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MEMORANDUM

Management Services Memo No. 08-080

DATE: MAY 28, 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD
DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR

FROM: JULIE BUELT, SENIOR FINANCIAL ANALYST JB

SUBJECT: INTRODUCTION OF ORDINANCE NO. 4080 AMENDING SECTIONS 38-4 THROUGH 38-5 AND SECTION 38-13 OF THE CHANDLER CITY CODE TO MODIFY UTILITY SYSTEM DEVELOPMENT FEES

RECOMMENDATION: Staff recommends introduction of Ordinance No. 4080 amending Sections 38-4 through 38-5 and Section 38-13 of the Chandler City Code to modify utility 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. Red Oak Consulting prepared the System Development Fee Report for the 2008 modified utility system development fees.

In order to adequately notify interested parties of the 2008 update, emails were sent on March 7, 2008 to the Associated General Contractors of America, Capitol Consulting (representing the Arizona Multihousing Association), Chandler Chamber of Commerce, Fulton Homes Corporation, 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. In order to expand outreach to the development community, staff investigated whether other organizations should be added to the outreach efforts and information was emailed on April 1, 2008 to a local contact of the National Association of Industrial and Office Properties. Additionally, handouts have been available at the Planning & Development counter since March 14, 2008 with details of the relevant dates in this year's implementation schedule.

Staff hosted a public meeting on April 29, 2008 attended by representatives from Capitol Consulting, Fulton Homes Corporation, HBACA and Valley Partnership. To date, no issues have been communicated to City staff regarding the modified utility system development fees.

The Advance Notice of Intent was published in the Arizona Republic on March 17, 2008 showing the date, time and place of the Public Hearing that occurred on May 22, 2008. In compliance with State Statutes, the Utility System Development Fees report was filed with the City Clerk for public review beginning March 14, 2008, and is available on-line as agenda item number 39 on the March 13, 2008 Chandler City Council Regular Meeting Agenda. The modified utility system development fees will be effective October 1, 2008.

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 may have to provide additional General Fund support for growth related projects.

PROPOSED MOTION: Move to introduce Ordinance No. 4080 amending Sections 38-4 through 38-5 and Section 38-13 of the Chandler City Code to modify utility system development fees and authorize the Mayor to execute all necessary documents.

cc: Pat McDermott, Assistant City Manager
Dave Siegel, Municipal Utilities Director

Attachments: Ordinance No. 4080

ORDINANCE NO. 4080

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 38-4 THROUGH 38-5 AND 38-13 OF THE CODE OF THE CITY OF CHANDLER TO MODIFY CERTAIN WATER, WATER RESOURCE, WASTEWATER AND RECLAIMED WATER SYSTEM DEVELOPMENT CHARGES.

WHEREAS, new development imposes increased and excessive demands on City facilities and infrastructure needed to provide necessary public services; 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, the City has engaged a consultant to update the previous fee studies demonstrating the level of fees/charges needed to generate sufficient funds to provide public facilities and infrastructure to serve new development.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

SECTION 1: Chapter 38 is hereby amended as follows:

A. Amend Section 38-4 to read as follows:

38-4. Definitions.

When used in this chapter, the following words, terms, and phrases, and their derivations, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

A. Capital improvement means land or facilities for the production, storage, treatment or distribution of water; for the collection, treatment, reclamation or disposal of sewage; for purposes of transportation and transit, including without limitation, streets, street lighting and traffic-control devices and supporting improvements, roads, overpasses, bridges, airports, and related facilities; for parks and recreational improvements; for public safety, including police and fire facilities; for libraries; for public buildings of all kinds; and for any other capital project identified in the City's Infrastructure Master Plans or Capital Improvements Plan. "Capital improvement" also includes design, engineering, inspection, testing, planning, legal, land acquisition, and all other costs associated with construction of a public facility.

B. Collection means the point at which the development fee/charge is actually paid to the City.

C. New development or development project means any project undertaken for the purpose of development, including without limitation, a project involving the issuance of a permit for construction, reconstruction, or change of use, but not a project involving the issuance of a permit to operate or to remodel, rehabilitate, reconstruct or improve an existing structure, which does not change the density or intensity of use, nor the rebuilding of a structure destroyed or damaged by an act of God, nor the replacement of one (1) mobile home with another on the same pad if no dwelling unit is added.

D. Dwelling unit means one (1) or more rooms, or a portion of a room in a building, designed or intended to be used, or actually used, for occupancy by one (1) family for living and sleeping quarters and containing one (1) kitchen only, including a mobile home, but not hotel or motel units.

E. Development fee/charge means a monetary exaction imposed by the City pursuant to this chapter as a condition of or in connection with approval of a development project for the purpose of defraying all or some of the City's cost or repaying costs previously expended from other City funds or capital improvements. The term "development fee/charge" is used interchangeably with the term "impact fee" in this chapter.

F. Impose means to determine that a particular development project is subject to the collection of development fees/charges as a condition of development approval.

G. Nonresidential development project means all development other than residential development projects.

H. Residential development project means any development undertaken to create a new dwelling unit.

I. Multi-family residential development project means a residential development project in which more than one (1) dwelling unit is created in a single building.

J. Building permit means any City permit that involves vertical construction, increases square footage, changes to land use and/or adds a residential or non-residential point of demand to the water or wastewater system.

K. Infrastructure Improvements Plan means one or more written plans that individually or collectively identify each public service that is proposed to be the subject of a development fee.

B. Amend Section 38-5 to read as follows:

38-5. Notice and hearing required for establishing or ~~increasing~~ modifying development

fees/charges.

A. The City shall give at least sixty (60) days' advance notice of intention prior to the public hearing to establishing or increasing ~~modify~~ any impact fee and shall release to the public a written report including all documentation that supports the assessment of a new or increased development fee/charge. This notice should also include the proposed infrastructure improvements plan to be adopted or amended.

B. The City shall conduct a public hearing on the proposed new or increased development fee/charge at any time after the expiration of the sixty (60) day notice of intention to assess a new or ~~increased~~ modified development fee and at least ~~fourteen~~ thirty (1430) days prior to the scheduled date of the adoption of the new or ~~increased~~ modified fee. The City shall conduct a public hearing on the related infrastructure improvements plan at any time after the expiration of the sixty (60) day notice of intention.

C. A development fee assessed pursuant to this section shall not be effective until ~~ninety~~ seventy-five (9075) days after its formal adoption by the governing body of the municipality.

C. Amend Section 38-13 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)	\$3,959.00 <u>4,673.00</u>
Multi-family (per dwelling unit)	1,998.00 <u>1,705.00</u>
Commercial/industrial	(See Table A)

Water Resource System Development Charges:⁽¹⁾

Single-family (per dwelling unit)	745.00 <u>\$31.00</u>
Multi-family (per dwelling unit)	407.00 <u>12.00</u>
Commercial/industrial	(See Table A)

Wastewater System Development Charges/Trunkline:⁽²⁾

Single-family (per dwelling unit)	285.00 <u>\$155.00</u>
Multi-family (per dwelling unit)	167.00 <u>71.00</u>

Commercial/industrial (See Table A)

Wastewater System Development Charges/Treatment:⁽²⁾

Single-family (per dwelling unit) ~~2,281.00~~ \$4,908.00 |

Multi-family (per dwelling unit) ~~1,343.00~~ 2,246.00 |

Commercial/industrial (See Table A)

Reclaimed Water System Development Charges:⁽²⁾

Single-family (per dwelling unit) ~~1,336.00~~ \$1,037.00 |

Multi-family (per dwelling unit) ~~787.00~~ 475.00 |

Commercial/industrial (See Table A)

Fire Fees:⁽⁶⁾

Residential (per dwelling unit)⁽³⁾ 564.00

Commercial (per square foot) 0.33

Industrial (per square foot) 0.33

Police Fees:⁽⁶⁾

Residential (per dwelling unit)⁽³⁾ 241.00

Commercial (per square foot) 0.14

Industrial (per square foot) 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)	2,896.00
Multi-family (per dwelling unit)	1,904.00
Retail (per square foot) ⁽⁵⁾	6.93
Office (per square foot)	4.26
Industrial (per square foot)	3.07
Public/quasi-public ⁽⁶⁾	0.86

Community Parks Fees:

Single-family (per dwelling unit)	4,175.00
Multi-family (per dwelling unit)	2,402.00
Commercial (per square foot)	0.00
Industrial (per square foot)	0.00

Public Building Fees:⁽⁶⁾

Residential (per dwelling unit) ⁽³⁾	573.00
Commercial (per square foot)	0.33
Industrial (per square foot)	0.33

Neighborhood Parks Fees:

Single-family (per dwelling unit)	2,483.00
Multi-family (per dwelling unit)	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 six dollars and ninety-three cents (\$6.93) per square foot for retail space for a total of thirteen dollars and eighty-six cents (\$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 three dollars and forty-six cents (\$3.46) per square foot, with the City contributing ten dollars and forty cents (\$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 ⁽²⁾	Wastewater System Treatment ⁽²⁾	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 ten (810) 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:

Development Charge = (Single-family Water Resource Charge) × Average Projected
Water Use (GPD)/417 (GPD)

SECTION 2: The new fees established by this Ordinance shall become effective October 1,
2008.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ____ day of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day
of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

C E R T I F I C A T I O N

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4080 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2008 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CH
CITY ATTORNEY