824,713	\$ -	\$ 13,615,654	
Grand Total	\$ 14,106,846	\$ -	\$ 32,496,128	\$ -	\$ 18,389,282	

Variance largely due to the timing of the update. The 2006 update was performed prior to year-end, so estimates were used to arrive at the uncommitted fund balance. The 2007 update is using actual year-end amounts as recorded in the City's financial records.

NEIGHBORHOOD PARKS LOCATIONS

Amberwood Park 2327 W. Calle Del Norte	Apache Park 1300 N. Hartford St.	Arbuckle Park Site 1100 S. Norman Way
Brooks Crossing Park 1345 W. Calle del Norte	Canal Park Site Bordered by Ocotillo Road, McQueen Road, Chandler Heights Road and Arizona Avenue	Chuckwalla Park Site 4600 E. Doral Dr.
Dobson Park 1625 W. Ryan Rd.	East Mini Park 605 E. Erie St.	Fox Crossing Park 3572 S. Sandpiper Dr.
Gazelle Meadows Park 500 N. Exeter St.	Harris Park 150 E. Elgin St.	Harter Park 665 N. Country Club Way
Homestead South Park Site Pecos and Cooper Roads	Homestead North Park Site Frye and Cooper Roads	Hoopes Park 601 W. Mesquite St.
Jackrabbit Park 1750 E. Thatcher Blvd.	La Paloma Park 6579 S. Amanda Dr.	Los Altos Park Erie St. and Los Altos
Los Arboles Park 2255 S. McQueen Rd.	Maggio Ranch Park 1500 W. Maggio Way	Mountain View Park 575 S. Twelve Oaks Blvd.
Navarrete Park 501 W. Harrison St.	Ocotillo Park Site Bordered by Ocotillo, Alma School, Chandler Heights and Dobson Roads	Pecos Ranch Park 1555 W. Maplewood St.
Pequeño Park 777 N. Coronado Rd.	Pinelakes Park Site Ocotillo and McQueen Roads	Pine Shadows Park 5300 W. Galveston St.
Price Park 475 S. Kenwood Ln.	Provinces Park 1258 E. Orchid Ln.	Pueblo Alto Park 3948 W. Calle Segunda St.
Roadrunner Park Site Bordered by Germann Road, Queen Creek Road, Gilbert Road and the Consolidated Canal	Quail Haven Park 4675 S. Adams Ave.	Ryan Park Site Queen Creek and Alma School Roads
San Marcos Park 712 W. Fairview St.	San Tan Park 2301 E. Frye Rd.	Shawnee Park 1400 W. Mesquite St.

NEIGHBORHOOD PARKS LOCATIONS

Stonegate Park
1650 N. Ithica St.

Summit Point Park
528 W. Boxelder St.

Sundance Park
933 N. Roosevelt Ave.

Sunset Park
4700 W. Ray Rd.

Tibshraeny Park Site
Consolidated Canal/Chandler Blvd.

West Mini Park
395 W. Erie St.

Windmills West Park
1233 N. Windmills Blvd.

Winn Park
56 E. Morelos St.

PROPOSED NEIGHBORHOOD PARKS LOCATIONS

Bordered by Pecos Road,
Arizona Avenue, Germann
Road and Alma School Road

Bordered by Queen Creek, Lindsey,
Ocotillo and Gilbert Roads

Bordered by Ocotillo, Gilbert,
Chandler Heights and Cooper
Roads