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#10  
SEP 11 2008

**MEMORANDUM**

**Management Services Memo No. 09-012**

**DATE:** AUGUST 26, 2008

**TO:** MAYOR AND COUNCIL

**THRU:** W. MARK PENTZ, CITY MANAGER  
RICH DLUGAS, ASSISTANT CITY MANAGER RD  
DENNIS STRACHOT, MANAGEMENT SERVICES DIRECTOR  
DAWN LANG, ASSISTANT DIRECTOR FOR FINANCE

**FROM:** JULIE BUELT, SENIOR FINANCIAL ANALYST JB

**SUBJECT:** INTRODUCTION OF ORDINANCE NO. 4092 AMENDING SECTIONS 38-2, 38-10, 38-13 AND 38-16 OF THE CODE OF THE CITY OF CHANDLER TO ADD NEW OR MODIFY CERTAIN NON-UTILITY SYSTEM DEVELOPMENT FEES

RECOMMENDATION: Staff recommends introduction of Ordinance No. 4092 amending Sections 38-2, 38-10, 38-13 and 38-16 of the Chandler City Code to add new or modify certain non-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. Duncan Associates prepared the System Development Fee Report for the 2008 new and modified non-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 Multi-housing 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 July 9, 2008 with details of the relevant dates in this year's non-utility fee implementation schedule.

Staff and the consultants have met several times with representatives from Capitol Consulting, HBACA and Valley Partnership regarding questions and concerns with the new methodologies used in the non-utility report. To clarify certain items and correct the arterial streets and public building calculations, the consultants revised both the non-utility report and the related infrastructure improvements plan. All stakeholders have now indicated they no longer have concerns with the contents of both the non-utility report and the related infrastructure improvements plan.

The Management Services Subcommittee was briefed on both the utility and non-utility reports on February 25, 2008. Staff discussed the revisions made to the non-utility report at the August 6, 2008 Management Services Subcommittee Meeting.

The Advance Notice of Intent was published in the Arizona Republic on June 14, 2008 showing the date, time and place of the Public Hearing scheduled for August 14, 2008. In compliance with State Statutes, the Non-Utility System Development Fees report was filed with the City Clerk for public review beginning June 13, 2008, and is available on-line as agenda item number 56 on the June 12, 2008 Chandler City Council Regular Meeting Agenda. The new and modified non-utility system development fees will be effective December 29, 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. 4092 amending Sections 38-2, 38-10, 38-13 and 38-16 of the Chandler City Code to add new or modify certain non-utility system development fees and authorize the Mayor to execute all necessary documents.

cc: Pat McDermott, Assistant City Manager  
Tom Carlson, Acting Fire Chief  
Mark Eynatten, Community Services Director  
Sherry Kiyler, Police Chief  
R. J. Zeder, Public Works Director

Attachments: Ordinance No. 4092

ORDINANCE NO. 4092

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 38-2, 38-10, 38-13 AND 38-16 OF THE CODE OF THE CITY OF CHANDLER TO ADD NEW OR MODIFY CERTAIN FIRE, POLICE, LIBRARY, ARTERIAL STREET, PARK AND PUBLIC BUILDING SYSTEM DEVELOPMENT FEES.

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 38-2 to read as follows:**

**38-2. Applicability.**

Unless expressly excepted or exempted, this chapter applies to all fees/charges imposed by the City to finance different types of capital facilities, the need for which is created by new development, including:

- A. Water system development charges.
- B. Water resource system development charges.
- C. Wastewater system development charges.
- D. Reclaimed water system development charges.
- E. Fire fees.

F. Police fees.

G. Library fees.

H. Arterial street fees.

I. ~~Community p~~Park fees.

J. Public building fees.

K. ~~Neighborhood park fees.~~

**B. Amend Section 38-10 to read as follows:**

**38-10. Credits.**

A. A property owner who dedicates land or improvements or agrees to participate in an improvement district or otherwise contributes funds for capital improvements as defined in this chapter may be eligible for a credit for such contribution against the development fee paid.

B. The City Engineer shall determine:

1. The value of the developer contribution;
2. Whether the contribution meets capital improvement needs for which the particular development fee has been imposed; and
3. Whether the contribution will substitute or otherwise reduce the need for capital improvements anticipated to be provided with development fee funds.

In no event, however, shall the credit exceed the amount of the applicable development fee. The determination of the value of credits and the allocation of credits within the development shall not be affected by subsequent changes made as part of a fee study, infrastructure improvements plan or fee schedule.

C. Any application for credit must be submitted on forms provided by the City before development project approval. The application shall contain a declaration under oath of those facts which qualify the property owner for the credit, accompanied by the relevant documentary evidence.

**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) . . . . . \$4,673.00  
Multi-family (per dwelling unit) . . . . . 1,705.00  
Commercial/industrial . . . . . (See Table A)

*Water Resource System Development Charges:<sup>(1)</sup>*

Single-family (per dwelling unit) . . . . . \$31.00  
Multi-family (per dwelling unit) . . . . . 12.00  
Commercial/industrial . . . . . (See Table A)

*Wastewater System Development Charges/Trunkline:<sup>(2)</sup>*

Single-family (per dwelling unit) . . . . . \$155.00  
Multi-family (per dwelling unit) . . . . . 71.00  
Commercial/industrial . . . . . (See Table A)

*Wastewater System Development Charges/Treatment:<sup>(2)</sup>*

Single-family (per dwelling unit) . . . . . \$4,908.00  
Multi-family (per dwelling unit) . . . . . 2,246.00  
Commercial/industrial . . . . . (See Table A)

*Reclaimed Water System Development Charges:<sup>(2)</sup>*

Single-family (per dwelling unit) . . . . . \$1,037.00  
Multi-family (per dwelling unit) . . . . . 475.00  
Commercial/industrial . . . . . (See Table A)

*Fire Fees:<sup>(65)</sup>*

Residential Single-family (per dwelling unit)<sup>(3)</sup> . . . . . ~~564.00~~ \$537.00  
Multi-family (per dwelling unit) . . . . . \$411.00

Retail/Commercial (per square foot) . . . . . ~~0.33~~ \$0.67

Office (per square foot) . . . . . \$0.51

Industrial/Warehouse (per square foot) . . . . . ~~0.33~~ \$0.16

Public/quasi-public (per square foot) . . . . . \$0.17

*Police Fees:*<sup>(65)</sup>

Residential Single-family (per dwelling unit)<sup>(3)</sup> . . . . . ~~241.00~~ \$268.00

Multi-family (per dwelling unit) . . . . . \$205.00

Retail/Commercial (per square foot) . . . . . ~~0.14~~ \$0.34

Office (per square foot) . . . . . \$0.26

Industrial/Warehouse (per square foot) . . . . . ~~0.14~~ \$0.08

Public/quasi-public (per square foot) . . . . . \$0.09

*Library Fees:*

Single-family (per dwelling unit) . . . . . ~~0.00~~ \$233.00

Multi-family (per dwelling unit) . . . . . ~~0.00~~ \$178.00

Commercial (per square foot) . . . . . 0.00

Industrial (per square foot) . . . . . 0.00

*Arterial Street Fees:*<sup>(43)</sup>

Single-family (per dwelling unit) . . . . . ~~2,896.00~~ \$3,708.00

Multi-family (per dwelling unit) . . . . . ~~1,904.00~~ \$2,277.00

Retail/Commercial (per square foot)<sup>(54)</sup> . . . . . ~~6.93~~ \$6.88

Office (per square foot)<sup>(6)</sup> . . . . . ~~4.26~~ \$5.47

Industrial/Warehouse (per square foot) . . . . . ~~3.07~~ \$2.44

Public/quasi-public<sup>(65)</sup> . . . . . ~~0.86~~ \$1.54

Community Parks Fees:

Single-family (per dwelling unit) . . . . . 4,175.00 ~~\$4,708.00~~

Multi-family (per dwelling unit) . . . . . 2,402.00 ~~\$3,606.00~~

Commercial (per square foot) . . . . . 0.00

Industrial (per square foot) . . . . . 0.00

Public Building Fees:<sup>(65)</sup>

~~Residential~~ Single-family (per dwelling unit)<sup>(43)</sup> . . . . . 573.00 ~~\$295.00~~

~~Multi-family~~ (per dwelling unit) . . . . . \$226.00

~~Retail/Commercial~~ (per square foot) . . . . . 0.33 ~~\$0.37~~

~~Office~~ (per square foot) . . . . . \$0.28

~~Industrial/Warehouse~~ (per square foot) . . . . . 0.33 ~~\$0.09~~

~~Public/quasi-public~~ (per square foot) . . . . . \$0.10

~~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

<sup>(1)</sup> Assessed in off-project areas and nonmember areas only.

<sup>(2)</sup> No reclaimed water or wastewater fees for water-only connections (landscape).

<sup>(3)</sup> ~~Residential includes both single-family and multi-family.~~

<sup>(43)</sup> 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.

<sup>(54)</sup> City will contribute an additional six dollars and ~~ninety-three~~eighty-nine cents (\$6.936.89) per square foot for retail space for a total of thirteen dollars and ~~eighty-~~

~~six~~sixty-seven cents (~~\$13.86~~\$13.77) per square foot for retail. However, for retail space that generates <less than 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~~forty-four cents (~~\$3.46~~\$3.44) per square foot, with the City contributing ten dollars and ~~forty-three~~thirty-three cents (~~\$10.40~~\$10.33) per square foot of retail.

<sup>(6.5)</sup> Pursuant to ARS 9-500.18, the fire, police and ~~general government~~public building 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.

<sup>(6)</sup> For Class A office space (as determined by the City Engineer) with a minimum of 50,000 square feet in a single building the fee will be four dollars and ten cents (\$4.10) per square foot, with the City contributing one dollar and thirty-seven cents (\$1.37) per square foot.

TABLE A

## COMMERCIAL/INDUSTRIAL SYSTEM CHARGES

Meter Size, inches	Type	Water System	Water Resource <sup>(1)</sup>	Wastewater System Trunkline <sup>(2)</sup>	Wastewater System Treatment <sup>(2)</sup>	Reclaimed Water <sup>(2)</sup>
5/8 x 3/4	Disc	\$4,673.00	\$39.00	\$155.00	\$4,908.00	\$1,037.00
3/4	Disc	7,010.00	60.00	233.00	7,361.00	1,556.00
1-0	Disc	11,684.00	99.00	388.00	12,269.00	2,593.00
1 1/2	Disc	23,367.00	231.00	776.00	24,538.00	5,186.00
2-0	Disc	37,387.00	450.00	1,242.00	39,260.00	8,298.00
3-0	Compound	74,775.00	(3)	2,483.00	78,521.00	16,596.00
4-0	Compound	116,836.00	(3)	3,880.00	122,689.00	25,931.00
6-0	Compound	233,671.00	(3)	7,761.00	245,377.00	51,862.00
8-0	Compound	373,874.00	(3)	12,417.00	392,603.00	82,979.00
2-0	Turbine	37,387.00	450.00	1,242.00	39,260.00	8,298.00
3-0	Turbine	81,785.00	(3)	2,716.00	85,882.00	18,152.00
6-0	Turbine	292,089.00	(3)	9,701.00	306,721.00	64,827.00
8-0	Turbine	420,608.00	(3)	13,970.00	441,679.00	93,352.00

<sup>(1)</sup> Assessed in off-project areas and nonmember areas only.

<sup>(2)</sup> No reclaimed water or wastewater fees for water-only connections (landscape).

For meters ten (10) inches and larger, the water system, wastewater system and reclaimed water development charges shall be based on the following formula:

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

<sup>(3)</sup> 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 (GPD)

**D. Amend Section 38-16 to read as follows:**

**38-16. Categorical ~~destinations~~designations for arterial streets.**

The arterial street development fees for the ~~with~~ categories "retail/commercial," "office," "public/quasi-public" and "industrial/warehouse" take into account that a development or phase of development may contain components of more than one use category but the primary use category for which the development or phase of development is being constructed shall be the basis for which fees are assessed. For uses that cannot readily be designated under a particular category, such as a hospital use, and are not part of a larger retail, industrial or office development, the City Engineer shall determine the category the particular use will be assigned based on which category has a p.m. peak hour trip generation rate equal to or less than the rate for the land use under consideration.

**SECTION 2:** The new fees established by this Ordinance shall become effective December 29, 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

**CERTIFICATION**

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4092 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:

\_\_\_\_\_  
CITY ATTORNEY

*CH for*