



Informational Memo

Budget Department - Memo No. BD-004

Date: September 1, 2026
To: Jennifer Ekblad, City Clerk
Thru: John M. Pombier, City Manager JP
Dawn Lang, Deputy City Manager | CFO DLW
Matt Dunbar, Budget and Policy Director MD
From: Sylvia Dlott, Budget and Research Administrator SD
Subject: Fiscal Year (FY) 2025-26 System Development Fee Report

Pursuant to the requirements of A.R.S. 9-463.05, the annual report accounting for the collection and use of System Development Fees (SDFs) for the fiscal year ending June 30, 2026, accompanies this memo. This document has historically been filed under "802-01-00" in your recordkeeping system.

State Statute requires the filing of this report with the City Clerk no later than ninety days following the end of the fiscal year (September 28, 2026), that a copy is made available to the public on request, and a copy is published on the city's website (located under A-Z / System Development Fees).

The annual report contains financial information for which the audit is not yet complete, so the applicable pages have an "unaudited" watermark on them. Copies given to the public must be made from this original report, so the watermark remains.

The report is based on actual collections and spending throughout the fiscal year, and while the actual fund balance shown is important, it could be misleading as it does not reflect the commitments of spending that have already been made. This report shows an informational line indicating the current appropriation for spending on projects in each category to better see the level of un-committed fund balance for these SDF funds.

As most projects are multi-year construction programs, encumbered and unencumbered carry forward of unspent prior year funds are reflected in the informational line in Attachment 4. There are also projects beginning in the new fiscal year that will commit additional portions of the reflected fund balances.

Please feel free to contact me at 480-782-2259 or Sylvia.Dlott@chandleraz.gov with any questions regarding the report.

Attachments: 1. City of Chandler System Development Fees Effective 7/1/25 – 6/30/26
2. City of Chandler Arterial Streets Service Area Map
3. City of Chandler Parks Service Areas Map
4. Statement of Revenue, Expenditures, and Changes in Fund Balances
5. Impact Fee Expenditure Detail – City of Chandler
6. Interfund Loans and Debt Service Repayment Terms by Fund
7. City of Chandler Unspent Impact Fee Collections as of 6/30/26

C: Tadd Wille, Assistant City Manager
Leah Powell, Deputy City Manager
Ryan Peters, Deputy City Manager
Department Directors

City of Chandler System Development Fees

Fees Effective

7/1/25 - 6/30/26

Water System Development Charges:

Single-family (per dwelling unit)	\$2,460.00
Multi-family (per dwelling unit)	\$822.00
3/4 Disc Meter	\$3,690.00
1-0 Disc Meter	\$6,150.00
1 1/2 Disc Meter	\$12,300.00
2-0 Disc Meter	\$19,680.00
2-0 Turbine Meter	\$19,680.00
3-0 Compound Meter	\$55,350.00
3-0 Turbine Meter	\$43,050.00
4-0 Compound Meter	\$61,500.00
4-0 Turbine Meter	\$73,800.00
6-0 Compound Meter	\$123,000.00
6-0 Turbine Meter	\$153,750.00
8-0 Compound Meter	\$196,800.00
8-0 Turbine Meter	\$221,400.00
10-0 and Larger Meters ⁵	

Wastewater System Development Charges³:

Single-family (per dwelling unit)	\$5,989.00
Multi-family (per dwelling unit)	\$2,539.00
3/4 Disc Meter	\$8,984.00
1-0 Disc Meter	\$14,973.00
1 1/2 Disc Meter	\$29,945.00
2-0 Disc Meter	\$47,912.00
2-0 Turbine Meter	\$47,912.00
3-0 Compound Meter	\$134,753.00
3-0 Turbine Meter	\$104,808.00
4-0 Compound Meter	\$149,725.00
4-0 Turbine Meter	\$179,670.00
6-0 Compound Meter	\$299,450.00
6-0 Turbine Meter	\$374,313.00
8-0 Compound Meter	\$479,120.00
8-0 Turbine Meter	\$539,010.00
10-0 and Larger Meters ⁵	

City of Chandler System Development Fees

Fees Effective 7/1/25 - 6/30/26
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Reclaimed Water System Development Charges ³:

Single-family (per dwelling unit)	\$1,094.00
Multi-family (per dwelling unit)	\$464.00
3/4 Disc Meter	\$1,641.00
1-0 Disc Meter	\$2,735.00
1 1/2 Disc Meter	\$5,470.00
2-0 Disc Meter	\$8,752.00
2-0 Turbine Meter	\$8,752.00
3-0 Compound Meter	\$24,615.00
3-0 Turbine Meter	\$19,145.00
4-0 Compound Meter	\$27,350.00
4-0 Turbine Meter	\$32,820.00
6-0 Compound Meter	\$54,700.00
6-0 Turbine Meter	\$68,375.00
8-0 Compound Meter	\$87,520.00
8-0 Turbine Meter	\$98,460.00
10-0 and Larger Meters ⁵	

Fire Fees: ²

Single-family (per dwelling unit)	\$308.00
Multi-family (per dwelling unit)	\$259.00
Retail/Commercial (per square foot)	\$0.32
Office (per square foot)	\$0.17
Industrial/Warehouse (per square foot)	\$0.08
Public/quasi-public (per square foot)	\$0.16

Police Fees: ²

Single-family (per dwelling unit)	\$74.00
Multi-family (per dwelling unit)	\$62.00
Retail/Commercial (per square foot)	\$0.078
Office (per square foot)	\$0.04
Industrial/Warehouse (per square foot)	\$0.02
Public/quasi-public (per square foot)	\$0.04

Library Fees: ²

Single-family (per dwelling unit)	\$0.00
Multi-family (per dwelling unit)	\$0.00
Retail/Commercial (per square foot)	\$0.00
Office (per square foot)	\$0.00
Industrial/Warehouse (per square foot)	\$0.00
Public/quasi-public (per square foot)	\$0.00

City of Chandler System Development Fees

Fees Effective

7/1/25 - 6/30/26

Arterial Street Fees: ¹

Single-family (per dwelling unit)	\$3,792.00
Multi-family (per dwelling unit)	\$2,059.00
Retail (per square foot)	\$3.89
Office (per square foot)	\$5.35
Industrial (per square foot)	\$1.05
Public/quasi-public (per square foot)	\$1.98 ²

Northwest Service Area Park Fees: ^{2, 4}

Single-family (per dwelling unit)	\$0.00
Multi-family (per dwelling unit)	\$0.00
Retail/Commercial (per square foot)	\$0.00
Office (per square foot)	\$0.00
Industrial/Warehouse (per square foot)	\$0.00
Public/quasi-public (per square foot)	\$0.00

Northeast Service Area Park Fees: ^{2, 4}

Single-family (per dwelling unit)	\$129.00
Multi-family (per dwelling unit)	\$109.00
Retail/Commercial (per square foot)	\$0.00
Office (per square foot)	\$0.00
Industrial/Warehouse (per square foot)	\$0.00
Public/quasi-public (per square foot)	\$0.00

Southeast Service Area Park Fees: ^{2, 4}

Single-family (per dwelling unit)	\$5,242.00
Multi-family (per dwelling unit)	\$4,424.00
Retail/Commercial (per square foot)	\$0.00
Office (per square foot)	\$0.00
Industrial/Warehouse (per square foot)	\$0.00
Public/quasi-public (per square foot)	\$0.00

City of Chandler System Development Fees

Fees Effective

7/1/25 - 6/30/26

Public Building Fees: ²

Single-family (per dwelling unit)	\$110.00
Multi-family (per dwelling unit)	\$79.00
Retail/Commercial (per square foot)	\$0.12
Office (per square foot)	\$0.08
Industrial/Warehouse (per square foot)	\$0.02
Public/quasi-public (per square foot)	\$0.03

Pursuant to A.R.S. 9-463.05, a new development fee or an increased portion of a modified development fee shall not be assessed against a development for twenty-four months after the date that the municipality issues the final approval for a commercial, industrial or multifamily development or the date that the first building permit is issued for a residential development pursuant to an approved site plan or subdivision plat, provided that no subsequent changes are made to the approved site plan or subdivision plat that would increase the number of service units.

¹ Assessed in any area south of Frye Road, east of McClintock Road, and north of Frye Road, east of McQueen Road, or east of Palm Lane, north of Pecos Road and west of Southern Pacific Railroad tracks to Knox Road, or north of Ray Road.

² Pursuant to A.R.S. 9-500.18, these non-utility system development fees may not be assessed on school districts or charter schools. In addition, arterial street system development fees shall not be collected from school district or charter school.

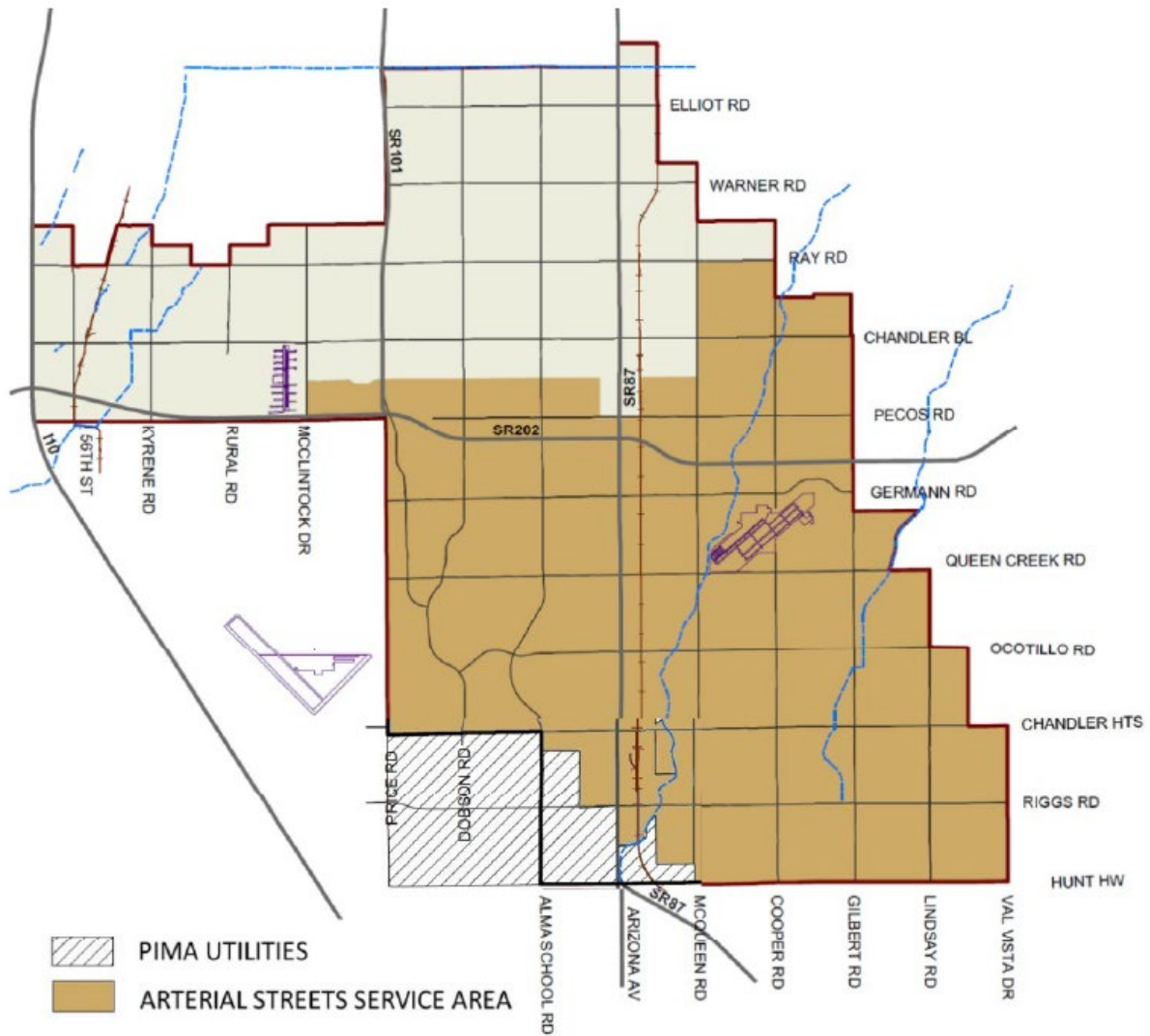
³ No reclaimed water or wastewater fees for water-only (landscape) connections.

⁴ Fees for the Parks - Northwest Service Area are assessed in the area west of Price Road. Fees for the Parks - Northeast Service Area are assessed in the area both east of Price Road and north of the 202 Freeway. Fees for the Parks - Southeast Service Area are assessed in the area both east of Price Road and south of the 202 Freeway.

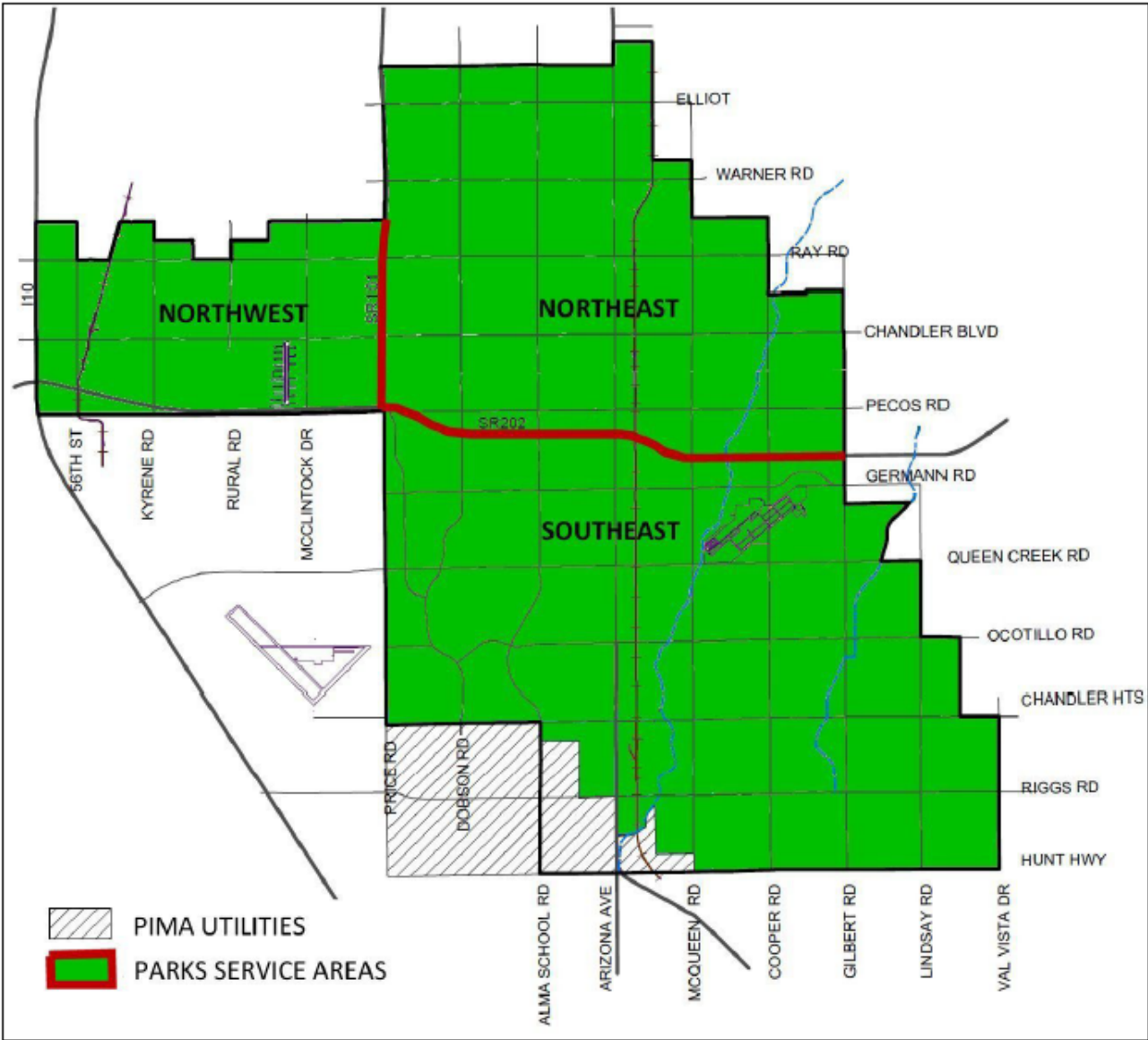
⁵ For meters (10) inches and larger, the Reclaimed Water, Wastewater and Water system development fees shall be based on the following formula:

$$\text{System Development Fee} = (1" \text{ Fee}) \times (\text{Safe Maximum Operating Capacity GPM} / 20 \text{ GPM})$$

Arterial Streets Service Area



Park Service Areas



Development Impact Fee Report - City of Chandler
Statement of Revenue, Expenditures, and Changes in Fund Balances
For Fiscal Year Ending June 30, 2026

Impact Fee Fund Summary - City of Chandler

Unaudited

	Arterial Streets Fund 415*	NW Parks Fund 425	NE Parks Fund 426	SE Parks Fund 427**	Library Fund 431
Total Beginning of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 38,947,204.79	\$ 1,937,031.42	\$ 702,885.20	\$ 20,175,893.66	\$ 32,680.43
Revenues					
Impact Fees/(Refunds)	\$ 2,011,329.14	\$ 258.00	\$ 59,148.00	\$ 578,836.00	\$ -
Connects/Buy-ins	-	-	-	-	-
Investment Income	1,671,058.74	83,397.40	32,077.81	899,283.19	-
Developer Contributions	-	-	-	-	-
Program Transfer - Parks Construction	-	-	-	-	-
Transfer from Park Bonds	-	-	-	10,000,000.00	-
Transfer from Reclaimed Water SDF Fund - Proceeds	-	-	-	-	-
Transfer from Regional Transportation Fund	-	-	-	-	-
Total Revenues	\$ 3,682,387.88	\$ 83,655.40	\$ 91,225.81	\$ 11,478,119.19	\$ -
Expenditures					
Project Expenditures (See Impact Fee Expenditure Detail)	\$ 5,767,448.14	\$ -	\$ -	\$ 4,485,764.65	\$ -
Cost of Consultant Update for SDF Study	-	-	-	-	-
Cost of Biennial Audit	-	-	-	-	-
Program Transfer - Parks Construction	-	-	-	-	-
Repayment of Loan to General Fund	-	-	-	-	-
Repayment of Loan to Debt Service Fund	8,850,000.00	606,420.00	-	-	-
Repayment of Loan to Wastewater SDF Fund	-	-	-	-	-
Repayment of Loan to Water Operating Fund	-	-	-	-	-
Repayment of Loan to Wastewater Operating Fund	-	-	-	-	-
Total Expenditures	\$ 14,617,448.14	\$ 606,420.00	\$ -	\$ 4,485,764.65	\$ -
Total End of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 28,012,144.53	\$ 1,414,266.82	\$ 794,111.01	\$ 27,168,248.20	\$ 32,680.43
Capital Projects in Process as of 6/30/26					
Encumbered Appropriation	\$ 9,156,345.28	\$ -	\$ -	\$ 991,605.61	\$ -
Unencumbered Appropriation	21,480,844.58	-	-	15,510,577.74	-
Total Committed Spending on Capital Projects in Process	\$ 30,637,189.86	\$ -	\$ -	\$ 16,502,183.35	\$ -

*Note: Arterial Streets Fund 415, updates in FY2026-27 will align fund balance with committed spending on capital projects in process.

**Note: SE Parks Fund 427, \$10 million Transfer from Park Bonds was for the construction of the Mesquite Groves Park project that will continue in FY 2026-27.

Development Impact Fee Report - City of Chandler
Statement of Revenue, Expenditures, and Changes in Fund Balances
For Fiscal Year Ending June 30, 2026

Impact Fee Fund Summary - City of Chandler

Unaudited

	Public Building Fund 440	Police Fund 465	Fire Fund 475	Water Fund 603	Reclaimed Water Fund 610
Total Beginning of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 16,928.54	\$ 12,717.90	\$ 29,640.40	\$ 14,025,297.05	\$ 2,312,932.58
Revenues					
Impact Fees/(Refunds)	\$ 88,382.11	\$ 81,404.50	\$ 316,610.70	\$ 1,273,730.97	\$ 520,641.00
Connects/Buy-ins	-	-	-	224,580.50	81,161.50
Investment Income	2,708.50	2,450.55	8,869.03	627,957.62	115,363.66
Developer Contributions	-	-	-	-	-
Program Transfer - Parks Construction	-	-	-	-	-
Transfer from Park Bonds	-	-	-	-	-
Transfer from Reclaimed Water SDF Fund - Proceeds	-	-	-	-	-
Transfer from Regional Transportation Fund	-	-	-	-	-
Total Revenues	\$ 91,090.61	\$ 83,855.05	\$ 325,479.73	\$ 2,126,269.09	\$ 717,166.16
Expenditures					
Project Expenditures (See Impact Fee Expenditure Detail)	\$ -	\$ -	\$ -	\$ 430,744.00	\$ 10,824.20
Cost of Consultant Update for SDF Study	-	-	-	-	-
Cost of Biennial Audit	-	-	-	-	-
Program Transfer - Parks Construction	-	-	-	-	-
Repayment of Loan to General Fund	100,000.00	90,000.00	275,000.00	5,573,368.00	-
Repayment of Loan to Debt Service Fund	-	-	-	-	-
Repayment of Loan to Wastewater SDF Fund	-	-	-	-	500,000.00
Repayment of Loan to Water Operating Fund	-	-	-	-	-
Repayment of Loan to Wastewater Operating Fund	-	-	-	-	-
Total Expenditures	\$ 100,000.00	\$ 90,000.00	\$ 275,000.00	\$ 6,004,112.00	\$ 510,824.20
Total End of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 8,019.15	\$ 6,572.95	\$ 80,120.13	\$ 10,147,454.14	\$ 2,519,274.54
Capital Projects in Process as of 6/30/26					
Encumbered Appropriation	\$ -	\$ -	\$ -	\$ 116,291.24	\$ -
Unencumbered Appropriation	-	-	-	2,142,395.76	89,497.80
Total Committed Spending on Capital Projects in Process	\$ -	\$ -	\$ -	\$ 2,258,687.00	\$ 89,497.80

Development Impact Fee Report - City of Chandler
Statement of Revenue, Expenditures, and Changes in Fund Balances
For Fiscal Year Ending June 30, 2026

Impact Fee Fund Summary - City of Chandler

Unaudited

	Wastewater Fund 614	Total
Total Beginning of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 2,994,576.89	\$ 81,187,788.86
<u>Revenues</u>		
Impact Fees/(Refunds)	\$ 2,804,278.00	\$ 7,734,618.42
Connects/Buy-ins	370,720.17	676,462.17
Investment Income	203,152.34	3,646,359.84
Developer Contributions	-	-
Program Transfer - Parks Construction	-	-
Transfer from Park Bonds	-	10,000,000.00
Transfer from Reclaimed Water SDF Fund - Proceeds	500,000.00	500,000.00
Transfer from Regional Transportation Fund	-	-
Total Revenues	\$ 3,878,150.51	\$ 22,557,440.43
<u>Expenditures</u>		
Project Expenditures (See Impact Fee Expenditure Detail)	\$ -	\$ 10,694,780.99
Cost of Consultant Update for SDF Study	-	-
Cost of Biennial Audit	-	-
Program Transfer - Parks Construction	-	-
Repayment of Loan to General Fund	-	6,038,368.00
Repayment of Loan to Debt Service Fund	-	9,456,420.00
Repayment of Loan to Wastewater SDF Fund	-	500,000.00
Repayment of Loan to Water Operating Fund	-	-
Repayment of Loan to Wastewater Operating Fund	3,000,000.00	3,000,000.00
Total Expenditures	\$ 3,000,000.00	\$ 29,689,568.99
Total End of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 3,872,727.40	\$ 74,055,660.30
Capital Projects in Process as of 6/30/26		
Encumbered Appropriation	\$ -	\$ 10,264,242.13
Unencumbered Appropriation	-	39,223,315.88
Total Committed Spending on Capital Projects in Process	\$ -	\$ 49,487,558.01

Development Impact Fee Report - City of Chandler
Impact Fee Project Details
For Fiscal Year Ending June 30, 2026

Unaudited

Impact Fee Expenditure Detail - City of Chandler

Arterial Street Impact Fees	Project Number	Arterial Street Impact Fees Fund 415
Alma School Rd. (Germann Rd. to Queen Creek Rd.)	6ST747	226,745.02
Chandler Heights Rd. (McQueen Rd. to Val Vista Dr.)	6ST692	3,055,016.78
Lindsey Rd. (Ocotillo Rd. to Hunt Hwy)	6ST693	2,485,686.34
Total Project Expenditures		\$ 5,767,448.14

Park Impact Fees	Project Number	Park Impact Fees Fund 427
Mesquite Groves Park Site Phase I	6PR396	\$ 4,485,764.65
Total Project Expenditures		\$ 4,485,764.65

Water Impact Fees	Project Number	Water Impact Fees Fund 603
Well Construction - various locations	6WA034	\$ 430,744.00
Total Project Expenditures		\$ 430,744.00

Reclaimed Water Impact Fees	Project Number	Reclaimed Water Impact Fees Fund 610
Effluent Reuse - Transmission Mains	6WW192	10,824.20
Total Project Expenditures		\$ 10,824.20

Development Impact Fee Report - City of Chandler
Interfund Loans and Debt Service Repayment Terms by Fund
For Fiscal Year Ending June 30, 2026

Unaudited

	Arterial Streets Fund 415	NW Parks Fund 425 *	NE Parks Fund 426 *	SE Parks Fund 427 *	Library Fund 431	Public Building Fund 440	Police Fund 465	Fire Fund 475	Water Fund 603	Reclaimed Water Fund 610	Wastewater Fund 614	Total
Pledged General Fund Loan Balances Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,157,427	\$ 1,259,425	\$ 2,288,007	\$ -	\$ -	\$ -	\$ 4,704,859
Pledged Water Operating Fund Loan Balance Outstanding	-	-	-	-	-	-	-	-	15,429,877	-	-	15,429,877
Pledged Wastewater System Development Fee Fund Loan Balance Outstanding	-	-	-	-	-	-	-	-	-	5,700,000	-	5,700,000
Pledged Interfund Loan Balances Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,157,427	\$ 1,259,425	\$ 2,288,007	\$ 15,429,877	\$ 5,700,000	\$ -	\$ 25,834,736
Pledged Bonded Debt Outstanding	9,030,036	877,122	-	-	-	-	-	-	86,939,574	16,670,725	112,924,609	226,442,066
Total Outstanding Debt by Fund	\$ 9,030,036	\$ 877,122	\$ -	\$ -	\$ -	\$ 1,157,427	\$ 1,259,425	\$ 2,288,007	\$ 102,369,451	\$ 22,370,725	\$ 112,924,609	\$ 252,276,802
Repayment Terms **	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	as funds are available	

Pledged Bonded Debt Outstanding consists of amounts loaned to the impact fee fund from a bond fund to construct growth-related infrastructure.

* The city's SDF consultant allocated the outstanding loan balance as of 6/30/17 among the three park service areas based on each area's share of build-out park EDUs in the latest IIP; the original debt was in Fund 424 and some repayments have been made from Fund 424 with the allocated debt reduced in the displayed funds.

** Due to the unpredictable nature of impact fee receipts, the city no longer budgets debt service payments directly against impact fee funds. All pledged interfund loans and bonded debt are to be repaid once sufficient funds are available in the applicable impact fee fund and are not needed to construct growth-related capital infrastructure. The city's Bond Counsel has advised the city to schedule repayments of pledged bonded debt to the debt service funds which cannot exceed 10% of the annual debt service per A.R.S.

**City of Chandler Unspent Impact Fee Collections as of 6/30/26
for information only**

Unaudited

Fund	Description	Fund Type	Time to Spend	Unspent Impact Fee Collections starting 1/1/12 as of 6/30/26		Oldest Receipts Since 1/1/12	Oldest Receipt Balance	Maximum Time to Spend Oldest Impact Fee Receipts
415	Arterial Streets	Non-utility	10 years	\$ -	Note 1	N/A	N/A	N/A
425	Northwest Parks	Non-utility	10 years	\$ 897,874	Note 3	FY 2017-18	\$ 688,058	FY 2026-27
426	Northeast Parks	Non-utility	10 years	\$ 149,104	Note 3	FY 2024-25	\$ 89,956	FY 2033-34
427	Southeast Parks	Non-utility	10 years	\$ 12,419,289	Note 2	FY 2017-18	\$ 3,460,272	FY 2026-27
431	Library	Non-utility	10 years	\$ 25,692	Note 3	FY 2022-23	\$ 1,446	FY 2031-32
440	Public Buildings	Non-utility	10 years	\$ 397	Note 3	FY 2025-26	\$ 397	FY 2034-35
465	Police	Non-utility	10 years	\$ -	Note 3	N/A	N/A	N/A
475	Fire	Non-utility	10 years	\$ 41,611	Note 3	FY 2025-26	\$ 41,611	FY 2034-35
603	Water	Utility	15 years	\$ 5,789,077	Note 3	FY 2023-24	\$ 1,924,520	FY 2037-38
610	Reclaimed Water	Utility	15 years	\$ 260,113	Note 2	FY 2025-26	\$ 260,113	FY 2039-40
614	Wastewater	Utility	15 years	\$ 174,998	Note 2	FY 2025-26	\$ 174,998	FY 2039-40
				\$ 19,758,155			\$ 6,641,371	

Impact fees must be spent within 10 years for non-utility fees or 15 years for utility fees

Notes:

- 1 - Unspent collections are less than the outstanding fund balance as shown in Attachment 4 due to unspent Prop 400 reimbursements and interest.
- 2 - Unspent collections are less than the outstanding fund balance as shown in Attachment 4 due to unspent interest and other revenues.
- 3 - Unspent collections are less than the outstanding fund balance as shown in Attachment 4 due to unspent interest.