



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 17-021

DATE: SEPTEMBER 21, 2016

TO: MARLA PADDOCK, CITY CLERK

THRU: DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*
GREGORY WESTRUM, BUDGET MANAGER *AW*

FROM: JULIE BUELT, SENIOR FINANCIAL ANALYST *JB*

SUBJECT: ANNUAL SYSTEM DEVELOPMENT FEE REPORT

Pursuant to the requirements of A.R.S. 9-463.05.O, the annual report accounting for the collection and use of system development fees for the fiscal year ending June 30, 2016 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 29, 2016), that a copy is made available to the public on request, and a copy is published on the City's website (located under Residents/City Services 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. Please make sure that any copies given to the public are made from this original report so the watermark remains. The following information is included as part of this report:

- City of Chandler System Development Fees Effective 7/1/15 – 6/30/16 (attachment 1)
- City of Chandler Arterial Street Impact Fee Area Map (attachment 2)
- City of Chandler Parks Service Area Map (attachment 3)
- Statement of Revenue, Expenditures, and Changes in Fund Balances (attachment 4)
- Impact Fee Expenditure Detail – City of Chandler (attachment 5)
- Interfund Loans and Debt Service Repayment Terms by Fund (attachment 6)
- City of Chandler Unspent Impact Fee Collections as of 6/30/16 (attachment 7; information only)

Please feel free to contact me at (480) 782-2259 with any questions regarding the report.

City of Chandler System Development Fees

Fees Effective 7/1/15 - 6/30/16
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Water System Development Charges:

Single-family (per dwelling unit)	\$5,680.00
Multi-family (per dwelling unit)	\$2,147.00
3/4 Disc Meter	\$8,520.00
1-0 Disc Meter	\$14,200.00
1 1/2 Disc Meter	\$28,400.00
2-0 Disc Meter	\$45,440.00
2-0 Turbine Meter	\$45,440.00
3-0 Compound Meter	\$90,880.00
3-0 Turbine Meter	\$99,400.00
4-0 Compound Meter	\$142,000.00
6-0 Compound Meter	\$284,000.00
6-0 Turbine Meter	\$355,000.00
8-0 Compound Meter	\$454,400.00
8-0 Turbine Meter	\$511,200.00
10-0 and Larger Meters ¹	

Wastewater System Development Charges:

Single-family (per dwelling unit)	\$5,804.00
Multi-family (per dwelling unit)	\$2,751.00
3/4 Disc Meter	\$8,706.00
1-0 Disc Meter	\$14,510.00
1 1/2 Disc Meter	\$29,020.00
2-0 Disc Meter	\$46,432.00
2-0 Turbine Meter	\$46,432.00
3-0 Compound Meter	\$92,864.00
3-0 Turbine Meter	\$101,750.00
4-0 Compound Meter	\$145,100.00
6-0 Compound Meter	\$290,200.00
6-0 Turbine Meter	\$362,750.00
8-0 Compound Meter	\$464,320.00
8-0 Turbine Meter	\$522,360.00
10-0 and Larger Meters ¹	

Reclaimed Water System Development Charges:

Single-family (per dwelling unit)	\$838.00
Multi-family (per dwelling unit)	\$397.00
3/4 Disc Meter	\$1,257.00
1-0 Disc Meter	\$2,095.00
1 1/2 Disc Meter	\$4,190.00
2-0 Disc Meter	\$6,704.00
2-0 Turbine Meter	\$6,704.00
3-0 Compound Meter	\$13,408.00
3-0 Turbine Meter	\$14,665.00
4-0 Compound Meter	\$20,950.00
6-0 Compound Meter	\$41,900.00
6-0 Turbine Meter	\$52,375.00
8-0 Compound Meter	\$67,040.00
8-0 Turbine Meter	\$75,420.00
10-0 and Larger Meters ¹	

City of Chandler System Development Fees

Fees Effective 7/1/15 - 6/30/16
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Fire Fees: ²

Single-family (per dwelling unit)	\$412.00
Multi-family (per dwelling unit)	\$295.00
Retail/Commercial (per square foot)	\$0.48
Office (per square foot)	\$0.32
Industrial/Warehouse (per square foot)	\$0.10
Public/quasi-public (per square foot)	\$0.14

Police Fees: ²

Single-family (per dwelling unit)	\$277.00
Multi-family (per dwelling unit)	\$198.00
Retail/Commercial (per square foot)	\$0.32
Office (per square foot)	\$0.21
Industrial/Warehouse (per square foot)	\$0.07
Public/quasi-public (per square foot)	\$0.09

Library Fees: ²

Single-family (per dwelling unit)	\$61.00
Multi-family (per dwelling unit)	\$44.00
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

Arterial Street Fees: ^{2, 3}

Single-family (per dwelling unit)	\$3,901.00
Multi-family (per dwelling unit)	\$2,419.00
Retail (per square foot)	\$4.13
Office (per square foot)	\$4.36
Industrial (per square foot)	\$2.30
Public/quasi-public (per square foot)	\$1.44

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

Single-family (per dwelling unit)	\$2,241.00
Multi-family (per dwelling unit)	\$1,602.00
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 7/1/15 - 6/30/16
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Northeast Service Area Park Fees: ^{2, 4}

Single-family (per dwelling unit)	\$3,138.00
Multi-family (per dwelling unit)	\$2,244.00
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)	\$3,246.00
Multi-family (per dwelling unit)	\$2,321.00
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

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

¹ For meters ten inches and larger, the fee shall be based on the following formula:

$$\text{Fee} = [1" \text{ fee for category}] \text{ times } [\text{Safe Maximum Operating Capacity GPM}/20 \text{ GPM}]$$

² Fees not applicable to school districts or charter schools.

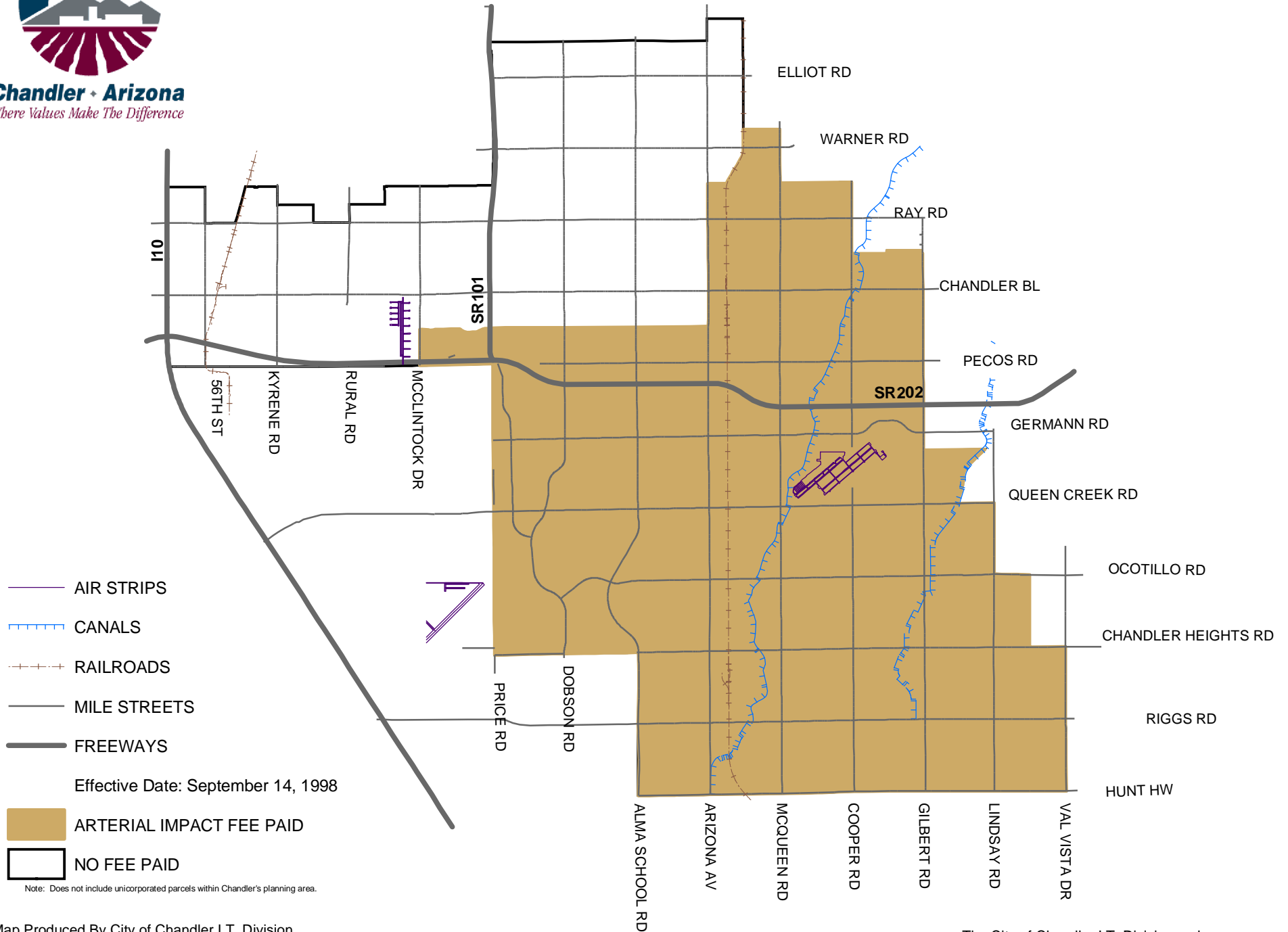
³ Fees applicable only in certain areas; see attached City of Chandler Arterial Street Impact Fee Area Map.

⁴ Park Fees are charged according to the designated service area rather than citywide; see attached City of Chandler Parks Service Area Map.



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CITY OF CHANDLER ARTERIAL STREET IMPACT FEE AREA MAP

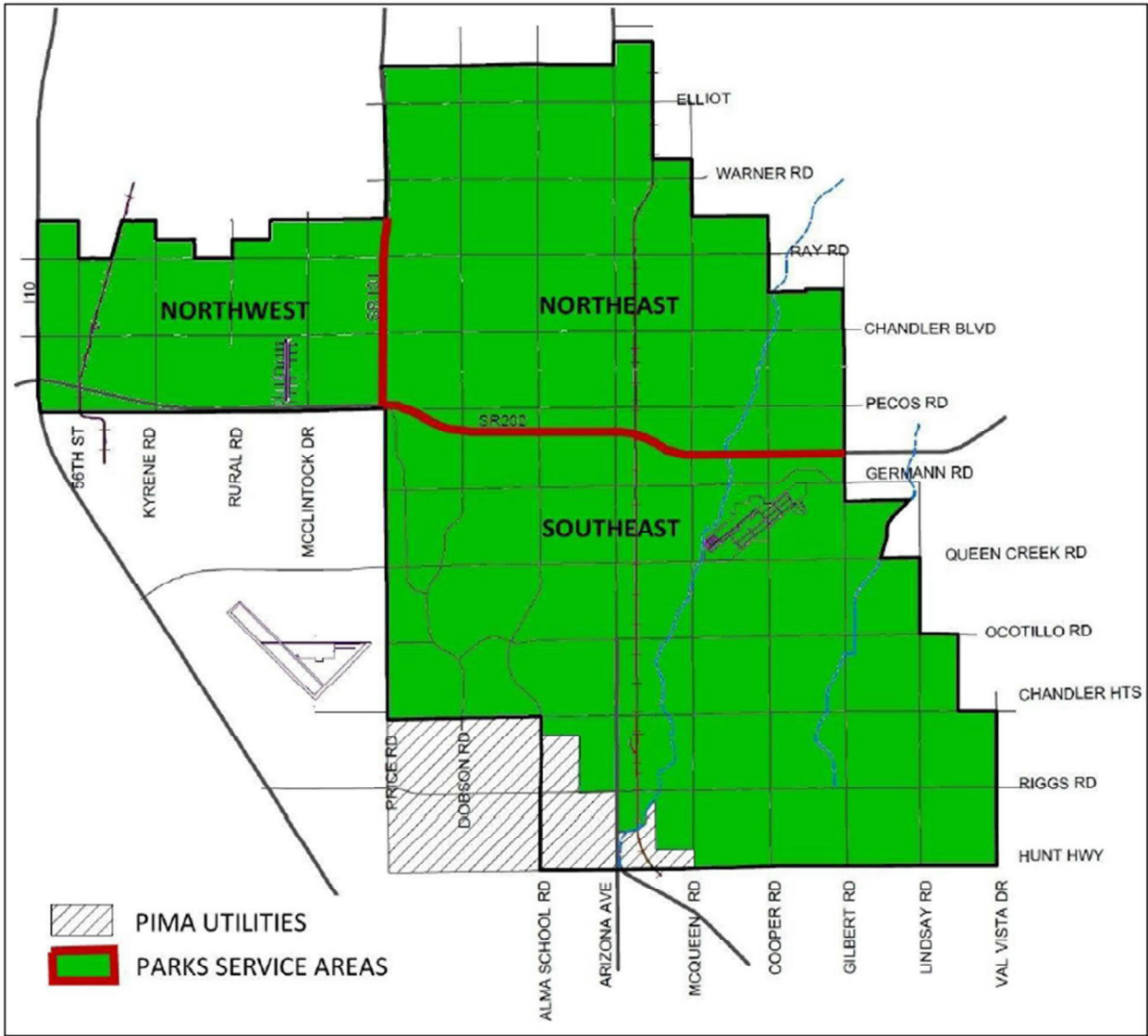


Note: Does not include unincorporated parcels within Chandler's planning area.

Map Produced By City of Chandler I.T. Division
Source: COC Enterprise GIS Map Date: 05/2007
../GIS/Maps/ARTERIAL_Streets.mxd

The City of Chandler I.T. Division makes no warranties, written or implied, regarding the information on this map.

City of Chandler Parks Service Area Map



As noted in City Code Chapter 38, Parks Impact Fees are charged according to three service areas:

Northwest Service Area – west of Price Road

Northeast Service Area – both east of Price Road and north of the 202 Freeway

Southeast Service Area – both east of Price Road and south of the 202 Freeway

Development Impact Fee Report - City of Chandler
Statement of Revenue, Expenditures, and Changes in Fund Balances
For Fiscal Year Ending June 30, 2016

Unaudited

Impact Fee Fund Summary - City of Chandler

	Arterial Streets Fund 415	Community Parks Fund 421	Neighborhood Parks Fund 422	Parks Fund 424	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	\$ 34,820,107.61	\$ 940,200.20	\$ 96,538.35	\$ 10,693,679.62	\$ 556,909.90	\$ 1,140,050.37	\$ 2,000,511.92	\$ 584,055.97
Revenues								
Impact Fees/(Refunds)	\$ 7,436,964.10	\$ -	\$ -	\$ -	\$ 538,911.00	\$ 1,832,004.00	\$ 3,998,004.08	\$ 125,872.04
Connects/Buy-ins	-	-	-	-	-	-	-	-
Investment Income	311,716.50	-	743.03	83,546.02	8,181.42	19,459.89	33,209.99	5,234.79
Transfer from Regional Transportation Fund	3,122,392.53	-	-	-	-	-	-	-
Total Revenues	\$ 10,871,073.13	\$ -	\$ 743.03	\$ 83,546.02	\$ 547,092.42	\$ 1,851,463.89	\$ 4,031,214.07	\$ 131,106.83
Expenditures								
Project Expenditures (See Impact Fee Expenditure Detail)	\$ 1,739,541.06	\$ -	\$ 3,086.60	\$ 1,425,832.71	\$ -	\$ -	\$ -	\$ -
Debt Service - Bond Principal	-	-	-	-	-	-	-	-
Debt Service - Bond Interest	-	-	-	-	-	-	-	-
Repayment of Loan to General Fund	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,739,541.06	\$ -	\$ 3,086.60	\$ 1,425,832.71	\$ -	\$ -	\$ -	\$ -
Total End of Year Fund Balance/(Deficit) with Unspent Bond Proceeds and Unspent Interfund Loans	\$ 43,951,639.68	\$ 940,200.20	\$ 94,194.78	\$ 9,351,392.93	\$ 1,104,002.32	\$ 2,991,514.26	\$ 6,031,725.99	\$ 715,162.80
Current Year Bond Proceeds Needed to Construct Necessary Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total End of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 43,951,639.68	\$ 940,200.20	\$ 94,194.78	\$ 9,351,392.93	\$ 1,104,002.32	\$ 2,991,514.26	\$ 6,031,725.99	\$ 715,162.80

Development Impact Fee Report - City of Chandler
Statement of Revenue, Expenditures, and Changes in Fund Balance
For Fiscal Year Ending June 30, 2016

Unaudited

Impact Fee Fund Summary - City of Chandler

	Public Building Fund 440	Police Fund 465	Fire Fund 475	Water Fund 603	Water Resources Fund 604	Reclaimed Water Fund 610	Wastewater Fund 614	Total
Total Beginning of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 166,760.43	\$ 649,573.75	\$ 2,422,559.57	\$ 27,840,108.81	\$ 4,132,255.13	\$ 2,639,475.24	\$ 21,444,896.51	\$ 110,127,683.38
Revenues								
Impact Fees/(Refunds)	\$ 304,360.59	\$ 798,667.60	\$ 1,182,219.52	\$ 11,314,620.67	\$ -	\$ 1,694,343.87	\$ 11,716,973.75	\$ 40,942,941.22
Connects/Buy-ins	-	-	-	362,701.50	-	223,006.50	155,648.00	741,356.00
Investment Income	1,706.47	7,811.14	24,267.63	301,357.62	-	24,767.57	334,556.07	1,156,558.14
Transfer from Regional Transportation Fund	-	-	-	-	-	-	-	3,122,392.53
Total Revenues	\$ 306,067.06	\$ 806,478.74	\$ 1,206,487.15	\$ 11,978,679.79	\$ -	\$ 1,942,117.94	\$ 12,207,177.82	\$ 45,963,247.89
Expenditures								
Project Expenditures (See Impact Fee Expenditure Detail)	\$ -	\$ -	\$ 147,897.38	\$ 2,260,446.58	\$ 748,052.09	\$ 1,520,377.52	\$ 19,683,090.57	\$ 27,528,324.51
Debt Service - Bond Principal	-	-	-	215,353.26	-	730,157.33	1,452,350.07	2,397,860.66
Debt Service - Bond Interest	-	-	-	10,767.66	-	36,507.86	72,617.50	119,893.02
Repayment of Loan to General Fund	400,000.00	500,000.00	-	-	-	-	-	900,000.00
Total Expenditures	\$ 400,000.00	\$ 500,000.00	\$ 147,897.38	\$ 2,486,567.50	\$ 748,052.09	\$ 2,287,042.71	\$ 21,208,058.14	\$ 30,946,078.19
Total End of Year Fund Balance/(Deficit) with Unspent Bond Proceeds and Unspent Interfund Loans	\$ 72,827.49	\$ 956,052.49	\$ 3,481,149.34	\$ 37,332,221.10	\$ 3,384,203.04	\$ 2,294,550.47	\$ 12,444,016.19	\$ 125,144,853.08
Current Year Bond Proceeds Needed to Construct Necessary Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,225,736.77	\$ 63,225,736.77
Total End of Year Fund Balance/(Deficit) Including Unspent Bond Proceeds and Unspent Interfund Loans	\$ 72,827.49	\$ 956,052.49	\$ 3,481,149.34	\$ 37,332,221.10	\$ 3,384,203.04	\$ 2,294,550.47	\$ 75,669,752.96	\$ 188,370,589.85

Impact Fee Expenditure Detail - City of Chandler

Unaudited

Arterial Street Impact Fees	Arterial Street Impact Fees Fund 415
Ocotillo Rd. (Arizona Ave. to McQueen Rd.)	\$ 659,940.49
Gilbert Rd. (Queen Creek Rd. to Hunt Hwy)	484,152.30
McQueen Rd. (Queen Creek Rd. to Riggs Rd.)	401,156.68
Ocotillo Rd. (Cooper Rd. to 148th St.)	147,647.17
Chandler Heights Rd (Arizona Ave. to McQueen Rd.)	32,903.52
Cooper Rd. (Queen Creek Rd. to Riggs Rd.)	13,740.90
Total Project Expenditures	\$ 1,739,541.06

Neighborhood Park Impact Fees	Neighborhood Park Impact Fees Fund 422
Lantana Ranch Park Site - 1125 E. Queen Creek Rd.	\$ 3,086.60
Total Project Expenditures	\$ 3,086.60

Park Impact Fees	Park Impact Fees Fund 424
Citrus Vista Park Site - 4511 S. Mustang Dr.	\$ 1,412,989.96
Centennial Park Site - 2475 E. Markwood Dr.	12,842.75
Total Project Expenditures	\$ 1,425,832.71

Fire Impact Fees	Fire Impact Fees Fund 475
Fire Station No. 1 - 1491 E. Pecos Rd.	\$ 147,100.38
Fire Station No. 11 - 4260 S. Gilbert Rd.	797.00
Total Project Expenditures	\$ 147,897.38

Water Impact Fees	Water Impact Fees Fund 603
Well Construction - various locations	\$ 2,260,446.58
Total Project Expenditures	\$ 2,260,446.58

Water Resource Impact Fees	Water Resource Impact Fees Fund 604
Ocotillo Water Reclamation Facility - 3333 S. Old Price Rd.	\$ 748,052.09
Total Project Expenditures	\$ 748,052.09

Impact Fee Expenditure Detail - City of Chandler

Unaudited

Reclaimed Water Impact Fees	Reclaimed Water Impact Fees Fund 610
Transmission Mains - various locations	\$ 1,422,386.40
Storage & Recovery Wells - various locations	97,991.12
Total Project Expenditures	\$ 1,520,377.52

Wastewater Impact Fees	Wastewater Impact Fees Fund 614
Ocotillo Water Reclamation Facility - 3333 S. Old Price Rd.	\$ 19,505,029.22
Wastewater Master Plan Update	157,935.10
Airport WW Reclamation Facility Expansion - 905 E. Queen Creek	20,126.25
Total Project Expenditures	\$ 19,683,090.57

Development Impact Fee Report - City of Chandler
Interfund Loans and Debt Service Repayment Terms by Fund
For Fiscal Year Ending June 30, 2016

Unaudited

	Arterial Streets Fund 415	Parks Fund 424	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	\$ 2,814,300	\$ -	\$ -	\$ 3,089,427	\$ 5,658,425	\$ 7,123,657	\$ -	\$ -	\$ -	\$ 18,685,809
Pledged Water Operating Fund Loan Balance Outstanding	-	-	-	-	-	-	15,929,877	3,900,000	-	19,829,877
Pledged Wastewater System Development Fee Fund Loan Balance Outstanding	-	-	-	-	-	-	-	7,700,000	-	7,700,000
Pledged Wastewater Operating Fund Loan Balance Outstanding	-	-	-	-	-	-	-	-	7,200,000	7,200,000
Pledged Interfund Loan Balances Outstanding	\$ 2,814,300	\$ -	\$ -	\$ 3,089,427	\$ 5,658,425	\$ 7,123,657	\$ 15,929,877	\$ 11,600,000	\$ 7,200,000	\$ 53,415,686
Pledged Bonded Debt Outstanding	37,756,132	14,350,198	1,290,000	-	-	-	95,880,602	13,655,543	77,698,872	240,631,347
Total Outstanding Debt by Fund	\$ 40,570,432	\$ 14,350,198	\$ 1,290,000	\$ 3,089,427	\$ 5,658,425	\$ 7,123,657	\$ 111,810,479	\$ 25,255,543	\$ 84,898,872	\$ 294,047,033
Pledged Eligible Debt Outstanding *	\$ 4,992,511	\$ 16,599,429	\$ 4,646,752	\$ -	\$ 2,911,681	\$ 1,929,616	\$ 12,566,301	\$ 8,872,392	\$ 7,563,467	\$ 60,082,149
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	

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

* Pledged Eligible Debt Outstanding represents future costs to be incurred for improvements already constructed. Because it has been excluded from the existing level of service for each fee category calculation, it represents the future cost of existing excess capacity available for use by future developments (less any applicable Pledged Bonded Debt Outstanding). The total pledged eligible debt outstanding is calculated in table 129 of Appendix D of the 2014 land use assumptions and infrastructure improvements plan report.

Due to the unpredictable nature of impact fee receipts, the City no longer budgets debt service payments directly against impact fee funds. The 2005 Water & Sewer Refunding Bonds was the last debt issue where debt service payments were budgeted to be made directly from an impact fee fund, and that debt was called early in June 2016. All other pledged/eligible debt and interfund loans 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.

City of Chandler Unspent Impact Fee Collections as of 6/30/16
for information only

SB1525 requires all funds collected prior to 1/1/12 to be spent by 1/1/20

Unaudited

Fund	Description	Type	Unspent Impact Fee Collections through 12/31/11 as of 6/30/16	Comments
415	Arterial Streets	Non-utility	\$ -	None - all spent
421	Community Parks	Non-utility	\$ 940,200	
422	Neighborhood Parks	Non-utility	\$ 94,195	
424	Parks	Non-utility	\$ 122,680	
425	Northwest Parks	Non-utility	\$ -	N/A - fund didn't exist prior to 2012
426	Northeast Parks	Non-utility	\$ -	N/A - fund didn't exist prior to 2012
427	Southeast Parks	Non-utility	\$ -	N/A - fund didn't exist prior to 2012
431-Note 2	Library	Non-utility	\$ 320,861	
440	Public Buildings	Non-utility	\$ -	None - all spent
465	Police	Non-utility	\$ -	None - all spent
475	Fire	Non-utility	\$ -	None - all spent
603	Water	Utility	\$ 3,630,169	
604-Note 2	Water Resources	Utility	\$ 3,337,407	
610	Reclaimed Water	Utility	\$ -	None - all spent
614	Wastewater	Utility	\$ 575,085	
			\$9,020,597	

SB 1525 also calls for impact fees collected after 1/1/12 to be spent within 10 years for non-utility fees and within 15 years for utility fees

Fund	Description	Type/Time to Spend	Unspent Impact Fee Collections starting 1/1/12 as of 6/30/16	Oldest Receipts Since 2012	Maximum Time to Spend Oldest Impact Fee Receipts
415	Arterial Streets	Non-utility / 10 years	\$ 6,009,139	FY15/16	FY24/25
421	Community Parks	Non-utility / 10 years	\$ -	N/A	N/A
422	Neighborhood Parks	Non-utility / 10 years	\$ -	N/A	N/A
424	Parks	Non-utility / 10 years	\$ 9,228,713	FY11/12	FY20/21
425-Note 2	Northwest Parks	Non-utility / 10 years	\$ 1,093,788	FY14/15	FY23/24
426-Note 2	Northeast Parks	Non-utility / 10 years	\$ 2,968,188	FY14/15	FY23/24
427-Note 2	Southeast Parks	Non-utility / 10 years	\$ 5,994,248	FY14/15	FY23/24
431-Note 2	Library	Non-utility / 10 years	\$ 385,354	FY11/12	FY20/21
440	Public Buildings	Non-utility / 10 years	\$ 72,827	FY15/16	FY24/25
465	Police	Non-utility / 10 years	\$ 956,053	FY14/15	FY23/24
475	Fire	Non-utility / 10 years	\$ 3,481,149	FY11/12	FY20/21
603	Water	Utility / 15 years	\$ 33,702,052	FY11/12	FY20/21
604-Note 2	Water Resources	Utility / 15 years	\$ 46,796	FY11/12	FY25/26
610	Reclaimed Water	Utility / 15 years	\$ 2,294,550	FY12/13	FY26/27
614-Note 3	Wastewater	Utility / 15 years	\$ 32,742,434	FY11/12	FY25/26
			\$ 98,975,291		

Notes:

- 1 - Arterial Streets unspent collections also include a General Fund Loan and Prop 400 reimbursements.
- 2 - Unspent collections are less than the outstanding fund balance due to unspent interest in that fund.
- 3 - Wastewater unspent collections also include bond proceeds.

Per calculations in the "06-30-16 Impact Fees History.xlsx" and "Water-Wastewater Bond History from Budget.xlsx" files located in 16 Reports\2016 Cash Flow Forecasts\Bond Spending History