

CITY OF CASA GRANDE, AZ
ANNUAL DEVELOPMENT IMPACT
FEE REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2015

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City of Casa Grande Finance Department

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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.

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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.

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Summary Status of Impact Fees

Fee	Balance 7/1/14	Transfers	Adjustments	Refunds	Other Revenue	Collected FY 2014-15	Expenditures FY 2014-15	Interest Earned	Balance 6/30/15
Impact Fee Study	41,858	0	0	0	0	1,228	0	33	43,119
General Gov't	126,404	0	0	0	0	0	0	97	126,501
Transportation	7,190,392	0	0	0	70,000	1,312,316	(185,677)	6,020	8,393,051
Community Services	7,848,412	342,912	0	0	0	88,540	(497,348)	6,037	7,788,553
Public Safety	4,303,603	0	0	0	0	866,283	(71,811)	3,662	5,101,737
Wastewater	1,503,322	0	0	0	0	582,704	(453,432)	1,209	1,633,803
Sanitation	76,866	0	0	0	0	0	(76,913)	47	(0)
Debt	<u>26,285</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,440</u>	<u>(103,488)</u>	<u>68</u>	<u>26,305</u>
Total	<u>21,117,141</u>	<u>342,912</u>	<u>0</u>	<u>0</u>	<u>70,000</u>	<u>2,954,512</u>	<u>(1,388,670)</u>	<u>17,173</u>	<u>23,113,069</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 only 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 - Old	Infrastructure Improvement Plan & Development Fee Study	City Land	Vehicles		Total
Sources						
Impact Fees Collected	0	1,228	0	0		1,228
Interest	31	2	34	62		130
Other Revenue	0	0	0	0		0
Total Sources	31	1,230	34	62		1,358
Uses						
Refunds	0	0	0	0		0
Total uses	0	0	0	0		0
Transfers	0	0	0	0		0
Excess (Deficiency)	31	1,230	34	62		1,358
Balance July 1, 2014	40,172	1,686	44,921	81,483		168,262
Ending June 30, 2015	40,203	2,916	44,956	81,545		169,620

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TRANSPORTATION

Transportation comprises *“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”* Two components remain in the transportation area – arterial improvements and interchanges. The remaining component balances must be spent by January 1, 2020 for the purpose they were collected.

	Trans Interchange - Old	Interchanges	Trans Improvement - Old	Arterial Improvement	Trans Equipment - Old		Total
Sources							
Impact Fees Collected	0	71,891	0	1,240,425	0		1,312,316
Interest	878	1,650	2,279	55	1,158		6,020
Other Revenue	0	0	0	0	70,000		70,000
Total Sources	878	73,541	2,279	1,240,479	71,158		1,388,336
Uses							
I-10/Kortsen Interchange Study	185,677	0	0	0	0		185,677
Refunds	0	0	0	0	0		0
Total uses	185,677	0	0	0	0		185,677
Transfers	0	0	0	0	0		0
Excess (Deficiency)	(184,799)	73,541	2,279	1,240,479	71,158		1,202,659
Balance July 1, 2014	2,235,761	32,633	2,971,696	474,847	1,475,455		7,190,392
Ending June 30, 2015	2,050,962	106,175	2,973,976	1,715,326	1,546,612		8,393,051

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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 - Old	Animal Control Vehicles	Animal Control Facility	Police Building - Old	PS Bldg: Police Share	Police Comm Equip	Police Vehicles - Old	Police Vehicles	Fire Building - Old	PS Bldg: Fire Share	Fire Stations	Fire Apparatus - Old	Fire Apparatus & Vehicles	Fire Comm - Old	Fire Comm Equip	Total
Sources																
Impact Fees Collected	0	332	554	0	140,534	17,847	0	29,888	0	34,107	254,987	0	378,921	0	9,114	866,283
Interest	46	1	1	879	119	8	444	23	246	28	157	1,408	244	52	6	3,662
Other Revenue																
Total Sources	46	333	554	879	140,653	17,855	444	29,911	246	34,135	255,143	1,408	379,165	52	9,120	869,945
Uses																
Refunds																
Fire Vehicle												12,128				
Fire Stations									31,177							
Public Safety - Fire									28,506							
Total uses	0	0	0	0	0	0	0	0	59,683	0	0	12,128	0	0	0	71,811
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Excess (Deficiency)	46	333	554	879	140,653	17,855	444	29,911	(59,436)	34,135	255,143	(10,721)	379,165	52	9,120	798,134
Balance July 1, 2014	59,384	528	788	1,145,013	77,290	83	578,518	13,822	323,026	17,161	59,059	1,854,561	103,552	68,288	2,531	4,303,603
Ending June 30, 2015	59,429	861	1,343	1,145,892	217,944	17,938	578,961	43,733	263,589	51,296	314,202	1,843,841	482,717	68,340	11,651	5,101,737

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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 - Old	Library Facilities	Library Collection - Old	Community Park Land - Old	Community Park Impr - Old	Community Parks	Regional Park Impr - Old	Regional Land - Old	Regional Parks	Trails	Recreation Building - Old	Recreation Facilities	Maintenance Facilities	Recreation Vehicles - Old	Total
Sources															
Impact Fees Collected	0	20,357	0	0	0	39,757	0	0	11,300	8,672	0	7,773	681	0	88,540
Interest	459	33	9	191	1,983	61	(26)	0	19	14	3,047	12	1	235	6,037
Other Revenue															
Total Sources	459	20,390	9	191	1,983	39,818	(26)	0	11,319	8,686	3,047	7,785	682	235	94,577
Uses															
Books - Vista Grande			10,807												
Books - Main			11,308												
Senior Center Kitchen Expansion											56,202				
Comm Rec Center Study											4,480				
Linden Property				248,998		93,914									
Purchase Bobcat for Parks														71,639	
Total uses	0	0	22,115	248,998	0	93,914	0	0	0	0	60,683	0	0	71,639	497,348
Transfers	0	0	0	0	0	0	0	342,912	0	0	0	0	0	0	342,912
Excess (Deficiency)	459	20,390	(22,106)	(248,807)	1,983	(54,096)	(26)	342,912	11,319	8,686	(57,636)	7,785	682	(71,404)	(59,859)
Balance July 1, 2014	597,622	29,625	23,989	248,807	2,600,394	54,096	728,411	(777,434)	17,016	12,621	3,981,904	11,312	991	319,060	7,848,412
Ending June 30, 2015	598,081	50,015	1,882	0	2,602,376	0	728,385	(434,522)	28,335	21,307	3,924,269	19,097	1,672	247,656	7,788,553

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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 - Old	Zone A: Treatment	Zone A: Managed Recharge	Zone B: Treatment	Zone B: Managed Recharge	Wastewater Collection - Old	Zone A: Sewer Line	Zone A: Interceptor	Zone A: Collect	Zone B: Sewer Line	Zone B: Interceptor	Zone B: Collect	Wastewater Equipment	Sanitation Vehicles	Enterprise Totals
Sources															
Impact Fees Collected	0	233,693	8,140	42,522	1,483	0	10,065	21,107	217,496	3,630	4,995	39,574	0	0	582,704
Interest	0	322	11	4	15	44	33	28	287	2	3	21	439	47	1,256
Other Revenue															
Total Sources	0	234,014	8,151	42,526	1,498	44	10,098	21,135	217,783	3,632	4,998	39,595	439	47	583,960
Uses															
Sewer Line Installation - Gila Bend Highway						298,432									
Debt Service		108,320		46,680											
Vehicles														26,294	
Compactor														50,618	
Total uses	0	108,320	0	46,680	0	298,432	0	0	0	0	0	0	0	76,913	530,345
Transfers	0	0	0	0	0	0	0	0	0		0	0	0	0	-
Excess (Deficiency)	0	125,694	8,151	(4,153)	1,498	(298,388)	10,098	21,135	217,783	3,632	4,998	39,595	439	(76,866)	53,616
Balance July 1, 2014	(3,881,317)	274,972	9,413	4,153	154	4,223,829	11,740	24,408	258,643	355	488	3,863	572,621	76,866	1,580,187
Ending June 30, 2015	(3,881,317)	400,666	17,564	0	1,652	3,925,441	21,837	45,543	476,426	3,987	5,485	43,458	573,060	0	1,633,803

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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	Courthouse	North Operations Center	Vista Grande - Old	Len Colla - Old		Total
Sources							
Impact Fees Collected	49,714	15,978	37,748	0	0		103,440
Interest	23	7	18	15	6		68
Other Revenue							
Total Sources	49,737	15,985	37,766	15	6		103,509
Uses							
Debt Service	49,737	15,985	37,766	0	0		103,488
Total uses	49,737	15,985	37,766	0	0		103,488
Transfers	0	0	0	0	0		-
Excess (Deficiency)	(0)	(0)	0	15	6		20
Balance July 1, 2014	0	0	0	19,014	7,271		26,285
Ending June 30, 2015	(0)	(0)	0	19,028	7,277		26,305