

Public Hearing

System Development Fee Update

City Council Chambers
February 22, 2024

Agenda

- Background and Program requirements
- Fee Categories / Service Areas
- Fee Update Summary and Comparisons
- Remaining Project Timeline



Background

- SDF process governed by A.R.S. §9-463.05
- Developers pay SDFs during the building permit process
- One-time funding for growth-related capital infrastructure
 - Cannot be used to fund repairs or operations & maintenance
 - Cannot be used for capital that is not directly attributed to growth
 - Must be infrastructure that is a necessary public service and that directly provides a beneficial use to the development

Why Charge System Development Fees (SDFs)?

One of the 1st cities to implement the full range of SDFs “Impact Fees” in 1997 in an effort to ensure growth pays for growth.

If not for SDFs, Chandler would have had to find an alternative revenue source (e.g. additional bond elections & related taxes, etc.) to fund needed infrastructure as the city grew and continues to grow.

Examples of arterial streets, fire stations, police facilities, libraries, parks, and utilities projects completed with SDFs:

SDF's funded growth related infrastructure through the years, which was and still is paid by developers at the time of permitting.

SDFs have allowed Chandler to keep taxes low over the years. Provided a capital funding source in lieu of selling bonds.

Desert Breeze Police Substation; Tumbleweed, Snedigar, Arbuckle, Roadrunner, Chuparosa, and Espee parks, Fire Stations 2-11, Mesquite Groves Aquatic Center, Water/Wastewater Mains, Wells, and Other Infrastructure, and all Major Arterial Street widenings.

Program Requirements

A.R.S. requires the following to ensure transparency and oversight

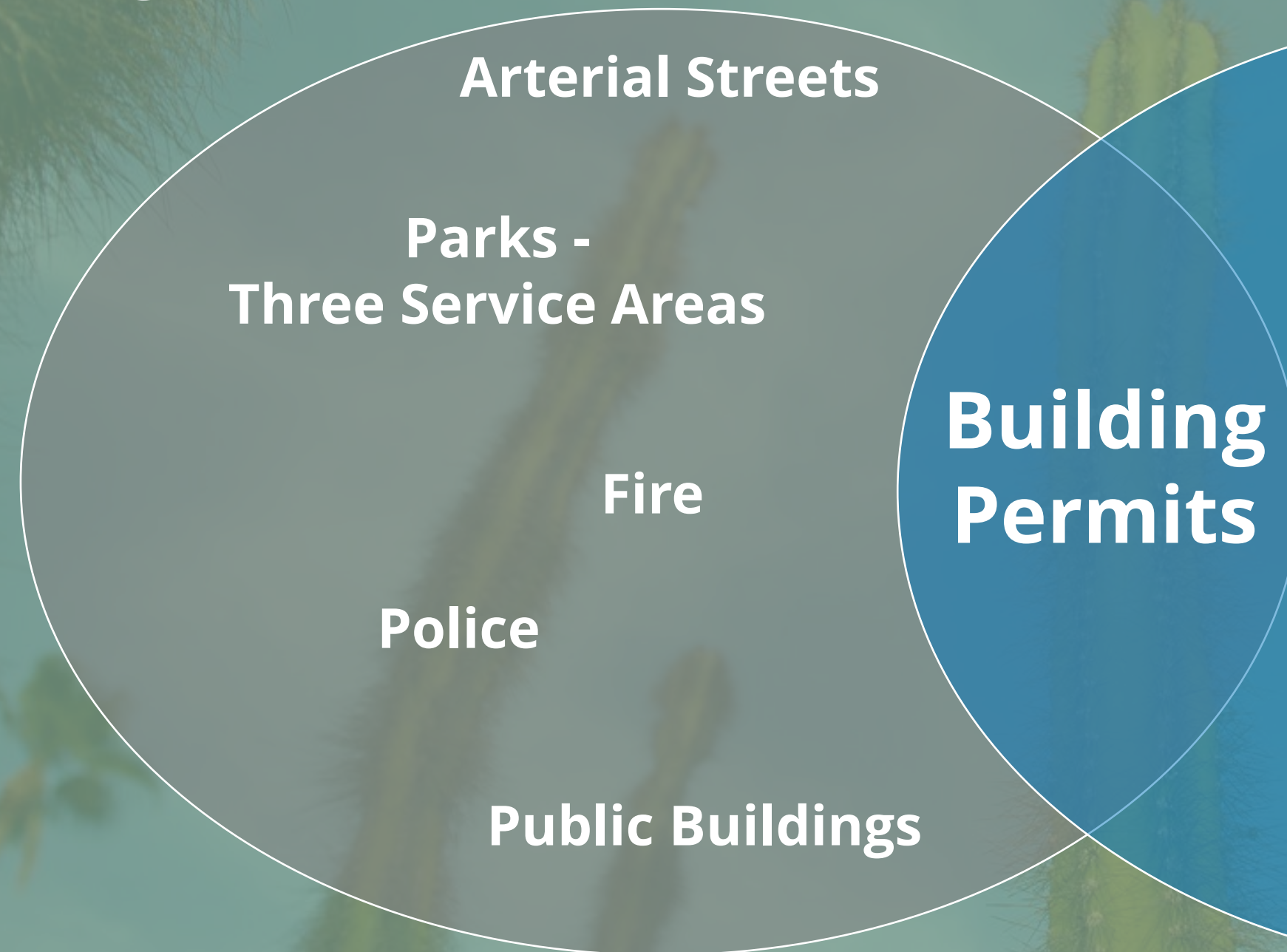
- Complete the Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) report as a precursor to Fee Updates based on methodology outlined in A.R.S.*
 - Requires update every five years – legally required by January of 2029
 - Last LUA & IIP Adoption - January of 2024
 - Includes an updated fee schedule
 - Public outreach and Council approval process
- Prepare an “Annual Report” and post online
 - Includes actual results for the previous year
- Complete Biennial Audit*
 - Results require a Public Hearing



* Must be Prepared by a Qualified Professional

Fee Category Summary

Fees Charged by Equivalent Dwelling Unit (EDU) or SQ FT



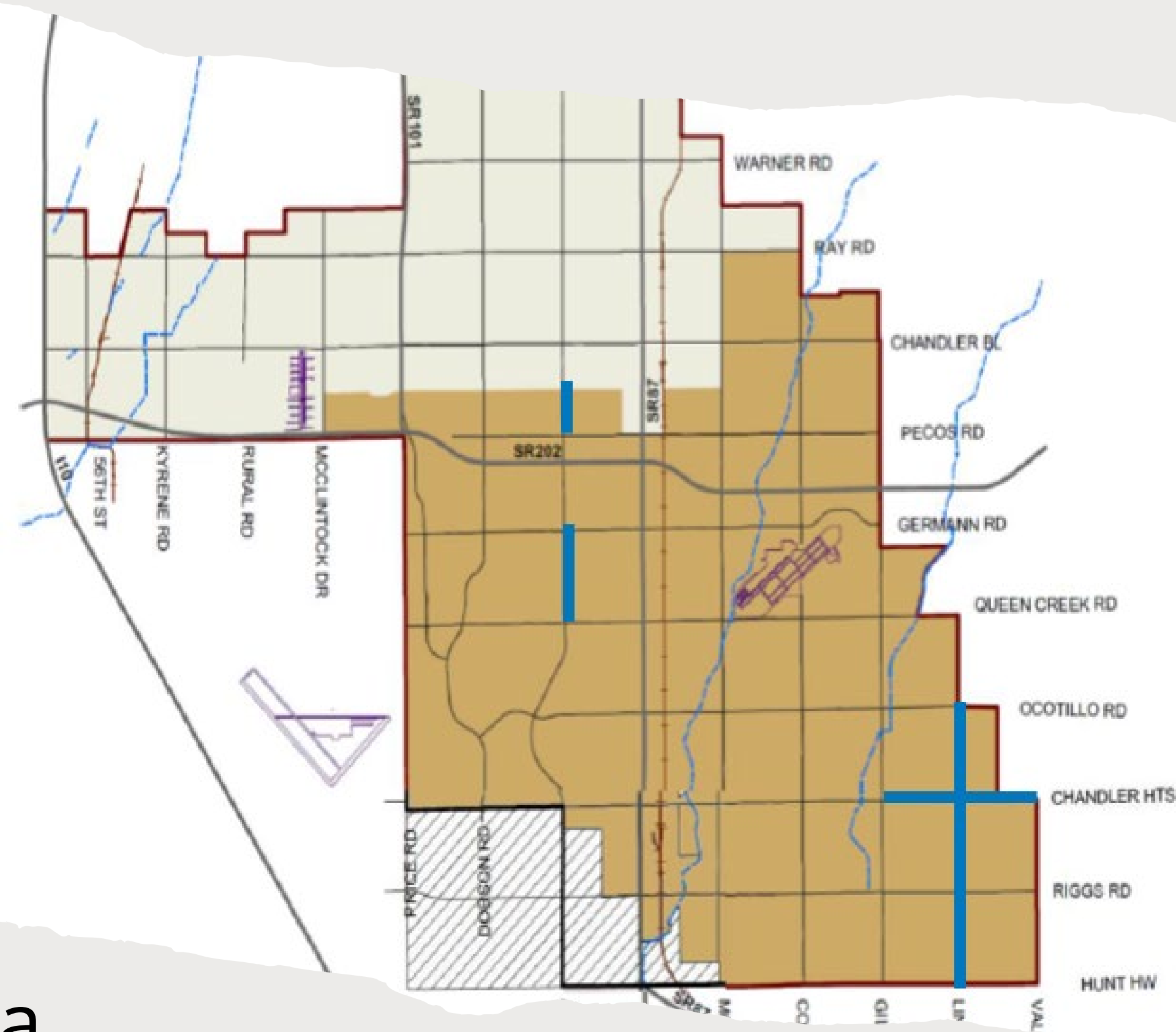
Fees by Meter Size

Building Permits

Water

Wastewater

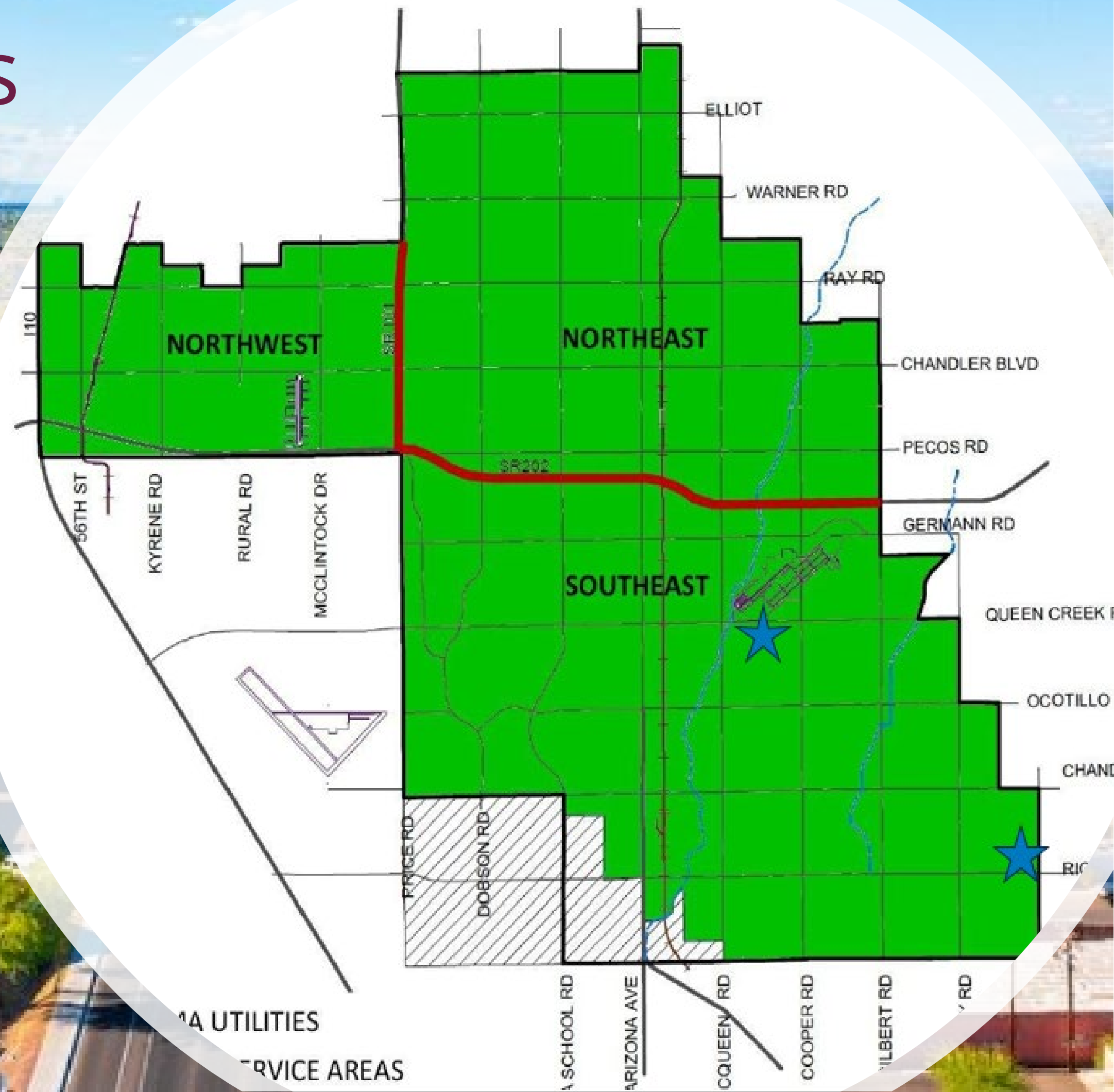
Reclaimed Water



Arterial Streets Service Area

(Excludes northwest area of city limits where arterial streets were funded with Improvement Districts)

Parks Service Areas



Fee Update Summary

APPENDIX A. FEE SCHEDULE

System Development Fee	Single-Family (unit)	Multi-Family (unit)	Retail/Commercial (square foot)	Office (square foot)	Industrial/Warehouse (square foot)	Public/Quasi-Public (square foot)
Arterial Street ⁽¹⁾	\$3,869 \$3,792	\$2,190 \$2,059	\$5.04 \$3.89	\$4.04 \$5.35	\$1.17 \$1.05	\$0.97⁽²⁾ \$1.98
Fire ⁽²⁾	\$218 \$308	\$161 \$259	\$0.22 \$0.32	\$0.20 \$0.17	\$0.04 \$0.08	\$0.06 \$0.16
Library ⁽²⁾	\$61 0.00	\$44 0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parks - Northwest Service Area ^{(2), (4)}	\$983 \$0.00	\$729 \$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parks - Northeast Service Area ^{(2), (4)}	\$237 \$129	\$176 \$109	\$0.00	\$0.00	\$0.00	\$0.00
Parks - Southeast Service Area ^{(2), (4)}	\$2,338 \$5,242	\$1,735 \$4,424	\$0.00	\$0.00	\$0.00	\$0.00
Police ⁽²⁾	\$127 \$74	\$94 \$62	\$0.13 \$0.08	\$0.11 \$0.04	\$0.02 \$0.02	\$0.03 \$0.04
Public Buildings ⁽²⁾	\$110	\$79	\$0.12	\$0.08	\$0.02	\$0.03
Reclaimed Water ⁽³⁾	\$837 \$1,094	\$403 \$464	See Table A			
Wastewater ⁽³⁾	\$4,024 \$5,989	\$1,940 \$2,539	See Table A			
Water	\$3,397 \$2,460	\$1,281 \$822	See Table A			

⁽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 the 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 a 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.

Fee Update Summary

Table A: Non-Residential Utility System Development Fees				
Water Meter Size	Water Meter Type	Reclaimed Water ⁽¹⁾	Wastewater ⁽¹⁾	Water
¾"	Disc	\$1,256 \$1,641	\$6,036 \$8,984	\$5,096 \$3,690
1"	Disc	\$2,093 \$2,734	\$10,060 \$14,973	\$8,493 \$6,150
1½"	Disc	\$4,185 \$5,470	\$20,120 \$29,945	\$16,985 \$12,300
2"	Disc/Turbine	\$6,696 \$8,752	\$32,192 \$47,912	\$27,176 \$19,680
3"	Compound	\$13,392 \$24,615	\$64,384 \$134,753	\$54,352 \$55,350
3"	Turbine	\$14,648 \$19,145	\$70,420 \$104,808	\$59,448 \$43,050
4"	Compound	\$20,925 \$27,350	\$100,600 \$149,725	\$84,925 \$61,500
4"	Turbine	\$25,110 \$32,820	\$120,720 \$179,670	\$101,910 \$73,800
6"	Compound	\$41,850 \$54,700	\$201,200 \$299,450	\$169,850 \$123,000
6"	Turbine	\$52,313 \$68,375	\$251,500 \$374,313	\$212,313 \$153,750
8"	Compound	\$66,960 \$87,520	\$321,920 \$479,120	\$271,760 \$196,800
8"	Turbine	\$75,330 \$98,460	\$362,160 \$539,010	\$305,730 \$221,400
10" and Larger	Any	(2)	(2)	(2)

⁽¹⁾ No Reclaimed Water or wastewater fees for water-only (landscape) connections.

⁽²⁾ For meters ten (10) inches and larger, the Reclaimed Water, Wastewater and Water system development fees shall be based on the following formula:

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

City of Chandler SDF Permit Examples



Single Family SDF – Permit Example

Northeast Service Area



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$3,869	30%	\$3,792	27%	-2%
Parks (NE service area)	237	2%	129	1%	-46%
All Other Non-Utility*	455	4%	492	4%	8%
Utility	<u>8,258</u>	<u>64%</u>	<u>9,543</u>	<u>68%</u>	<u>16%</u>
Total Single Family Fee	\$12,819		\$13,956		9%

* All Other Non-Utility Includes: Police, Fire, Public Buildings (excluded Library)

Single Family SDF – Permit Example

Southeast Service Area



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$3,869	26%	\$3,792	20%	-2%
Parks (SE service area)	2,338	16%	5,242	27%	124%
All Other Non-Utility*	455	3%	492	3%	8%
Utility	<u>8,258</u>	<u>55%</u>	<u>9,543</u>	<u>50%</u>	<u>16%</u>
Total Single Family Fee	\$14,920		\$19,069		28%

* All Other Non-Utility Includes: Police, Fire, Public Buildings (excluded Library)

Multi-Family SDF – Permit Example per Unit

Northeast Service Area



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$2,190	35%	\$2,059	32%	-6%
Parks (NE service area)	176	3%	109	2%	-38%
All Other Non-Utility*	334	5%	400	6%	20%
Utility	<u>3,624</u>	<u>57%</u>	<u>3,825</u>	<u>60%</u>	<u>6%</u>
Total Multi-Family Fee	\$6,324		\$6,393		1%

• All Other Non-Utility Includes: Police, Fire, Public Buildings (excludes Library)

Multi-Family SDF – Permit Example per Unit

Southeast Service Area



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$2,190	28%	\$2,059	19%	-6%
Parks (SE service area)	1,735	22%	4,424	41%	155%
All Other Non-Utility*	334	4%	400	4%	20%
Utility	<u>3,624</u>	<u>46%</u>	<u>3,825</u>	<u>36%</u>	<u>6%</u>
Total Multi-Family Fee	\$7,883		\$10,708		36%

• All Other Non-Utility Includes: Police, Fire, Public Buildings (excludes Library)

Commercial or Retail SDF Permit Example



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$504,000	82%	\$389,400	75%	-23%
All Other Non-Utility*	47,000	8%	52,100	10%	11%
Utility	<u>66,064</u>	<u>11%</u>	<u>76,344</u>	<u>15%</u>	<u>16%</u>
Total Commercial Fee	\$617,064		\$517,844		-16%

* All Other Non-Utility Includes: Police, Fire, Public Buildings

Note: Fees based on 100,000 sq ft building with a 2" meter

Office SDF Permit Example

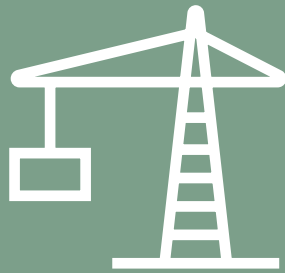


Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$404,000	79%	\$534,700	84%	32%
All Other Non-Utility*	39,000	8%	29,000	5%	-26%
Utility	<u>66,064</u>	<u>13%</u>	<u>76,344</u>	<u>12%</u>	<u>16%</u>
Total Office Fee	\$509,064		\$640,044		26%

* All Other Non-Utility Includes: Police, Fire, Public Buildings

Note: Fees based on 100,000 sq ft building with a 2” meter

Industrial SDF Permit Example



Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$117,000	61%	\$105,000	54%	-10%
All Other Non-Utility*	8,000	4%	11,500	6%	44%
Utility	<u>66,064</u>	<u>35%</u>	<u>76,344</u>	<u>40%</u>	<u>16%</u>
Total Industrial Fee	\$191,064		\$192,844		1%

* All Other Non-Utility Includes: Police, Fire, Public Buildings

Note: Fees based on 100,000 sq ft building with a 2" meter

Institutional SDF Permit Example

Category	Current Fee	% of Current Total	Proposed Fee	% of Proposed Total	% Change in Fee
Arterial Street	\$97,000	55%	\$197,600	67%	104%
All Other Non-Utility*	12,000	7%	23,000	8%	92%
Utility	<u>66,064</u>	<u>38%</u>	<u>76,344</u>	<u>26%</u>	<u>16%</u>
Total Institutional Fee	\$175,064		\$296,944		70%

* All Other Non-Utility Includes: Police, Fire, Public Buildings

Note: Fees based on 100,000 sq ft building with a 2" meter

Project Timeline

Public
Outreach –
Oct. 2023 &
Council
Work
Session
Dec. 4, 2023
COMPLETE

Public
Hearing –
LUA & IIP
Report
Dec. 7, 2023
COMPLETE

Adopt LUA
and IIP
Report
January 11,
2024
COMPLETE

Adopt Notice
of Intent to
modify SDF
fees
January 11,
2024
COMPLETE

Public
Hearing on
Proposed
SDF fees &
First Read of
Ordinance
Feb. 22, 2024

Final
Adoption of
Ordinance to
modify SDF
fees
April 4, 2024

New Fees
Effective
Date
July 1, 2024

Thank you Questions?



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