

CITY OF CASA GRANDE, AZ
ANNUAL DEVELOPMENT IMPACT
FEE REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2014

Prepared by:
City of Casa Grande Finance Department
September 30, 2014

TABLE OF CONTENTS

SECTION	PAGE NUMBER(S)
<u>Introduction</u>	3
<u>Summary of Balances</u>	4
<u>General Government</u>	5
<u>Transportation</u>	6
<u>Public Safety</u>	7
<u>Community Services</u>	8
<u>Wastewater and Sanitation</u>	9
<u>Debt</u>	10

Impact Fee Annual Report

Introduction

This report is designed to fulfill the requirements of Arizona Revised Statutes, Section 9-463.05(N). It contains information concerning the City of Casa Grande's collection and use of development fees. The information contained in this report is based on the City's fund financial statements but is un-audited data.

Development fees (also known as impact fees or expansion fees) are collected on new building permits issued in the City. The fees are intended to reduce the financial impact of residential and commercial growth on existing City infrastructure and service delivery. In general, development fees are defined as one-time capital recovery charges assessed against new development as a way to recover a proportional share of the cost of capital facilities constructed to provide service capacity for new customers. The philosophy behind development fees is sometimes referred to as 'growth pays for itself.

The City of Casa Grande's development fees are designed to comply with the Rational Nexus test established in court cases. This test requires that: 1) there is a reasonable connection between the need for additional facilities or capacity and the new growth; 2) the amount of the fee must be proportional to the costs incurred, or to be incurred, to provide capacity to accommodate this new growth; and 3) the fee must actually, but not exclusively, benefit the customers required to pay the fee.

The City of Casa Grande calculates its development fees based on infrastructure improvement plans (IIP's) periodically prepared by consultants contracted to do studies of the City's development fees. These plans reflect ARS 09-463.05 which requires the development of an infrastructure improvement plan that estimates future necessary public services needed as a result of new growth; and forecasts the costs associated with meeting those needs. The IIP incorporates information from the City's capital improvement plan and other data provided by City staff. The IIP takes into account only those projects, or portions of projects, that serve future growth. The IIP specifically accounts for projects which are to be funded with Construction sales tax and does not include them in development fee calculations. Thus the City is not required to issue credits for the construction sales tax differential. The City's development fee studies and infrastructure improvement plans have been adopted and included in Chapter 4.01 of the City of Casa Grande Code of Ordinances and are available for review from the City Clerk, or on the City's website at www.casagrandeaz.gov.

The development fee study was performed by TischlerBise. Due to substantial changes in state law concerning Development Impact Fees (Senate Bill 1525), the City consolidated, renamed and eliminated many of the development impact fees charged. Although no longer charged, several of these categories have remaining balances that continue to be tracked separately and utilized for their legally intended purposes. Development fees are charged per dwelling unit for all residential construction (including multi-family). Commercial projects are charged based upon their impact on each service provided and are generally charged on a per square foot basis.

Impact Fee Annual Report

As required by Arizona Revised Statutes (ARS) § 9-463.05(N) this report includes the following unaudited information:

- 1) The amount assessed by the municipality for each type of development fee;
- 2) The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year;
- 3) The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year;
- 4) The amount of development fee monies used to repay:
 - a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment;
 - b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment;
- 5) The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project; and
- 6) The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

This required report must be submitted to the city/ town clerk and posted to the City website within 90 days following the end of each fiscal year. Copies are to be made available to the public on request. The City web site can be found at www.casagrandeaz.gov.

This report includes unaudited schedule of sources and uses for each type of development fee assessed by the City of Casa Grande along with beginning and ending fund balances, the amount of interest or other earnings in each fund for the fiscal year, and the amount of development fee monies spent on each capital improvement project and for each purpose other than a capital improvement project.

Impact Fee Annual Report

Summary Status of Impact Fees

Fee	Balance 7/1/13	Transfers	Adjustments	Refunds	Collected FY 2013-14	Expenditures FY 2013-14	Interest Earned	Balance 6/30/14
Impact Fee Study	40,052	0	0	(60)	1,844	0	23	41,858
General Gov't	128,827	0	0	(2,588)	94	0	72	126,404
Transportation	6,851,075	0	0	(23,569)	507,933	(149,032)	3,984	7,190,392
Community Services	8,898,053	(857,980)	0	0	128,831	(325,310)	4,897	7,848,490
Public Safety	3,223,581	2,163,062	0	(2,630)	285,021	(1,366,898)	1,467	4,303,603
Wastewater	4,561,831	0	(0)	(22,626)	592,247	(3,630,000)	1,869	1,503,322
Sanitation	330,993	0	0	0	0	(254,191)	64	76,866
Debt	<u>67,910</u>	<u>(84,489)</u>	<u>0</u>	<u>0</u>	<u>107,318</u>	<u>(64,534)</u>	<u>79</u>	<u>26,285</u>
Total	<u>24,102,322</u>	<u>1,220,592</u>	<u>(0)</u>	<u>(51,473)</u>	<u>1,623,289</u>	<u>(5,789,967)</u>	<u>12,455</u>	<u>21,117,219</u>

The table above summarizes the status of each impact fee by category type. The fees are broken down within each category to further align the fee with the impact on the community.

The following pages describe each category type, with a breakdown of sources and uses within the more detailed categories. Where there are negative fund balances in these more detailed categories, the amounts will be repaid to the General Fund as additional impact fees are collected.

ARS § 9.463.05 states, "A municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan."

Impact Fee Annual Report

GENERAL GOVERNMENT FEES

The fee to be charged in this category is Impact Fee Study. All other components must expend the fund balance by January 1, 2020.

	Impact Fee Report	Impact Fee Report - New	City Land	Vehicles		Total
Sources						
Impact Fees Collected	158	1,685	94	0		1,938
Interest	22	1	26	45		95
Other Revenue	0	0	0	0		0
Total Sources	181	1,686	120	45		2,032
Uses						
Refunds	60		2,588	0		
Total uses	60	0	2,588	0		2,649
Transfers	0	0	0	0		0
Excess (Deficiency)	120	1,686	(2,468)	45		(616)
Balance July 1, 2013	40,052	0	47,389	81,438		168,878
Ending June 30, 2014	40,172	1,686	44,921	81,483		168,262

Impact Fee Annual Report

TRANSPORTATION

Two components remain in the transportation area – improvements and interchanges. The remaining component balances must be spent by January 1, 2020 for the purpose they were collected.

	Trans Interchange	Trans Interchange - New	Trans Improvement	Trans Improvement - New	Trans Equipment		Total
Sources							
Impact Fees Collected	656	32,619	0	474,658	0		507,933
Interest	1,299	14	1,660	189	822		3,984
Other Revenue	0	0	0	0	0		0
Total Sources	1,955	32,633	1,660	474,847	822		511,917
Uses							
I-10/Kortsen Interchange Study	149,032	0	0	0	0		149,032
Refunds	4,465	0	19,104	0			23,569
Total uses	153,497	0	19,104	0	0		172,601
Transfers	0	0	0	0	0		0
Excess (Deficiency)	(151,542)	32,633	(17,443)	474,847	822		339,317
Balance July 1, 2013	2,387,303	0	2,989,140	0	1,474,632		6,851,075
Ending June 30, 2014	2,235,761	32,633	2,971,696	474,847	1,475,455		7,190,392

Impact Fee Annual Report

PUBLIC SAFETY

Public Safety is considered a necessary public service. Public safety is defined as “fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.”

	Animal Control Vehicles	Animal Control Vehicles - New	Animal Control Shelter	Animal Control Facility - New	Police Building	PS Bldg: Police Share - New	Police Comm	Police Comm Equip - New	Police Vehicles	Police Vehicles - New	Fire Building	PS Bldg: Fire Share - New	Fire Stations - New	Fire Apparatus	Fire Apparatus & Vehicles - New	Fire Comm	Fire Comm Equip - New	Total
Sources																		
Impact Fees Collected	9	528	17	788	180	77,265	57	9,406	80	13,817	314	17,154	59,035	319	103,513	10	2,530	285,021
Interest	29	0	0	0	25	25	0	3	131	5	180	7	24	959	39	38	1	1,467
Other Revenue																		
Total Sources	38	528	17	788	205	77,290	57	9,409	211	13,822	494	17,161	59,059	1,278	103,552	48	2,531	286,488
Uses																		
Refunds					115		219		311		970			986		29		
Fire Vehicle														31,449				
Dispatch Center					1,326,124			9,325										
Total uses	0	0	0	0	1,326,239	0	219	9,325	311	0	970	0	0	32,435	0	29	0	1,369,528
Transfers	0	0	1,155	0	2,060,154	0	101,753	0	0	0	0	0	0	0	0	0	0	2,163,062
Excess (Deficiency)	38	528	1,172	788	734,120	77,290	101,591	83	(100)	13,822	(475)	17,161	59,059	(31,157)	103,552	19	2,531	1,080,022
Balance July 1, 2013	59,346	0	(1,172)	0	410,893	0	(101,591)	0	578,618	0	323,501	0	0	1,885,719	0	68,269	0	3,223,581
Ending June 30, 2014	59,384	528	0	788	1,145,013	77,290	0	83	578,518	13,822	323,026	17,161	59,059	1,854,561	103,552	68,288	2,531	4,303,603

Impact Fee Annual Report

COMMUNITY SERVICES

The necessary public services in the area of Parks and Recreation are defined as:

Library facilities of up to ten thousand square feet that provide a direct benefit to development, not including equipment, vehicles or appurtenances; and neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.

	Library Building	Library Facilities - New	Library Collection	Community Park Land	Community Park Impr	Community Parks - New	Regional Park Impr	Regional Land	Regional Parks - New	Trails - New	Recreation Building	Recreation Facilities - New	Maintenance Facilities - New	Recreation Vehicles	Total
Sources															
Impact Fees Collected	0	29,614	0	45	2,021	54,076	611	542	17,010	12,616	0	11,307	990	0	128,831
Interest	812	11	60	139	1,399	20	22	0	7	5	2,219	4	0	198	4,897
Other Revenue															
Total Sources	812	29,625	60	184	3,420	54,096	633	542	17,016	12,621	2,219	11,312	991	198	133,728
Uses															
Books - Vista Grande			85,752												
Books - Main			164,977												
Consulting															
CASE Tractor											500				
Adjustments								(670)						74,081	
Total uses	0	0	250,729	0	0	0	0	(670)	0	0	500	0	0	74,081	324,640
Transfers	(857,980)		0	0	0		0	0			0			0	(857,980)
Excess (Deficiency)	(857,168)	29,625	(250,669)	184	3,420	54,096	633	1,212	17,016	12,621	1,719	11,312	991	(73,884)	(1,048,893)
Balance July 1, 2013	1,456,326	0	273,870	248,623	2,596,973	0	727,778	(778,646)	0	0	3,980,186	0	0	392,943	8,898,053
Ending June 30, 2014	599,157	29,625	23,201	248,807	2,600,394	54,096	728,411	(777,434)	17,016	12,621	3,981,904	11,312	991	319,060	7,849,160

Impact Fee Annual Report

WASTEWATER AND SANITATION

The Wastewater components remain in place with the exception of the Impact Fee Study component. The Sanitation component must be spent before January 1, 2020.

	Wastewater Treatment	Zone A: Treatment - New	Zone A: Managed Recharge - New	Zone B: Treatment - New	Zone B: Managed Recharge - New	Wastewater Collection	Zone A: Sewer Line - New	Zone A: Interceptor - New	Zone A: Collect - New	Zone B: Sewer Line - New	Zone B: Interceptor - New	Zone B: Collect - New	Wastewater Equipment	Sanitation Vehicles		Enterprise Totals
Sources																
Impact Fees Collected	1,643	274,865	9,409	4,149	144	2,645	11,642	24,406	258,640	355	488	3,861	0	0		592,247
Interest	0	107	4	5	9	1,321	97	2	3	0	0	2	319	64		1,933
Other Revenue																
Total Sources	1,643	274,972	9,413	4,153	154	3,966	11,740	24,408	258,643	355	488	3,863	319	64		594,181
Uses																
Sewer Line Installation - Gila Bend Highway						3,630,000										
Vehicles														254,191		
Refunds	8,665					13,961										
Total uses	8,665	0	0	0	0	3,643,961	0	0	0	0	0	0	0	254,191		3,906,818
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0		-
Excess (Deficiency)	(7,022)	274,972	9,413	4,153	154	(3,639,996)	11,740	24,408	258,643	355	488	3,863	319	(254,127)		(3,312,637)
Balance July 1, 2013	(3,874,295)	0	0	0	0	7,863,825	0	0	0	0	0	0	572,302	330,993		4,892,824
Ending June 30, 2014	(3,881,317)	274,972	9,413	4,153	154	4,223,830	11,740	24,408	258,643	355	488	3,863	572,621	76,866		1,580,187

Impact Fee Annual Report

DEBT SERVICE

The City of Casa Grande can continue to charge a fee for debt repayment related to a growth project where future impact fees were pledged as a repayment funding source. The debt related to these areas was previously collected within the category for which the debt was issued. Now the fees are separated, along with the collection and expenditure. In future years the balances will be transferred to the appropriate debt fund to repay a portion of the related debt principal and interest.

	City Hall - New	Courthouse - New	NOC Debt	NOC - New	Vista Grande	Len Colla		Total
Sources								
Impact Fees Collected	52,470	12,040	0	42,102	525	182		107,318
Interest	20	5	24	16	11	4		79
Other Revenue								
Total Sources	52,490	12,044	24	42,118	536	186		107,397
Uses								
Debt Service	52,490	12,044						
Total uses	52,490	12,044	0	0	0	0		64,534
Transfers			(42,371)	(42,118)	0	0		(84,489)
Excess (Deficiency)	0	0	(42,347)	0	536	186		(41,626)
Balance July 1, 2013	0	0	42,347	0	18,478	7,085		67,910
Ending June 30, 2014	0	0	0	0	19,014	7,271		26,285