

# Town of Gilbert | AZ

FY 2018-19 and FY 2019-20  
Biennial System Development Fee Audit  
Final Report – November 20, 2020



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## Section 1 - Introduction

### 1.1. Background

Willdan Financial Services (Willdan) was retained by the Town of Gilbert, Arizona (Gilbert) to conduct a Biennial System Development Fee (SDF) Audit (Audit) as required under Arizona Revised Statutes (ARS) 9-463.05(G)(2).<sup>1</sup> This report details the results of the audit for the period fiscal year (FY) 2019 and FY 2020. Gilbert's FY is the 12-month period from July 1 through the following June 30.

This Audit compares the development projections (land use assumptions); capital needs as identified in three separate Infrastructure Improvements Plan (IIP); and level of service (LOS) studies. The studies included the Land Use Assumptions (LUA), Infrastructure Improvements Plan and Development Fees study dated May 1, 2014 (2014 Report), the Land Use Assumptions, Infrastructure Improvements Plan, and Development Fees For Water & Wastewater Facilities dated July 25, 2017 (2017 Report) and 2018 System Development Fee – Land Use Assumptions and Infrastructure Improvement Plan Study Revised March 14, 2019 (2019 Study) to those actually experienced by Gilbert in FYs 2019 and 2020.

### 1.2. Organization of the Audit Report

This audit report is organized as follows:

- Section 1 - Introduction
- Section 2 – Parks and Recreation Review
- Section 3 – General Government Review
- Section 4 – Traffic Signals Review
- Section 5 – Police Review
- Section 6 – Fire Review
- Section 7 – Wastewater– Neely Service Area Review
- Section 8 – Wastewater– Greenfield Service Area Review
- Section 9 – Water System and Water Resource Review
- Section 10 – Roads and Intersections Review
- Section 11 – Permit Sampling Results

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<sup>1</sup> For reference, a copy of this statute appears in Appendix A.

- Section 12 – Conclusions and Recommendations

The appendices to this report are as follows:

- Appendix A - ARS§ 9-463.05
- Appendix B – Parks and Recreation Analysis
- Appendix C – General Government Analysis
- Appendix D – Traffic Signals Analysis
- Appendix E – Police Analysis
- Appendix F – Fire Analysis
- Appendix G – Wastewater – Neely Analysis
- Appendix H – Wastewater– Greenfield Analysis
- Appendix I – Water System and Water Resource Analysis
- Appendix J – Roads and Intersections Analysis
- Appendix K – Permit Sampling Results

### 1.3. Audit Approach

Willdan performed this Audit between August 2020 and November 2020. All Willdan staff supporting the Audit meet the definition of “Qualified Professional” as set forth in ARS§ 9-463.05(T)(8). Consistent with the requirements of ARS§ 9-463.05(G)(2), Willdan audit staff were neither employees or officials of Gilbert nor did they prepare the IIP.<sup>2</sup>

Audit activities consisted solely of document review and discussions with Gilbert staff via email and teleconference. Audit activities did not include site visits, first-hand data collection, or independent verification of data submitted by Gilbert.

In particular, in support of this audit, Willdan:

- a) Reviewed IIP forecast and actual expenditures.
- b) Reviewed projected and actual IIP-related fee offsets or credits.
- c) Reviewed LUA forecasted and actual developments.

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<sup>2</sup> Gilbert’s LUA, IIP, and SD Fees were prepared by Tischler Bise in 2014 with water and wastewater fees updated in 2017. All fees were then updated by Raftelis in 2019.

- d) Reviewed LOS at two points in time: time of the initial study and the audit timeframe.
- e) Permit data for purposes of sampling to verify the accuracy of the application of the fees.

#### **1.4. Audit Objectives**

The primary objectives of the Audit were to:

- a) Audit Gilbert's Biennial System Development Fees for the periods FY 2019 and FY 2020;
- b) Comply with ARS§ 9-463.05 by:
  - i. Reviewing the progress of anticipated development as identified in the LUA;
  - ii. Reviewing the progress of the infrastructure improvements plan;
  - iii. Reviewing collections and expenditures of system development fees for each project in the plan; and
  - iv. Evaluating any inequities in implementing the plan or imposing the system development fees.

#### **1.5. Audit Results**

Based on Willdan's scope of services performed as part of this Audit as documented in this Report, the results of this audit follow.

- a) Gilbert's Biennial System Development Fees for the periods FY 2019 and FY 2020 comply with ARS§ 9-463.05 as further discussed in Sections two through ten;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates the development over the 10-year study period will not significantly vary from projections. The audit of the LUA is further discussed in sections two through ten;
  - ii. Willdan's review of the progress of the IIP identified projects that were either accelerated from the projected schedule or delayed based on the projected schedule, but all projects for which funds were expended were included in the adopted IIP as further discussed in sections two through ten;

- iii. Willdan's review of collections and expenditures of the system development fees for each project in the plan, indicate that all expenditures made with SDF funds were on projects or debt expenses as identified in the 2014, 2017 or 2019 Reports, as further discussed in sections two through ten; and
- iv. Willdan's evaluation of any inequities in implementing the plan or imposing the system development fees indicates that the fees were assessed in an appropriate manner based upon the size and type of the development as further discussed in section eleven.

### **1.6. Audit Limitations**

Willdan's role in this Audit was solely that of third-party independent auditor. The results presented in this Audit Report are predicated upon information provided by Gilbert and representations made by Gilbert personnel. Willdan made reasonable efforts given the nature of this audit to assess the reasonableness of such representations. However, Willdan has no means to determine the extent to which material facts concerning information provided have been fully and accurately disclosed, nor is this a forensic audit. All findings in this report are based solely on Willdan's review of materials furnished by Gilbert as identified or publicly available information as cited as well as information obtained by Willdan through emails and meetings with key Gilbert staff involved in this audit. Review of additional documentation or disclosure or discovery of material facts could change the findings cited in this Report.

This report documents the audit for the sole purpose of demonstrating compliance with the requirements of ARS§ 9-463.05(G)(2); no other use is expressed or implied. Nothing in this report can be considered a legal opinion.



## Section 2 - Parks and Recreation Review

This section of the Audit Report presents Willdan's review of Gilbert's Parks and Recreation Department SDFs.

### 2.1. Fee Development

The 2014 and 2019 Reports converted infrastructure needs and costs per service unit into a cost per development unit. For Parks and Recreation, the resulting 2014 SDF on a unitized cost basis equals \$1,417.03 per person and \$211.65 per job. The 2019 SDF costs per unit (for FY 2019 through FY 2024) was \$1,630.23 per person and \$473.38 per job. The resulting SDFs per development type are identified in Table 2-1.

**Table 2-1**  
**Parks and Recreation SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2014	\$4,081	\$2,805	\$300	\$500	\$700
2019	5,167	3,358	770	1,109	1,405

### 2.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in Gilbert's LUA to the actual growth by development type. Table 2-2 summarizes the projected development from the 2014 and 2019 Reports and the actual development experienced by Gilbert in FY 2019 and FY 2020. The 2014 Report identified the anticipated development for FY 2019 and the 2019 Report identified the anticipated development for FY 2020. A summary of the LUA projections can be found on page 22 of the 2014 Report.

**Table 2-2**  
**Projected versus Actual Development FY 2019 & FY 2020**

Year	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2019	1,466	576	201	1,290
Projected 2019	<u>1,678</u>	<u>250</u>	<u>330</u>	<u>870</u>
Difference	(212)	326	(129)	420
Actual 2020	1,141	599	383	892
Projected 2020	<u>1,730</u>	<u>69</u>	<u>338</u>	<u>387</u>
Difference	(589)	530	45	505

As indicated in Table 2-2, actual developments in 2019 for single family and commercial developments were less than the 2014 Report projections, whereas actual industrial and offices and other developments exceeded the projected level of development. The actual developments in 2020 saw

actual residential unit development lower than was projected in the 2019 Report but the development for all other categories exceeded projections.

Development of forward-looking financial plans, utility rate projections and SDF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Table 2-2 represents a “snapshot” in time for both studies over the 10-year study periods. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2014 Report) as circumstances change and new information becomes available. Gilbert staff indicate that overall future growth projections by development type over the remaining years of the study period are currently not expected to deviate significantly from the 2019 Report projections.

### 2.3. Infrastructure Improvement Plan

The 2014 and 2019 Reports did not specifically identify capital projects to be constructed or acquired over the 10-year study periods, but rather used anticipated development projections to identify funding requirements for:

- Debt service payments;
- Park improvements;
- Pools;
- Trails;
- Community centers; and
- IIP and fee study.

During FY 2019 and FY 2020 Gilbert generated \$19,798,928 in Parks and Recreation SDF revenues as well as an additional \$21,881,956 in other revenues (sales of fixed assets and interest income) for total revenues of \$41,680,884. During the same period the Town expended \$48,925,250 on capital projects, \$4,005 on internal borrowing repayments and \$9,729,186 on debt service for total capital and debt expenditures of \$58,658,775, resulting in expenditures exceeding revenues during the two-year period by \$16,977,557. Revenues and expenditures include both the current SDF related parks fees and well as SDF revenues and expenses prior to the 2012 SDF. Capital expenditures that were made on parks and open space or municipal facilities projects were identified in the IIP of the 2014 and 2019 Reports. Debt service paid for with SDF revenues were identified in the IIP of 2014 and 2019 Reports as well. Appendix B provides a summary of the revenues and expenditures for the parks and recreation SDF funds. The financials are summarized in Table 2-3.

**Table 2-3  
Parks and Recreation SDF Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$9,632,004	\$0	\$0	\$555,877	\$18,362,705	\$4,875,744	\$0
2020	<u>10,166,924</u>	<u>20,748,412</u>	<u>0</u>	<u>577,667</u>	<u>30,562,545</u>	<u>4,857,447</u>	<u>0</u>
Total	\$19,798,928	\$20,748,412	\$0	\$1,133,544	\$48,925,250	\$9,733,191	\$0

It should be noted that in some cases collection of SDF revenues do not have an exact matching between the year in which the revenues are recorded and the development occurs.

## 2.4. Level of Service

Level of service projections are intended to ensure that new development is assessed for facilities or capital needs at the existing level of service (LOS), not at an increased overall level of service, unless a corresponding funding source from existing development is also provided. As of the development of the 2014 Report, in order to maintain the current level of service, Gilbert would need to invest in 57.1 acres of new improved parks, 81% of a new pool and 18,921 linear feet of new trails. These growth needs were identified for the 10-year study period (ending FY 2023) and are summarized on pages 13 through 20 of the 2014 Report. As of the development of the 2019 Report, in order to maintain the current level of service the Town would need to invest in 66.3 acres of parks, 73% of a new pool, 17,076 linear feet of trails and 3,000 square feet of community centers. The growth needs can be found on pages 46 through 54 of the 2019 Report.

During the study periods, the actual LOS will fluctuate as compared to that identified in the 2014 and 2019 Reports based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2020, due to new development outpacing acquisition and construction of new facilities, the LOS for parks and recreation is below that in the 2014 and 2019 Report (the growth related needs for additional parks acreage, linear foot of trails and additional community center space were not met). However, the LOS is expected to increase to the level identified in the 2019 Report over the remaining eight years as the full IIP and LUA projections are realized.

## 2.5. Audit Results

Through our audit of the Parks and Recreations SDFs we identified some differences between what was projected in the 2014 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

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Based on Willdan's review of the Parks and Recreation SDF, we are of the opinion that:

- a) Gilbert's Biennial SDFs for Parks and Recreation periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the current 10-year study period will not significantly vary from projections;
  - ii. Willdan's review of the progress of the IIP identified the debt for which funds were expended were included in the adopted IIP; and
  - iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were on projects or debt expenses as identified in the 2014 or 2019 Reports.

## Section 3 - General Government

This section of the Audit Report presents Willdan's review of Gilbert's General Government SDFs.

### 3.1. Fee Development

The 2014 Report converted infrastructure needs and costs per service unit into a cost per development unit. For General Government, the 2014 report identified SDFs on a unitized cost basis equal to \$401.27 per person and \$130.88 per job. The 2019 Report identifies costs of \$316.38 per residential unit and \$262.28 per nonresidential unit. The investments equated to the fees per development type as identified in Table 3-1.

**Table 3-1**  
**General Government SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2014	\$1,155	\$794	\$200	\$300	\$400
2019	1,002	651	430	610	780

### 3.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in Gilbert's LUA to actual growth by development type. Table 3-2 summarizes the projected development in the 2014 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. The 10-year LUA projections can be found on page 27 of the 2014 Report and on page 72 of the 2019 Report.

**Table 3-2**  
**Projected versus Actual Development FY 2019 & FY 2020**

Year	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2019	1,466	576	201	1,189
Projected 2019	<u>1,678</u>	<u>250</u>	<u>350</u>	<u>870</u>
Difference	(212)	326	(129)	319
Actual 2020	1,149	599	383	892
Projected 2020	<u>1,592</u>	<u>69</u>	<u>329</u>	<u>380</u>
Difference	(443)	530	54	512

As indicated in Table 3-2, the 2019 actual developments for industrial and office and other developments exceeded the 2014 Report projections whereas the actual residential and commercial developments fell short of the projected developments. The actual 2020 developments exceeded the projections for all categories except residential where actual developments fell short of projected development.

Development of forward-looking financial plans, utility rate projections and SDF studies rely on the best available forecast for a point in time. Actual conditions often vary from projections. Table 3-2 represents a “snapshot” in time for both studies over the study periods. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2014 Report) as circumstances change and new information becomes available. Gilbert staff indicate that overall growth projections by development type over the remaining years of the study period are currently not expected to deviate significantly from the 2019 Report projections.

### 3.3. Infrastructure Improvement Plan

Consistent with the 2014 and 2019 Reports, Gilbert did not use General Government SDF revenues to fund new capital expenditures (beyond study costs), but rather used the revenues to pay debt service identified in the IIP of the 2014 and 2019 Reports. The outstanding debt to be funded by SDF revenues are summarized on page 25 of the 2014 Report and page 71 of the 2019 Report. Between FY 2019 and FY 2020 Gilbert generated \$5,798,697 in general government SDF revenues and expended \$4,077,405 on debt service, \$255,826 on internal borrowings (from the General Fund), as well as \$4,647 on the SDF and Biennial Audit studies resulting in collections exceeding expenses for the two-year period by \$1,400,819. The debt service that was paid for through SDF revenues was identified in the IIP of 2014 and 2019 Reports. Appendix C provides a summary of the revenues and expenditures for the General Government SDF funds. The financials are summarized in Table 3-3.

**Table 3-3**  
**General Government SDF Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$3,036,275	\$0	\$0	\$137,282	\$4,647	\$2,182,468	\$0
2020	<u>2,762,422</u>	<u>0</u>	<u>0</u>	<u>118,544</u>	<u>0</u>	<u>2,150,763</u>	<u>0</u>
Total	\$5,798,697	\$0	\$0	\$255,826	\$4,647	\$4,333,231	\$0

It should be noted that in some cases collection of SDF revenues do not have an exact matching between the year in which the revenues are recorded and the development occurs.

### 3.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

Facilities funded through General Government System Development Fees were oversized to accommodate growth, therefore no new capital was anticipated for the General Government fee in the 2014 and 2019 Reports and as such Gilbert's adopted level of service has not been impacted.

### 3.5. Audit Results

Through our audit of the General Government SDFs we identified some differences between what was projected in the 2014 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 7-year study period (when outstanding debt is retired) on which the 2019 Report was based.

Based on Willdan's review of the General Government SDF, we are of the opinion that:

- a) Gilbert's Biennial SDFs for General Government periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the current 10-year study period will not significantly vary from projections;
  - ii. Willdan's review of the progress of the IIP identified the debt for which funds were expended were included in the adopted IIP; and
  - iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were on debt expenses as identified in the 2014 or 2019 Reports.

## Section 4 - Traffic Signals

This section of the Audit Report presents Willdan's review of Gilbert's Traffic Signals SDFs.

### 4.1. Fee Development

The 2014 and 2019 Reports converted infrastructure needs and costs per service unit into a cost per development unit. For Traffic Signals, growth related costs associated with new development for the entire period were \$15,947,682 and \$13,936,801 respectively. These costs were allocated to each development class as identified in Table 4-1.

**Table 4-1**  
**Traffic Signals SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2019	\$450	\$296	\$470	\$1,080	\$650
2020	556	431	231	1,165	455

### 4.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert's LUA as compared to the growth by development type that was actually experienced. Table 4-2 summarizes the projected development in the 2014 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. The LUA used in the development of SDFs can be found on page 34 of the 2014 Report and page 43 of the 2019 Report.

**Table 4-2**  
**Projected versus Actual Development FY 2019 & FY 2020**

	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2019	1,466	576	252	1,255
Projected 2019	<u>1,678</u>	<u>250</u>	<u>330</u>	<u>870</u>
Difference	(212)	326	(78)	385
Actual 2020	1,149	599	476	892
Projected 2020	<u>1,730</u>	<u>69</u>	<u>338</u>	<u>387</u>
Difference	(581)	530	138	505

As indicated in Table 4-2, in 2019, the actual developments for industrial and office and other developments exceeded the 2014 Report projections whereas the actual residential and commercial developments fell short of the projected developments. The 2020 actual developments for residential fell short of the 2019 Report projections while all other categories exceeded projections.



Development of forward-looking financial plans, utility rate projections and SDF studies rely on the best available forecast for a point in time. Actual conditions often vary from projections. Table 4-2 represents a “snapshot” in time for both studies over the 10-year study periods. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2014 Report) as circumstances change and new information becomes available. Gilbert staff indicate that overall growth projections by development type over the remaining years of the study period are currently not expected to deviate significantly from the 2019 Report projections.

### 4.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020 Gilbert generated \$4,813,765 in traffic signal SDF related revenues and expended \$1,470,807 on capital projects, resulting in collections exceeding expenses for the two-year period by \$3,342,958. Appendix D provides a summary of the revenues and expenditures of Gilbert’s Traffic Signal SDF funds. The financials are summarized in Table 4-3.

**Table 4-3**  
**Traffic Signal SDF Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$2,239,233	\$0	20,488	\$192,047	\$391,086	\$0	\$0
2020	<u>2,039,880</u>	<u>0</u>	<u>0</u>	<u>322,117</u>	<u>1,079,719</u>	<u>0</u>	<u>0</u>
Total	\$4,800,033	\$0	\$20,488	\$514,164	\$1,470,807	\$0	\$0

It should be noted that in some cases collection of SDF revenues do not have an exact matching between the year in which the revenues are recorded and the development occurs.

Table 4-4 summarizes the projects that were included in the IIP of the 2014 and 2019 Reports which incurred costs during the audit timeframe. It should be noted that the Reports identified “Minor Intersections over 10 years” rather than specific intersection names as listed in Table 4-4.

**Table 4-4**  
**Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
Advanced Traffic Management System Phase III	\$134,203
Val Vista and Ocotillo	153,983
Val Vista and Chandler Heights	109,047
Chandler Heights/Seville Blvd	2,650
Higley Rd and Marbella Rd	7,032
Queen Creek and Recker Rd	352,515
Pecos and Napa	476,771
Val Vista and Appleby	168,092
American Heros Way and Gilbert Road	57,730
IIP and Fee Studies	8,059
Biennial System Development Fee Audit	<u>905</u>
Total	\$1,470,807

The *Advanced Traffic Management System Phase III* project listed in Table 4-4 is ongoing and will incur additional costs. A summary of the full IIP is identified in the 2014 Report on page 32 and on page 36 of the 2019 Report.

#### 4.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The Town constructed 8 new traffic signals between fiscal years 2019 and 2020. The 2014 Report identified a level of service of 11.5 signalized intersections per 10,000 PM-Peak Hour Vehicle Trip Ends (see 2014 Report page 28). The 2019 Report identified a level of service of 2.5 traffic signals per each additional 10,000 trips (see 2019 Report page 34). As identified in Table 4-5, the development in FY 2019 and FY 2020 represent 4,484 and 18,236 trip ends respectively. Thus, based on the trip ends associated with the new development, Gilbert would have had to add 5.2 traffic signals in FY 2018-19 and 4.6 traffic signals in FY 2019-20 for a total of 9.8 new traffic signals to maintain the level of service. The Town added 8 new traffic signals (it is not possible to install a fraction of a signal) leaving the Town short 1.8 signals, at the end of FY 2020 there would be a slight decrease in the level of service, however, the overall objective is to maintain the 2019 Report identified level of service at the end of the 10-year study period.

**Table 4-5  
Incremental Vehicle Trip Ends FY 2017 & FY 2018**

Development	Incremental Development	Trips per Development Unit	Incremental Trip Ends
<b>2014 Report</b>			
<b>FY 2019 Development</b>			
Single Family (Dwelling Units)	1,123	1.02	1,145
Multifamily (Dwelling Units)	343	0.67	230
Industrial (1,000 sqft)	576	1.08	622
Commercial (1,000 sqft)	252	2.45	617
Office & Other (1,000 sqft)	1,255	1.49	<u>1,870</u>
<b>Total 2019 Trip Ends</b>			<b>4,484</b>
<b>2019 Report</b>			
<b>FY 2020 Development</b>			
Single Family (Dwelling Units)	836	5.95	4,974
Multifamily (Dwelling Units)	313	4.61	1,443
Industrial (1,000 sqft)	599	2.50	1,498
Commercial (1,000 sqft)	476	12.50	5,950
Office & Other (1,000 sqft)	892	4.90	<u>4,371</u>
<b>Total 2020 Trip Ends</b>			<b>18,236</b>
<b>Grand Total Trip Ends</b>			<b>22,720</b>

#### 4.5. Audit Results

Through our audit of the Traffic Signal SDFs we identified some differences between what was projected in the 2014 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments and the anticipated capital project expenditures during the audit period and the actual capital expenditures. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan’s review of the Traffic Signals SDF, we are of the opinion that:

- a) Gilbert’s Biennial SDFs for Traffic Signals periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan’s review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 2019 Report 10-year study period will not significantly vary from projections;
  - ii. Willdan’s review of the progress of the IIP identified the capital projects and debt for which funds were expended were included in the adopted IIP; and

- 
- iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were capital and debt expenses as identified in the 2014 and 2019 Reports.

## Section 5 - Police

### 5.1. Fee Development

The 2014 Report converted infrastructure needs and costs per service unit into a cost per development unit. For Police, the resulting SDF on a unitized basis equals \$38.59 per person and \$37.62 per trip end. The 2019 Report identified cost of \$137.54 per person and \$268.82 per job. The investments and costs equated to the fees per development type as identified in Table 5-1.

**Table 5-1**  
**Police SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2019	\$111	\$76	\$40	\$90	\$50
2020	435	283	437	629	797

The 2014 and 2019 Reports anticipated Police SDF revenue to be used for the expansion of Gilbert's fleet of police facilities, vehicles and equipment to serve new development as well as retire growth related debt service.

### 5.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert's LUA as compared to the growth by development type that was actually experienced. Table 5-2 summarizes the projected development in the 2014 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. Page 48 of the 2014 Report and page 32 of the 2019 Report summarize the adopted LUA projections.

**Table 5-2**  
**Projected versus Actual Development FY 2019 & FY 2020**

	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2019	1,748	576	201	1,189
Projected 2019	<u>1,678</u>	<u>250</u>	<u>330</u>	<u>870</u>
Difference	70	326	(129)	319
Actual 2020	2,189	599	383	892
Projected 2020	<u>1,730</u>	<u>69</u>	<u>338</u>	<u>387</u>
Difference	459	530	45	505

As indicated in Table 5-2, for FY 2019 the actual developments for commercial developments fell short of the 2014 Report projections whereas the actual developments for all other categories exceeded the projected developments. The FY 2020 developments for all classifications exceeded the projections identified in the 2019 Report.

Development of forward-looking financial plans, utility rate projections and SDF studies rely on the best available forecast for a point in time. Actual conditions often vary from projections. Table 5-2 represents a “snapshot” in time during the 10-year study period. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2014 Report) as circumstances change and new information becomes available. Gilbert staff indicate that overall growth projections by development type over the remaining years of the study period are currently not expected to deviate significantly from the 2019 Report projections.

### 5.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020, Gilbert generated \$6,453,824 in Police SDF related revenues and expended \$6,355,960 on IIP identified capital items and debt reduction, resulting in collections exceeding expenses for the two-year period by \$97,864. Appendix E provides a summary of the revenues and expenditures for the Police SDF funds. The outstanding debt to be funded through SDFs are listed on page 45 of the 2014 Report and discussed on page 29 of the 2019 Report. The financials are summarized in Table 5-3.

**Table 5-3**  
**Police SDF Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$4,613,510	\$0	\$0	\$75,546	\$998,160	\$2,468,176	\$0
2020	<u>1,659,197</u>	<u>0</u>	<u>0</u>	<u>105,571</u>	<u>429,555</u>	<u>2,460,069</u>	<u>0</u>
Total	\$6,272,707	\$0	0	\$181,117	\$1,427,715	\$4,928,245	\$0

It should be noted that in some cases collection of SDF revenues do not have an exact matching between the year in which the revenues are recorded and the development occurs.

Table 5-4 identifies the actual capital expenditures from the IIP for FY 2019 and FY 2020 in the 2014 and 2019 Reports.

**Table 5-4**  
**Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
Police Vehicles	\$1,370,435
TOPAZ System	48,208
IIP and Fee Study	8,072
Biennial System Development Fee Audit	<u>1,000</u>
Total	\$1,427,715

The full IIP can be found of page 39 of the 2014 Report and page 31 of the 2019 Report.

#### 5.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service. Page 39 of the 2014 Report and pages 26 through 28 of the 2019 Report summarize the Police LOS needs associated with new development.

The 2014 Report anticipated the need for an additional 5 police vehicles and 8 additional communication equipment units. The 2019 Report anticipated the need for additional equipment and vehicles over the 10-year study period but did not specifically identify additional vehicles or equipment by year. The Town purchased additional vehicles and communications equipment over the two years being audited. The overall level of service is to be maintained through the Police SDF through the 10-year study period rather than at specific points in time such as the end of FY 2020. The LOS should be monitored over the entire 10-year study period rather than an individual point in time.

#### 5.5. Audit Results

Through our audit of the Police SDFs we identified some differences between what was projected in the 2014 Report and actual occurrences, such as differences in the projected and actual developments and expenditures on police vehicles and equipment anticipated in the study period, which have not been met. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan’s review of the Police SDF, we are of the opinion that:

- a) Gilbert’s Biennial SDFs for Police periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;

b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections;
- ii. Willdan's review of the progress of the IIP identified the debt for which funds were expended were included in the adopted IIP; and
- iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were debt expenses as identified in the 2014 and 2019 Reports.



## Section 6 - Fire

### 6.1. Fee Development

The 2014 Report converted infrastructure needs and costs per service unit into a cost per development unit. For Fire, the resulting SDF on a unitized cost basis equals \$148.26 per person and \$134.07 per job. The 2019 Report identified costs of \$295.16 per person and \$296.01 per job. The investments equated to the fees per development type as identified in Table 6-1.

**Table 6-1**  
**Fire SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2014	\$426	\$293	\$220	\$340	\$440
2019	935	607	481	693	878

Per the 2014 and 2019 Reports, the Fire SDF revenue is to be used for the construction and equipping of two additional fire stations in order to maintain adequate response times due to the additional demands placed on the fire system by new development. The SDFs will also be used to purchase additional apparatus and to repay previously issued debt.

### 6.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert’s LUA as compared to the growth by development type that was actually experienced. Table 6-2 summarizes the projected development in the 2014 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. The 10-year LUA summary can be found on page 48 of the 2014 Report and page 24 of the 2019 Report.

**Table 6-2**  
**Projected versus Actual Development FY 2019 & FY 2020**

	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2019	1,748	576	201	1,189
Projected 2019	<u>1,678</u>	<u>250</u>	<u>330</u>	<u>870</u>
Difference	70	326	(129)	319
Actual 2020	2,189	599	383	892
Projected 2020	<u>1,730</u>	<u>69</u>	<u>338</u>	<u>387</u>
Difference	459	530	45	505

As indicated in Table 6-2, the for FY 2019 the actual developments for commercial developments fell short of the 2014 Report projections whereas the actual developments for all other categories exceeded the projected developments. The FY 2020 developments for all classifications exceeded the projections identified in the 2019 Report.

Development of forward-looking financial plans, utility rate projections and SDF studies rely on the best available forecast for a point in time. Actual conditions often vary from projections. Table 6-2 represents a “snapshot” in time during the 10-year study period. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2014 Report) as circumstances change and new information becomes available. Gilbert staff indicate that overall growth projections by development type over the remaining years of the study period are currently not expected to deviate significantly from the 2019 Report projections.

### 6.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020 Gilbert generated \$5,313,396 in Fire SDF related revenues and expended \$1,740,085 on debt expenses, \$421,784 on internal borrowings (to the General Fund) and \$23,978 on capital projects for total expenditures of \$2,185,847. The result was collections exceeding expenses for the two-year period by \$3,127,549. Appendix F provides a summary of the revenues and expenditures for FY 2019 and FY 2020. The financials are summarized in Table 6-3.

**Table 6-3**  
**Fire SDF Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$2,445,412	\$0	\$0	\$0	\$8,408	\$794,238	\$230,242
2020	<u>2,867,984</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,570</u>	<u>945,847</u>	<u>191,542</u>
Total	\$5,313,396	\$0	\$0	\$0	\$23,978	\$1,740,082	\$421,784

It should be noted that in some cases collection of SDF revenues do not have an exact matching between the year in which the revenues are recorded and the development occurs.

Table 6-4 identifies the actual capital expenditures from the IIP for FY 2019 and FY 2020 in the 2014 and 2019 Reports.

**Table 6-4  
Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
TOPAZ Costs	\$15,570
IIP and Fee Study	8,059
Biennial System Development Fee Audit	<u>349</u>
Total	\$23,978

The full IIP can be found of page 43 of the 2014 Report and page 23 of the 2019 Report.

#### 6.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

From a level of service perspective, the 2014 and 2019 Reports did not identify capital projects that would be required in specific years of the study period in order to maintain the level of service indicated in the 2014 and 2019 Reports, but rather over the entire study period. It should be noted that the level of service standards are intended to be achieved at the end of the study period once all anticipated growth and capital expenditures are made and will fluctuate throughout the study period. Pages 41 through 42 of the 2014 Report and 18 through 22 of the 2019 Report outline the Fire LOS.

#### 6.5. Audit Results

Through our audit of the Fire SDFs we identified some differences between what was projected in the 2014 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments and expenditures on equipment and apparatus. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan’s review of the Fire SDF, we are of the opinion that:

- a) Gilbert’s Biennial SDFs for Fire periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections;
- ii. Willdan's review of the progress of the IIP identified the capital projects and debt for which funds were expended were included in the adopted IIP; and
- iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were capital and debt expenses as identified in the 2019 Report.

## Section 7 - Wastewater – Neely Service Area

This section of the Audit Report presents Willdan’s review of Gilbert’s Wastewater – Neely SDFs.

### 7.1. Fee Development

The 2017 and 2019 Reports converted infrastructure needs and costs per service unit into a cost per development unit. For Wastewater – Neely, the 2017 Report resulted in an SDF on a unitized cost basis equal to \$13.05 per gallon of capacity, and an IIP and SDF preparation cost of \$2.63 per customer. The 2019 Report identified a cost per gallon of \$7.12 and an IIP and Fee Study cost of \$1.30 per equivalent residential unit (ERU). The costs identified equated to the fees per meter size as identified in Table 7-1.

**Table 7-1**  
**Wastewater - Neely SDFs**

	¾-inch meter	1-inch meter	1 ½-inch meter	2-inch meter
2017 Report	\$1,933	\$3,226	\$6,431	\$10,292
2019 Report	157	262	522	834

### 7.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert’s LUA as compared to the growth by development type that was actually experienced. Table 7-2 summarizes the projected development in the 2017 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. The summary of the projection of new Neely connections can be found on page 16 of the 2017 Report and page 69 of the 2019 Report.

**Table 7-2**  
**Actual Development FY 2019 & FY 2020**

	ERUs	
	FY 2019	FY 2020
Actual	232	257
Projected	640	532
Difference	(408)	(275)

As indicated in Table 7-2, there were 408 fewer wastewater ERUs in the Neely service area in FY 2019 and 275 fewer ERUs in FY 2020 than had been anticipated for a total deficit of 683 ERUs. The actual development identified in Table 7-2 represents a “snapshot” in time during the 10-year study period. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2017 Report) as circumstances change and new information becomes available. Through discussions with Gilbert staff, the expectation is that the overall growth projections by development type will not significantly deviate from in the 2019 Report projections.

### 7.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020 Gilbert generated \$785,028 in wastewater – Neely SDF related revenues, with \$93,541 in IIP identified expenditures during the same period (see Appendix G and the summary in Table 7-3). The analysis supporting the 2019 Report determined that there was sufficient capacity available in the Neely WRF plant to serve the projected development during the 10-year study period, therefore no additional treatment capacity was required.

**Table 7-3  
Wastewater- Neely Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$457,386	\$0	\$0	\$97,835	\$8,838	\$0	\$0
2020	<u>79,567</u>	<u>0</u>	<u>0</u>	<u>150,240</u>	<u>84,703</u>	<u>0</u>	<u>0</u>
Total	\$536,953	\$0	\$0	\$248,075	\$93,541	\$0	\$0

The 2019 Report expressed that while no additional treatment plant capacity was determined to be needed, the 2017 and 2019 Reports did identify growth-related capital projects identified for FY 2019 and FY 2020, that would be required to serve new development. Table 7-4 lists the expenditures on identified projects.

**Table 7-4  
Projected versus Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
Recovery Well – Elliott Dist. Park	\$26,563
Relief Sewers	58,050
IIP and Fee Study	8,059
Biennial SDF Audit	<u>779</u>
Total	\$93,541

The Recovery Well – Elliott Dist. Park and Relief Sewers projects are active projects that will continue to incur costs. The full IIP can be found on page 14 of the 2017 Report and page 67 of the 2019 Report.

### 7.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

From a level of service perspective, the 2017 Report indicated a level of service per ERU of 148 gallons of flow per day. The 2019 Report indicated a slightly higher level of service of 154 gallons of flow per day per ERU. The shortfall of 683 new ERUs would not impact the calculation of flows per ERU used as the basis of determining level of service.

## **7.5. Audit Results**

Through our audit of the Wastewater - Neely SDFs we identified some differences between what was projected in the 2017 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2017 and 2019 Reports were based.

Based on Willdan's review of the Wastewater - Neely SDF, we are of the opinion that:

- a) Gilbert's Biennial SDFs for Wastewater - Neely periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections.

## Section 8 - Wastewater – Greenfield Service Area

This section of the Audit Report presents Willdan’s review of Gilbert’s Wastewater – Greenfield SDFs.

### 8.1. Fee Development

The 2017 and 2019 Reports converted infrastructure needs and costs per service unit into a cost per development unit. For Wastewater – Greenfield, the resulting SDF on a unitized cost basis equals \$21.49 per gallon of capacity, and an IIP and SDF preparation cost of \$2.63 per customer in the 2017 Report. The 2019 Report unitized costs at \$21.49 per gallon of capacity and an IIP and Fee Study cost of \$1.30 per ERU. The costs identified equated to the fees per meter size as identified in Table 8-1.

**Table 8-1**  
**Wastewater - Greenfield SDFs**

	¾-inch meter	1-inch meter	1 ½-inch meter	2-inch meter
2017 Report	\$3,182	\$5,313	\$10,593	\$16,953
2019 Report	2,586	4,318	8,610	13,780

### 8.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert’s LUA as compared to the growth by development type that was actually experienced. Table 8-2 summarizes the projected development in the 2017 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020. The full 10-year LUA projections can be found on page 18 of the 2017 Report and page 69 of the 2019 Report.

**Table 8-2**  
**Projected versus Actual Development**

	ERUs	
	FY 2019	FY 2020
Actual	1,598	1,251
Projected	<u>1,604</u>	<u>532</u>
Difference	(6)	719

As indicated in Table 8-2, there were 6 fewer wastewater ERUs in the Greenfield service area in FY 2019 and 719 more in FY 2020 than had been anticipated for a net of 713 more ERUs during the 2 year period than had been anticipated. The actual development identified in Table 8-2 represents a “snapshot” in time during the 10-year study period. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2017 Report) as circumstances change and new information becomes available. Through discussions with Gilbert staff, the expectation is that the overall growth projections by development type will not significantly deviate from the 2019 Report projections.



### 8.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020 Gilbert generated \$9,513,142 in wastewater – Greenfield SDF related revenues, with capital expenditures of \$4,554,117 and debt expenditures of \$7,235,648 during the same period (See Appendix H and Table 8-3). The net result is expenses exceeding revenues by \$2,276,623.

**Table 8-3  
Wastewater- Greenfield Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$5,200,987	\$0	\$0	\$395,606	\$4,051,171	\$3,616,428	\$0
2020	<u>3,386,954</u>	<u>0</u>	<u>0</u>	<u>529,595</u>	<u>502,946</u>	<u>3,619,220</u>	<u>0</u>
Total	\$8,587,941	\$0	\$0	\$925,201	\$4,554,117	\$7,235,648	\$0

It was determined in the 2017 and 2019 Reports, that additional facilities would be required to serve new development. Table 8-4 lists the actual expenditures on projects that occurred between FY 2019 and FY 2020.

**Table 8-4  
Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
Germann and Higley 18" Reclaimed Water Main	\$3,632,608
South Recharge Site Phase III	388,190
Greenfield Reclaimed Water Pump Station Expansion	455,354
Recharge Facility & 4 Recharge Wells PH1	65,193
IIP and Fee Study	8,059
Biennial SDF Audit	<u>4,713</u>
Total	\$4,554,117

The South Recharge Site Phase II through Recharge Facility & 4 Recharge Wells PH1 are all active projects that will continue to incur costs in the future. All of the projects were identified in the IIP. The full IIP can be found on page 14 of the 2017 Report and page 67 of the 2019 Report.

### 8.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

From a level of service perspective, the 2017 Report indicated a level of service per ERU of 148 gallons of flow per day which was increased to 154 gallons of flow per day in the 2019 Report. The 713 new ERUs

above what was projected would not impact the flows per ERU. The LOS metric can be found on page 17 of the 2017 Report and page 64 of the 2019 Report.

## 8.5. Audit Results

Through our audit of the Wastewater - Greenfield SDFs we identified some differences between what was projected in the 2017 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan's review of the Wastewater - Greenfield SDF, we are of the opinion that:

- a) Gilbert's Biennial SDFs for Wastewater - Greenfield periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections.

## Section 9 - Water System and Water Resource

This section of the Audit Report presents Willdan’s review of Gilbert’s Water System and Water Resource SDFs.

### 9.1. Fee Development

The 2017 and 2019 Reports converted infrastructure needs and costs per service unit into a cost per development unit. For Water and Water Resources, the resulting SDF on a unitized cost basis equals \$15.56 per gallon of capacity, and an IIP and SDF preparation cost of \$2.63 per customer per the 2017 Report and \$12.23 per gallon and \$1.30 for IIP and development fee preparation cost per ERU per the 2019 Report. The costs identified equated to the fees per meter size as identified in Table 9-1.

**Table 9-1**  
**Water SDFs**

	¾-inch meter	1-inch meter	1 ½-inch meter	2-inch meter
FY 2019	\$6,286	\$10,495	\$20,925	\$33,491
FY 2020	6,271	11,224	22,383	35,828

### 9.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert’s LUA as compared to the growth by development type that was actually experienced. Table 9-2 summarizes the projected development in the 2017 and 2019 Reports and the actual development that was experienced by Gilbert in FY 2019 and FY 2020.

**Table 9-2**  
**Actual Development FY 2019 & FY 2020**

	ERUs	
	FY 2019	FY 2020
Actual	3,907	3,411
Projected	<u>2,266</u>	<u>1,748</u>
Difference	1,642	1,662

As indicated in Table 9-2, there were 3,304 more water ERUs in FY 2019 and FY 2020 than had been anticipated. The actual development identified in Table 9-2 represents a “snapshot” in time during the 10-year study period. Over time new studies are undertaken (as was the case of the 2019 Report updating assumptions from the 2017 Report) as circumstances change and new information becomes available. Through discussions with Gilbert staff, the expectation is that the overall growth projections by development type will not significantly deviate from in the 2019 Report projections.

### 9.3. Infrastructure Improvement Plan

Between FY 2019 and FY 2020 Gilbert generated \$23,669,775 in water SDF related revenues and expended \$37,466,964 on capital projects, \$593,033 on internal borrowings and an additional \$19,620,843 on debt service for a total capital and debt payments of \$57,680,840. The result was expenses exceeding collections for the two-year period by \$34,011,065. A summary of the Water SDF revenues and expenditures can be found in Appendices I-1 and I-2 and are summarized in Table 9-3.

**Table 9-3**  
**Water System and Water Resource Revenues and Expenditures FY 2019 & FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2019	\$12,571,032	\$0	\$0	\$260,418	\$33,396,530	\$9,808,786	\$25,594
2020	<u>10,618,241</u>	<u>0</u>	<u>0</u>	<u>220,084</u>	<u>4,070,434</u>	<u>9,812,057</u>	<u>567,439</u>
Total	\$23,189,273	\$0	\$0	\$480,502	\$37,466,964	\$19,620,843	\$593,033

Table 9-4 identifies the actual capital expenditures from the IIP for FY 2019 and FY 2020.

**Table 9-4**  
**Actual Expenditures FY 2019 & FY 2020**

Project	Actual Expenditures
Zone 2 to 4 Interconnect	\$4,005
Bridges Well (2 MGD)	3,793
New Reservoir and Treatment System	31,804
Recker Direct Well System	3,338,301
Well, 2 MG Reservoir and Pump Station	226,355
Water Rights Phase II	2,620,022
San Carlos Apache – 100 Yr Water Rights Lease	31,208,238
IIP and Fee Study	16,118
Biennial SDF Audit	<u>18,238</u>
Total	\$37,466,964

Water is leased by Gilbert for several years prior to the opportunity to purchase the rights. The length of time of the leases vary and are not predictable. The Water Rights Phase II project is ongoing and are anticipated to incur additional costs in the future. The project was identified in the IIP.

The Zone 2 to 4 Interconnect, Bridges Well (2 MGD) and Ray-Recker Direct Well System projects are all active and ongoing. They were identified in the IIP. The Well, 2 MG Reservoir and Pump Station project had a portion that started early, but the project will continue in later years.

The full IIP can be found on pages 7 and 8 of the 2017 Report and pages 60 and 61 of the 2019 Report.

## 9.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The 2017 and 2019 Reports identified a level of service per ERU of 404 average day gallons of use per day (see page 8 of the 2017 Report) and was increased to 439 gallons per day (average day) for water resources and 702 gallons per day (max day) in the 2019 Report (page 61 of the 2019 Report). The additional new connections to the Gilbert water system would not impact the identified water level of service.

## 9.5. Audit Results

Through our audit of the Water SDFs we identified some differences between what was projected in the 2017 and 2019 Reports and actual occurrences, such as differences in the projected and actual developments and projected and actual expenditures on capital projects. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan's review of the Water SDF, we are of the opinion that:

- a) Gilbert's Biennial SDFs for Water periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections;
  - ii. Willdan's review of the progress of the IIP identified the capital projects and debt for which funds were expended were included in the adopted IIP; and
  - iii. Willdan's review of collections and expenditures of system development fees indicate that all expenditures made with SDF funds were capital and debt expenses as identified in the 2017 and 2019 Reports.

## Section 10 - Roads & Intersections

The 2019 Report identified a new system development fee area for the Town of Gilbert, a Roads & Intersection fee. This section of the Audit Report presents Willdan's review of Gilbert's new Roads & Intersections SDFs.

### 10.1. Fee Development

The 2019 Report converted infrastructure needs and costs per service unit into a cost per vehicle mile traveled (VMT), the standard unit of measurement for roads related system development fees. The cost per VMT was identified as \$56.45. The costs identified equated to the development classifications as identified in Table 10-1.

**Table 10-1**  
**Roads & Intersections SDFs**

Report	Single Family (per Unit)	Multifamily (per unit)	Industrial (per 1,000 sqft)	Commercial (per 1,000 sqft)	Office & Other (per 1,000 sqft)
2019	\$1,716	\$1,330	\$565	\$2,374	\$1,110

### 10.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in Gilbert's LUA as compared to the growth by development type that was actually experienced. Table 10-2 summarizes the projected development in the 2019 Report and the actual development that was experienced by Gilbert in FY 2020.

**Table 10-2**  
**Projected versus Actual Development FY 2020**

	Residential (Dwelling Units)	Industrial (1,000 sqft)	Commercial (1,000 sqft)	Office & Other (1,000 sqft)
Actual 2020	465	17	158	316
Projected 2020	<u>1,730</u>	<u>69</u>	<u>338</u>	<u>387</u>
Difference	(1,265)	(52)	(180)	(71)

As indicated in Table 10-2, Actual development fell short of projections for all development classifications in FY 2020. The actual development identified in Table 10-2 represents a "snapshot" in time during the 10-year study period. Through discussions with Gilbert staff, the expectation is that the overall growth projections by development type will not significantly deviate from in the 2019 Report projections.

### 10.3. Infrastructure Improvement Plan

In FY 2020 Gilbert generated \$1,486,377 in Roads & Intersections SDF related revenues but did not undertake any expenditures. The result was an accumulation of reserves of \$1,486,377. A summary of the Roads & Intersections SDF revenues can be found in Appendix J and summarized in Table 10-3.

**Table 10-3  
Roads & Intersections Revenues and Expenditures FY 2020**

Fiscal Year	Revenues				Expenditures		
	SDF Collections	Sale of Fixed Assets	Refunds and Reimbursements	Interest Income	CIP	Debt	Internal Borrowings
2020	\$1,469,814	\$0	\$0	\$16,563	\$0	\$0	\$0
Total	\$1,469,814	\$0	\$0	\$16,563	\$0	\$0	\$0

### 10.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing Gilbert development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The Town did not construct any new roads or make any growth-related improvements to intersections in FY 2020. The 2019 Report identified a level of service of 1.12 miles of arterial and collector roads per 10,000 PM-Peak Hour Vehicle Trip Ends (see 2019 Report page 41). The 2019 Report identified 6 intersections anticipated to have growth-related improvements (see 2019 Report page 42). As identified in Table 10-4, the development in FY 2020 represents 57,995 trip ends. Thus, based on the trip ends associated with the new development, Gilbert would have needed to add 6.5 miles of arterial and collector roads to maintain the level of service. Since the Town did not add any new miles of roads or improve any intersections at the end of FY 2020 there would be a slight decrease in the level of service, however, the overall objective is to maintain the 2019 Report identified level of service at the end of the 10-year study period.

**Table 10-4**  
**Incremental Vehicle Trip Ends FY 2019 & FY 2020**

Development	Incremental Development	VMT per Development Unit	Incremental VMT
<b>2019 Report</b>			
<b>FY 2020 Development</b>			
Single Family (Dwelling Units)	384	65.95	25,325
Multifamily (Dwelling Units)	81	51.13	4,142
Industrial (1,000 sqft)	16,555	0.02172	360
Commercial (1,000 sqft)	158,060	0.09123	14,420
Office & Other (1,000 sqft)	315,940	0.04266	<u>13,748</u>
<b>Total 2020 VMT</b>			<b>57,995</b>

## 10.5. Audit Results

Through our audit of the Roads & Intersections SDFs we identified some differences between what was projected in the 2019 Report and actual occurrences, such as differences in the projected and actual developments and projected and actual expenditures on capital projects. These differences are the results of projections being made based on the available data at the time. Our review of the current development environment is consistent with the regulations set forth in ARS§ 9-463.05. The LUA, IIP and LOS should continue to be monitored over the 10-year study period on which the 2019 Report was based.

Based on Willdan’s review of the Water SDF, we are of the opinion that:

- c) Gilbert’s Biennial SDFs for Roads & Intersections period FY 2020 complies with the ARS§ 9-463.05;
- d) With respect to ARS§ 9-463.05 compliance:
  - i. Willdan’s review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates development over the 10-year study period will not significantly vary from projections.



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## Section 11 - Permit Sampling

### 11.1. Sampling Results

As part of the audit process Willdan took a random sample (60 permits) of residential and non-residential permits that were issued between FY 2019 and FY 2020. The purpose of the sampling was to identify any instances where the fee that was assessed to the development varied from the fee that should have been assessed based on number of dwelling units, square footage of development or meter size. We did not find any discrepancies and did not identify any developments that were assessed incorrect SDFs. The full sample data is shown in Appendices K-1 through K-16.

## Section 12 - Conclusions

### 12.1. Land Use Assumptions

Willdan conducted an audit of Gilbert's actual development projections for FY 2019 and FY 2020 and compared the actual new development with the development projections in the 2014, 2017 and 2019 Reports. While there were variances between what had been originally projected and what actually occurred, the original projections were based on the best available data at the time of the study. We believe that the actual developments for FY 2019 and FY 2020 are still consistent with the overall development projections for the 10-year study periods.

### 12.2. Infrastructure Improvement Plan

We reviewed the projects that were anticipated to be completed in FY 2019 and FY 2020 sections of the study period (per the 2014, 2017 and 2019 Reports). As was the case with the LUA, the IIP was developed based on the best available information at the time of the analysis, and the actual expenditures differed from what was projected. However, the differences that did occur were related to the timing of projects that were originally anticipated rather than the addition of new projects. We therefore conclude that the expenditures were consistent with the overall capital needs objectives identified in the IIP.

### 12.3. Level of Service

The level of service for a given fee area is in flux over time and will change as new projects are incorporated into Gilbert's existing facilities and networks or as development within Gilbert changes. There are cases where it is not possible to exactly match the existing level of service with the required level of service based on new development. For example, the new development over FY 2017 and FY 2020 required the addition of 6.5 new growth-related arterial and collector roads, while the Town did not actually construct any new growth-related roads. However, the Town intends to meet the level of service goals by the end of the 10-year study period.

### 12.4. Final Conclusion

Based on Willdan's scope of services performed as part of this Audit as documented in this Report, the results of this Audit follow.

- a) Gilbert's Biennial System Development Fees for the periods FY 2019 and FY 2020 comply with the ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan's review of the progress of the LUA, identified minor differences between projected and actual development, but anticipates the development over the 10-year study period will not significantly vary from projections;
- ii. Willdan's review of the progress of the IIP identified projects that were either accelerated from the projected schedule or delayed based on the projected schedule, but all projects for which funds were expended were included in the adopted IIP;
- iii. Willdan's review of collections and expenditures of the system development fees for each project in the plan, indicate that all expenditures made with SDF funds were on projects or debt expenses as identified in the 2014, 2017 and 2019 Reports; and
- iv. Willdan's evaluation of any inequities in implementing the plan or imposing the system development fees indicates that the fees were assessed in an appropriate manner based upon the size and type of the development.

# APPENDIX A

ARS§ 9-463.05

9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitation on actions; definitions

A. 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.

B. Development fees assessed by a municipality under this section are subject to the following requirements:

1. Development fees shall result in a beneficial use to the development.
2. The municipality shall calculate the development fee based on the infrastructure improvements plan adopted pursuant to this section.
3. The development fee shall not exceed a proportionate share of the cost of necessary public services, based on service units, needed to provide necessary public services to the development.
4. Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area.
5. Development fees may not be used for any of the following:
  - (a) Construction, acquisition or expansion of public facilities or assets other than necessary public services or facility expansions identified in the infrastructure improvements plan.
  - (b) Repair, operation or maintenance of existing or new necessary public services or facility expansions.
  - (c) Upgrading, updating, expanding, correcting or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.
  - (d) Upgrading, updating, expanding, correcting or replacing existing necessary public services to provide a higher level of service to existing development.
  - (e) Administrative, maintenance or operating costs of the municipality.
6. Any development for which a development fee has been paid is entitled to the use and benefit of the services for which the fee was imposed and is entitled to receive immediate service from any existing facility with available capacity to serve the new service units if the available capacity has not been reserved or pledged in connection with the construction or financing of the facility.
7. Development fees may be collected if any of the following occurs:
  - (a) The collection is made to pay for a necessary public service or facility expansion that is identified in the infrastructure improvements plan and the municipality plans to complete construction and to have the service available within the time period established in the infrastructure improvement plan, but in no event longer than the time period provided in subsection H, paragraph 3 of this section.
  - (b) The municipality reserves in the infrastructure improvements plan adopted pursuant to this section or otherwise agrees to reserve capacity to serve future development.
  - (c) The municipality requires or agrees to allow the owner of a development to

construct or finance the necessary public service or facility expansion and any of the following apply:

(i) The costs incurred or money advanced are credited against or reimbursed from the development fees otherwise due from a development.

(ii) The municipality reimburses the owner for those costs from the development fees paid from all developments that will use those necessary public services or facility expansions.

(iii) For those costs incurred the municipality allows the owner to assign the credits or reimbursement rights from the development fees otherwise due from a development to other developments for the same category of necessary public services in the same service area.

8. Projected interest charges and other finance costs may be included in determining the amount of development fees only if the monies are used for the payment of principal and interest on the portion of the bonds, notes or other obligations issued to finance construction of necessary public services or facility expansions identified in the infrastructure improvements plan.

9. Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.

10. The schedule for payment of fees shall be provided by the municipality. Based on the cost identified in the infrastructure improvements plan, the municipality shall provide a credit toward the payment of a development fee for the required or agreed to dedication of public sites, improvements and other necessary public services or facility expansions included in the infrastructure improvements plan and for which a development fee is assessed, to the extent the public sites, improvements and necessary public services or facility expansions are provided by the developer. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued, or at a later time if specified in a development agreement pursuant to section 9-500.05. If a development agreement provides for fees to be paid at a time later than the issuance of construction permits, the deferred fees shall be paid no later than fifteen days after the issuance of a certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.

11. If a municipality requires as a condition of development approval the construction or improvement of, contributions to or dedication of any facilities that were not included in a previously adopted infrastructure improvements plan, the municipality shall cause the infrastructure improvements plan to be amended to include the facilities and shall provide a credit toward the payment of a development fee for the construction, improvement, contribution or dedication of the facilities to the extent that the facilities will substitute for or otherwise reduce

the need for other similar facilities in the infrastructure improvements plan for which development fees were assessed.

12. The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.

13. If development fees are assessed by a municipality, the fees shall be assessed against commercial, residential and industrial development, except that the municipality may distinguish between different categories of residential, commercial and industrial development in assessing the costs to the municipality of providing necessary public services to new development and in determining the amount of the development fee applicable to the category of development. If a municipality agrees to waive any of the development fees assessed on a development, the municipality shall reimburse the appropriate development fee accounts for the amount that was waived. The municipality shall provide notice of any such waiver to the advisory committee established pursuant to subsection G of this section within thirty days.

14. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the municipality shall take into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

C. A municipality shall give at least thirty days' advance notice of intention to assess a development fee and shall release to the public and post on its website or the website of an association of cities and towns if a municipality does not have a website a written report of the land use assumptions and infrastructure improvements plan adopted pursuant to subsection D of this section. The municipality shall conduct a public hearing on the proposed development fee at any time after the expiration of the thirty day notice of intention to assess a development fee and at least thirty days before the scheduled date of adoption of the fee by the governing body. Within sixty days after the date of the public hearing on the proposed development fee, a municipality shall approve or disapprove the imposition of the development fee. A municipality shall not adopt an ordinance, order or resolution approving a development fee as an emergency measure. A development fee assessed pursuant to this section shall not be effective until seventy-five days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted before July 24, 1982.

D. Before the adoption or amendment of a development fee, the governing body of the municipality shall adopt or update the land use assumptions and infrastructure improvements plan for the designated service area. The municipality shall conduct a public hearing on the land use assumptions and infrastructure improvements plan at least thirty days before the adoption or update of the plan. The municipality shall release the plan to the public, post the plan on its website or the website of an association of cities and towns if the municipality does not have a website, including in the posting its land use assumptions, the time period of the projections, a description of the necessary public services included in the infrastructure improvements plan and a map of the service area to which the land use assumptions apply, make available to the public the documents used to prepare the assumptions and plan and provide public notice at least sixty days before the public hearing, subject to the following:

1. The land use assumptions and infrastructure improvements plan shall be approved or disapproved within sixty days after the public hearing on the land use assumptions and infrastructure improvements plan and at least thirty days before the public hearing on the report required by subsection C of this section. A municipality shall not adopt an ordinance, order or resolution approving the land use assumptions or infrastructure improvements plan as an emergency measure.
2. An infrastructure improvements plan shall be developed by qualified professionals using generally accepted engineering and planning practices pursuant to subsection E of this section.
3. A municipality shall update the land use assumptions and infrastructure improvements plan at least every five years. The initial five year period begins on the day the infrastructure improvements plan is adopted. The municipality shall review and evaluate its current land use assumptions and shall cause an update of the infrastructure improvements plan to be prepared pursuant to this section.
4. Within sixty days after completion of the updated land use assumptions and infrastructure improvements plan, the municipality shall schedule and provide notice of a public hearing to discuss and review the update and shall determine whether to amend the assumptions and plan.
5. A municipality shall hold a public hearing to discuss the proposed amendments to the land use assumptions, the infrastructure improvements plan or the development fee. The land use assumptions and the infrastructure improvements plan, including the amount of any proposed changes to the development fee per service unit, shall be made available to the public on or before the date of the first publication of the notice of the hearing on the amendments.
6. The notice and hearing procedures prescribed in paragraph 1 of this subsection apply to a hearing on the amendment of land use assumptions, an infrastructure improvements plan or a development fee. Within sixty days after the date of the public hearing on the amendments, a municipality shall approve or disapprove the amendments to the land use assumptions, infrastructure improvements plan or development fee. A municipality shall not adopt an ordinance, order or resolution approving the amended land use assumptions, infrastructure improvements plan or development fee as an emergency measure.
7. The advisory committee established under subsection G of this section shall file its written comments on any proposed or updated land use assumptions,



infrastructure improvements plan and development fees before the fifth business day before the date of the public hearing on the proposed or updated assumptions, plan and fees.

8. If, at the time an update as prescribed in paragraph 3 of this subsection is required, the municipality determines that no changes to the land use assumptions, infrastructure improvements plan or development fees are needed, the municipality may as an alternative to the updating requirements of this subsection publish notice of its determination on its website and include the following:

(a) A statement that the municipality has determined that no change to the land use assumptions, infrastructure improvements plan or development fee is necessary.

(b) A description and map of the service area in which an update has been determined to be unnecessary.

(c) A statement that by a specified date, which shall be at least sixty days after the date of publication of the first notice, a person may make a written request to the municipality requesting that the land use assumptions, infrastructure improvements plan or development fee be updated.

(d) A statement identifying the person or entity to whom the written request for an update should be sent.

9. If, by the date specified pursuant to paragraph 8 of this subsection, a person requests in writing that the land use assumptions, infrastructure improvements plan or development fee be updated, the municipality shall cause, accept or reject an update of the assumptions and plan to be prepared pursuant to this subsection.

10. Notwithstanding the notice and hearing requirements for adoption of an infrastructure improvements plan, a municipality may amend an infrastructure improvements plan adopted pursuant to this section without a public hearing if the amendment addresses only elements of necessary public services in the existing infrastructure improvements plan and the changes to the plan will not, individually or cumulatively with other amendments adopted pursuant to this subsection, increase the level of service in the service area or cause a development fee increase of greater than five per cent when a new or modified development fee is assessed pursuant to this section. The municipality shall provide notice of any such amendment at least thirty days before adoption, shall post the amendment on its website or on the website of an association of cities and towns if the municipality does not have a website and shall provide notice to the advisory committee established pursuant to subsection G of this section that the amendment complies with this subsection.

E. For each necessary public service that is the subject of a development fee, the infrastructure improvements plan shall include:

1. A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.

2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.

3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.

4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.

5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.

6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.

7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.

F. A municipality's development fee ordinance shall provide that 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. If the number of service units increases, the new or increased portion of a modified development fee shall be limited to the amount attributable to the additional service units. The twenty-four month period shall not be extended by a renewal or amendment of the site plan or the final subdivision plat that was the subject of the final approval. The municipality shall issue, on request, a written statement of the development fee schedule applicable to the development. If, after the date of the municipality's final approval of a development, the municipality reduces the development fee assessed on development, the reduced fee shall apply to the development.

G. A municipality shall do one of the following:

1. Before the adoption of proposed or updated land use assumptions, infrastructure improvements plan and development fees as prescribed in subsection D of this section, the municipality shall appoint an infrastructure improvements advisory committee, subject to the following requirements:

(a) The advisory committee shall be composed of at least five members who are appointed by the governing body of the municipality. At least fifty per cent of the members of the advisory committee must be representatives of the real estate,

development or building industries, of which at least one member of the committee must be from the home building industry. Members shall not be employees or officials of the municipality.

(b) The advisory committee shall serve in an advisory capacity and shall:

(i) Advise the municipality in adopting land use assumptions and in determining whether the assumptions are in conformance with the general plan of the municipality.

(ii) Review the infrastructure improvements plan and file written comments.

(iii) Monitor and evaluate implementation of the infrastructure improvements plan.

(iv) Every year file reports with respect to the progress of the infrastructure improvements plan and the collection and expenditures of development fees and report to the municipality any perceived inequities in implementing the plan or imposing the development fee.

(v) Advise the municipality of the need to update or revise the land use assumptions, infrastructure improvements plan and development fee.

(c) The municipality shall make available to the advisory committee any professional reports with respect to developing and implementing the infrastructure improvements plan.

(d) The municipality shall adopt procedural rules for the advisory committee to follow in carrying out the committee's duties.

2. In lieu of creating an advisory committee pursuant to paragraph 1 of this subsection, provide for a biennial certified audit of the municipality's land use assumptions, infrastructure improvements plan and development fees. An audit pursuant to this paragraph shall be conducted by one or more qualified professionals who are not employees or officials of the municipality and who did not prepare the infrastructure improvements plan. The audit shall review the progress of the infrastructure improvements plan, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fee. The municipality shall post the findings of the audit on the municipality's website or the website of an association of cities and towns if the municipality does not have a website and shall conduct a public hearing on the audit within sixty days of the release of the audit to the public.

H. On written request, an owner of real property for which a development fee has been paid after July 31, 2014 is entitled to a refund of a development fee or any part of a development fee if:

1. Pursuant to subsection B, paragraph 6 of this section, existing facilities are available and service is not provided.

2. The municipality has, after collecting the fee to construct a facility when service is not available, failed to complete construction within the time period identified in the infrastructure improvements plan, but in no event later than the time period specified in paragraph 3 of this subsection.

3. For a development fee other than a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within ten years after the fee has been paid or, for a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within fifteen years after the fee has been paid.

I. If the development fee was collected for the construction of all or a portion of a specific item of infrastructure, and on completion of the infrastructure the municipality determines that the actual cost of construction was less than the forecasted cost of construction on which the development fee was based and the difference between the actual and estimated cost is greater than ten per cent, the current owner may receive a refund of the portion of the development fee equal to the difference between the development fee paid and the development fee that would have been due if the development fee had been calculated at the actual construction cost.

J. A refund shall include any interest earned by the municipality from the date of collection to the date of refund on the amount of the refunded fee. All refunds shall be made to the record owner of the property at the time the refund is paid. If the development fee is paid by a governmental entity, the refund shall be paid to the governmental entity.

K. A development fee that was adopted before January 1, 2012 may continue to be assessed only to the extent that it will be used to provide a necessary public service for which development fees can be assessed pursuant to this section and shall be replaced by a development fee imposed under this section on or before August 1, 2014. Any municipality having a development fee that has not been replaced under this section on or before August 1, 2014 shall not collect development fees until the development fee has been replaced with a fee that complies with this section. Any development fee monies collected before January 1, 2012 remaining in a development fee account:

1. Shall be used towards the same category of necessary public services as authorized by this section.
2. If development fees were collected for a purpose not authorized by this section, shall be used for the purpose for which they were collected on or before January 1, 2020, and after which, if not spent, shall be distributed equally among the categories of necessary public services authorized by this section.

L. A moratorium shall not be placed on development for the sole purpose of awaiting completion of all or any part of the process necessary to develop, adopt or update development fees.

M. In any judicial action interpreting this section, all powers conferred on municipal governments in this section shall be narrowly construed to ensure that development fees are not used to impose on new residents a burden all taxpayers of a municipality should bear equally.

N. Each municipality that assesses development fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:

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, including the amount

needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid.

(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, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality.

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.

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.

O. Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

P. A municipality that fails to file the report and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website as required by this section shall not collect development fees until the report is filed and posted.

Q. Any action to collect a development fee shall be commenced within two years after the obligation to pay the fee accrues.

R. A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.

2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

S. Through August 1, 2014, a development fee adopted before January 1, 2012 may be used to finance construction of a facility and may be pledged to repay debt service obligations if:

1. The facility that is being financed is a facility that is described under subsection T, paragraph 7, subdivisions (a) through (g) of this section.

2. The facility was included in an infrastructure improvements plan adopted before June 1, 2011.

3. The development fees are used for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued to finance construction of the necessary public services or facility expansions identified in the infrastructure improvement plan.

T. For the purposes of this section:

1. "Dedication" means the actual conveyance date or the date an improvement, facility or real or personal property is placed into service, whichever occurs first.

2. "Development" means:
  - (a) The subdivision of land.
  - (b) The construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure that adds or increases the number of service units.
  - (c) Any use or extension of the use of land that increases the number of service units.
3. "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise new necessary public service in order that the existing facility may serve new development. Facility expansion does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development.
4. "Final approval" means:
  - (a) For a nonresidential or multifamily development, the approval of a site plan or, if no site plan is submitted for the development, the approval of a final subdivision plat.
  - (b) For a single family residential development, the approval of a final subdivision plat.
5. "Infrastructure improvements plan" means a written plan that identifies each necessary public service or facility expansion that is proposed to be the subject of a development fee and otherwise complies with the requirements of this section, and may be the municipality's capital improvements plan.
6. "Land use assumptions" means projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the general plan of the municipality.
7. "Necessary public service" means any of the following facilities that have a life expectancy of three or more years and that are owned and operated by or on behalf of the municipality:
  - (a) Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.
  - (b) Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.
  - (c) Storm water, drainage and flood control facilities, including any appurtenances for those facilities.
  - (d) Library facilities of up to ten thousand square feet that provide a direct benefit to development, not including equipment, vehicles or appurtenances.
  - (e) 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.
  - (f) 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.
  - (g) 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.

(h) Any facility that was financed and that meets all of the requirements prescribed in subsection R of this section.

8. "Qualified professional" means a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience.

9. "Service area" means any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan.

10. "Service unit" means a standardized measure of consumption, use, generation or discharge attributable to an individual unit of development calculated pursuant to generally accepted engineering or planning standards for a particular category of necessary public services or facility expansions.

# APPENDIX B

## Parks and Recreation Analysis



<b>Parks and Recreation</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$9,632,004	\$10,166,924	\$19,798,928
System Development Fees Prior to 2012 SDF	0		0
Sale of Fixed Asset	0	1,618,775	1,618,775
Sale of Fixed Asset - Prior to 2012 SDF	0	19,129,637	19,129,637
Interest Income	413,874	563,205	977,079
Interest Income - Prior to 2012 SDF	142,003	14,462	156,465
<b>Total Revenues</b>	<b>10,187,881</b>	<b>31,493,003</b>	<b>41,680,884</b>
<b>Expenditures</b>			
Capital Outlay	3,403,982	18,915,137	22,319,119
Capital Outlay - Prior to 2012 SDF	14,958,723	11,647,408	26,606,131
Internal Borrowings - Repayment	0	0	0
Internal Borrowings - Repayment (Prior to 2012 SDF)	4,005	0	4,005
Debt Service	4,871,739	4,857,447	9,729,186
<b>Total Expenditures</b>	<b>23,238,449</b>	<b>35,419,992</b>	<b>58,658,441</b>

<b>Parks and Recreation</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential <sup>(1)</sup>	1,466	1,141	2,607
Industrial <sup>(2)</sup>	576	599	1,175
Commercial <sup>(2)</sup>	201	383	584
Office and Other <sup>(2)</sup>	1,290	892	2,181

(1) Dwelling units

(2) 1,000 Square feet

**Expenditure Detail**

Trails <sup>(3)</sup>		86,659	86,659
Community Centers <sup>(3)</sup>			0
Parks <sup>(4)</sup>	3,357,605	18,828,478	22,186,083
IIP and Fee Study <sup>(3)</sup>	39,162		39,162
Biennial System Development Fee Audit	7,215		7,215
<b>Total</b>	<b>3,403,982</b>	<b>18,915,137</b>	<b>22,319,119</b>

**Expenditure Detail - Prior to 2012 SDF**

Gilbert Regional Park	5,163,093	10,863,871	16,026,964
Rittenhouse Regional Park	9,795,630	783,537	10,579,167
<b>Total</b>	<b>14,958,723</b>	<b>11,647,408</b>	<b>26,606,131</b>

(3) Represents IIP identified costs for the entire study period not just one year, allocation based on cost per development unit x projected development

(4) FY 2018-19 IIP estimate was based on a cost per person and per job rather than specific projects by year

# APPENDIX C

## General Government Analysis

General Government			
	FY 2018-19	FY 2019-20	Total
<b>Revenues</b>			
System Development Fees	\$3,036,275	\$2,762,422	\$5,798,697
Interest Income	0	0	0
<b>Total Revenues</b>	<b>3,036,275</b>	<b>2,762,422</b>	<b>5,798,697</b>
<b>Expenditures</b>			
Capital Outlay	4,647	0	4,647
Internal Borrowings - Repayment	137,282	118,544	255,826
Debt Service	2,045,186	2,032,219	4,077,405
<b>Total Expenditures</b>	<b>2,187,115</b>	<b>2,150,763</b>	<b>4,337,878</b>

General Government			
Development	FY 2018-19	FY 2019-20	Total
Residential <sup>(1)</sup>	1,466	1,149	2,615
Industrial <sup>(2)</sup>	576	599	1,175
Commercial <sup>(2)</sup>	201	383	584
Office and Other <sup>(2)</sup>	1,189	892	2,080
(1) Dwelling units			
(2) Square feet			
<b>Expenditure Detail</b>			
Biennial System Development Fee Audit	611		611
System Development Fee Study	4,036		4,036
			0
<b>Total</b>	<b>4,647</b>	<b>0</b>	<b>4,647</b>

(3) Per the State Statute the IIP identified the proportion of outstanding debt based on anticipated growth rather than new capital projects

# APPENDIX D

## Traffic Signals Analysis

Traffic Signals			
	FY 2018-19	FY 2019-20	Total
<b>Revenues</b>			
System Development Fees	\$2,239,233	\$2,039,880	\$4,279,113
Refunds and Reimbursements	20,488	0	20,488
Interest Income	192,047	322,117	514,164
<b>Total Revenues</b>	<b>2,451,768</b>	<b>2,361,997</b>	<b>4,813,765</b>
<b>Expenditures</b>			
Capital Outlay	391,086	1,079,719	1,470,805
Internal Borrowings - Repayment	0	0	0
Debt Service	0	0	0
<b>Total Expenditures</b>	<b>391,086</b>	<b>1,079,719</b>	<b>1,470,805</b>

Traffic Signals			
Development	FY 2018-19	FY 2019-20	Total
Residential <sup>(1)</sup>	1,466	1,149	2,615
Industrial <sup>(2)</sup>	576	599	1,175
Commercial <sup>(2)</sup>	252	476	728
Office and Other <sup>(2)</sup>	1,255	892	2,147

(1) Dwelling units

(2) Square feet

**Expenditure Detail**

Higley and Warner			0
Ray and Recker			0
Advanced Traffic Management System Phase III		134,023	134,023
Advanced Traffic Management System Phase IV			0
Advanced Traffic Management System Phase V			0
Advanced Traffic Management System Phase VI			0
Elliot and Islands Dr			0
Recker and Cooley Loop North			0
Recker and Cooley Loop South			0
Williams Field and Cooley Loop West			0
Williams Field and Cooley Loop East			0
Riggs and Recker			0
Val Vista and Ocotillo		153,983	153,983
Val Vista and Chandler Heights		109,047	109,047
Greenfield and Ocotillo			0
Recker and Warner			0
Recker and Ocotillo			0
Higley and Coldwater			0
Gilbert and Vaughn			0
Val Vista and Frye			0
Minor Intersections <sup>(3)</sup>			0
Adapt. Signal Sys.-Santan Mall Area			0
Chandler Heights/Seville Blvd	2,650		2,650
Higley Rd and Marbella Rd	7,032		7,032
Queen Creek and Recker Road	348,854	3,661	352,515
Pecos and Napa	23,588	453,183	476,771
Val Vista and Appleby		168,092	168,092
American Heros Way and Gilbert Road		57,730	57,730
IIP and Fee Studies <sup>(3)</sup>	8,059		8,059
Biennial System Development Fee Audit	905		905
<b>Total</b>	<b>391,086</b>	<b>1,079,719</b>	<b>1,470,807</b>

(3) Represents IIP identified costs for the entire study period not just one year

# APPENDIX E

## Police Analysis

<b>Police</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$4,613,510	\$1,659,197	\$6,272,707
Interest Income	75,546	105,571	181,117
<b>Total Revenues</b>	<b>4,689,056</b>	<b>1,764,768</b>	<b>6,453,824</b>
<b>Expenditures</b>			
Capital Outlay	998,160	429,555	1,427,715
Internal Borrowings - Repayment	0	0	0
Debt Service	2,468,176	2,460,069	4,928,245
<b>Total Expenditures</b>	<b>3,466,336</b>	<b>2,889,624</b>	<b>6,355,960</b>

<b>Police</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential <sup>(1)</sup>	1,748	2,189	3,937
Industrial <sup>(2)</sup>	576	599	1,175
Commercial <sup>(2)</sup>	201	383	584
Office and Other <sup>(2)</sup>	1,189	892	2,080

(1) Dwelling units

(2) Square feet

<b>Expenditure Detail</b>			
Police Vehicles	989,088	381,347	1,370,435
Police Equipment			0
TOPAZ System		48,208	48,208
IIP and Fee Study	8,072		8,072
Biennial System Development Fee Audit	1,000		1,000
<b>Total</b>	<b>998,160</b>	<b>429,555</b>	<b>1,427,715</b>

(3) Represents IIP identified costs for the entire study period not just one year

# APPENDIX F

## Fire Analysis



<b>Fire</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$2,445,412	\$2,867,984	\$5,313,396
Interest Income	0	0	0
<b>Total Revenues</b>	<b>2,445,412</b>	<b>2,867,984</b>	<b>5,313,396</b>
<b>Expenditures</b>			
Capital Outlay	8,408	15,570	23,978
Internal Borrowings - Repayment	230,242	191,542	421,784
Debt Service	794,238	945,847	1,740,085
<b>Total Expenditures</b>	<b>1,032,888</b>	<b>1,152,959</b>	<b>2,185,847</b>

<b>Fire</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential <sup>(1)</sup>	1,748	2,189	3,937
Industrial <sup>(2)</sup>	576	599	1,175
Commercial <sup>(2)</sup>	201	383	584
Office and Other <sup>(2)</sup>	1,189	892	2,080

(1) Dwelling units

(2) Square feet

**Expenditure Detail**

MF023 Fire Station 9 Apparatus			0
MF216 Adaptive Response Unit (ARU)			0
TOPAZ Costs		15,570	15,570
IIP and Fee Study <sup>(3)</sup>	8,059		8,059
Biennial System Development Fee Audit	349		349
<b>Total</b>	<b>8,408</b>	<b>15,570</b>	<b>23,978</b>

(3) Represents IIP identified costs for FY 2018-19 through FY 2023-24

# APPENDIX G

## Wastewater - Neely Analysis

<b>Wastewater - Neely Service Area</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$457,386	\$79,567	\$536,953
Interest Income	97,835	150,240	248,075
<b>Total Revenues</b>	<b>555,221</b>	<b>229,807</b>	<b>785,028</b>
<b>Expenditures</b>			
Capital Outlay	8,838	84,703	93,541
Internal Borrowings - Repayment	0	0	0
Debt Service	0	0	0
<b>Total Expenditures</b>	<b>8,838</b>	<b>84,703</b>	<b>93,541</b>

<b>Wastewater - Neely Service Area</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential	171	146	317
Nonresidential	61	111	172
<b>Expenditure Detail</b>			
WW089 Recovery Well - Elliott Dist. Park		26,653	26,653
WW0690 Relief Sewers		58,050	58,050
IIP and Fee Study <sup>(1)</sup>	8,059		8,059
Biennial SDF Audit	779		779
<b>Total</b>	<b>8,838</b>	<b>84,703</b>	<b>93,541</b>

(1) FY 2019-20 Represents IIP identified costs for the entire study period not just one year

# APPENDIX H

## Wastewater - Greenfield Analysis

<b>Wastewater - Greenfield Service Area</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$5,200,987	\$3,386,954	\$8,587,941
Interest Income	395,606	529,595	925,201
<b>Total Revenues</b>	<b>5,596,593</b>	<b>3,916,549</b>	<b>9,513,142</b>
<b>Expenditures</b>			
Capital Outlay	4,051,171	502,946	4,554,117
Internal Borrowings - Repayment	0	0	0
Debt Service	3,616,428	3,619,220	7,235,648
<b>Total Expenditures</b>	<b>7,667,599</b>	<b>4,122,166</b>	<b>11,789,765</b>

<b>Wastewater - Greenfield Service Area</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential	948	691	1,639
Nonresidential	650	560	1,210
<b>Expenditure Detail</b>			
Germann and Higley - 18" Reclaimed Water Main	3,618,762	13,846	3,632,608
South Recharge Site - Phase III	236,563	151,627	388,190
Greenfield Reclaimed Water Pump Station Expansion	165,891	289,463	455,354
Recharge Facility & 4 Recharge Wells PH1	17,183	48,010	65,193
IIP and Fee Study	8,059		8,059
Biennial SDF Audit	4,713		4,713
<b>Total</b>	<b>4,051,171</b>	<b>502,946</b>	<b>4,554,117</b>

# APPENDIX I

## Water System and Water Resources Analysis

<b>Water System</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$9,448,604	\$6,669,344	\$16,117,948
Interest Income	211,456	220,084	431,540
<b>Total Revenues</b>	<b>9,660,060</b>	<b>6,889,428</b>	<b>16,549,488</b>
<b>Expenditures</b>			
Capital Outlay	399,769	3,219,025	3,618,794
Internal Borrowings - Repayment	0	0	0
Debt Service	9,808,786	9,812,057	19,620,843
<b>Total Expenditures</b>	<b>10,208,555</b>	<b>13,031,082</b>	<b>23,239,637</b>

<b>Water System</b>			
<b>Connections</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential	2,264	1,715	3,979
Nonresidential	1,643	1,696	3,339
<b>Expenditure Detail</b>			
WA067 Zone 2 to 4 Interconnect	2,245	1,760	4,005
WA0800 Bridges Well (2 MGD)		3,793	3,793
WA1230 New Reservoir and Treatment System	783	31,021	31,804
WA0710 Ray - Recker Direct Well System	382,205	2,956,096	3,338,301
WA0270 Well, 2 MG Reservoir and Pump Station <sup>(1)</sup>		226,355	226,355
IIP and Fee Study <sup>(2)</sup>	8,059		8,059
Biennial SDF Audit	6,477		6,477
<b>Total</b>	<b>399,769</b>	<b>3,219,025</b>	<b>3,618,794</b>

(1) The IIP anticipated this project to occur in FY 2024

(2) FY 2019-20 Represents IIP identified costs for the entire study period not just one year

<b>Water Resources</b>			
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>			
System Development Fees	\$3,122,428	\$3,948,897	\$7,071,325
Interest Income	48,962	0	48,962
<b>Total Revenues</b>	<b>3,171,390</b>	<b>3,948,897</b>	<b>7,120,287</b>
<b>Expenditures</b>			
Capital Outlay	32,996,761	851,409	33,848,170
Internal Borrowings - Repayment	25,594	567,439	593,033
Debt Service	0	0	0
<b>Total Expenditures</b>	<b>33,022,355</b>	<b>1,418,848</b>	<b>34,441,203</b>

<b>Water Resources</b>			
<b>Development</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential			0
Nonresidential			0
<b>Expenditure Detail</b>			
WA094 Water Rights Phase II (4,530 ac-ft per year)	1,768,613	851,409	2,620,022
WA106 NIA Priority CAP Water Acquisition (1,832 ac-ft per yr)			0
WA0980 San Carlos Apache - 100 Yr Water Rights Lease	31,208,238		31,208,238
IIP and Fee Study	8,059		8,059
Biennial SDF Audit	11,851		11,851
<b>Total</b>	<b>32,996,761</b>	<b>851,409</b>	<b>33,848,170</b>

(1) Represents IIP identified costs for the entire study period not just one year and does not reflect adjustments for SDF Balance



# APPENDIX J

## Roads & Intersections Analysis

<b>Roads &amp; Intersections</b>		
	<b>FY 2019-20</b>	<b>Total</b>
<b>Revenues</b>		
System Development Fees	\$1,469,814	\$1,469,814
Interest Income	16,563	16,563
<b>Total Revenues</b>	<b>1,486,377</b>	<b>1,486,377</b>
<b>Expenditures</b>		
Capital Outlay		0
Internal Borrowings - Repayment		0
Debt Service		0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>

<b>Roads &amp; Intersections</b>			
	<b>Development</b>	<b>FY 2019-20</b>	<b>Total</b>
Residential <sup>(1)</sup>		465	465
Industrial <sup>(2)</sup>		17	17
Commercial <sup>(2)</sup>		158	158
Office and Other <sup>(2)</sup>		316	316

(1) Dwelling units

(2) Square feet

**Expenditure Detail**

Ocotillo Road - Greenfield to Higley	0
Higley Road - Riggs to Hunt Highway	0
Ocotillo Rd - 148th Street to Greenfield	0
Elliot and Gilbert Intersection	0
Elliot and Higley Intersection	0
Elliot and MacQueen Intersection	0
Guadalupe and Lindsay Intersection	0
Guadalupe and MacQueen Intersection	0
Pecos and Power Intersection	0
IIP and Fee Studies	0

(3) Represents IIP identified costs for the entire study period not just one year

# APPENDIX K

## Permit Sampling Results

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
<b>FY 2018-19</b>	1	RESD-2019-00839	Single Family	General Government	6/13/2019	\$1,155.00	\$1,155.00	\$0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
<b>FY 2019-20</b>	1	RESD-2019-01308	Single Family	General Government	11/11/2019	\$1,002.00	\$1,002.00	\$0.00	
	2	RESD-2019-01058	Single Family	General Government	8/26/2019	1,002.00	1,002.00	0.00	
	3	RESD-2020-00464	Single Family	General Government	5/13/2020	1,002.00	1,002.00	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	MULFM-2019-00367	Multifamily	Greenfield - 3/4 inch	7/29/2019	\$2,586	\$2,586	\$0.00	
	2	RES-2019-01447	Single Family	Greenfield - 3/4 inch	12/30/2019	2,586	2,586	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	MULFM-2019-00553	Multifamily	Parks & Recreation	12/30/2019	\$4,081	\$4,081	\$0.00	1 Unit
	2	MULFM-2020-00106	Multifamily	Parks & Recreation	3/10/2020	4,081	4,081	0.00	1 Unit
	3	RES-2020-00136	Single Family	Parks & Recreation	2/11/2020	4,081	4,081	0.00	
	4	RES-2020-00416	Single Family	Parks & Recreation	4/23/2020	4,081	4,081	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	RES-2020-00488	Single Family	Parks & Recreation	5/26/2020	\$5,167	\$5,167	\$0.00	
	2	RES-2020-00343	Single Family	Parks & Recreation	4/6/2020	5,167	5,167	0.00	
	3	RES-2020-00154	Single Family	Parks & Recreation	2/13/2020	5,167	5,167	0.00	
	4	RES-2020-00114	Single Family	Parks & Recreation	2/4/2020	5,167	5,167	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	MULFM-2020-00122	Multifamily	Public Safety - Fire	3/10/2020	\$749	\$749	\$0.00	1 Unit

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	RES-2020-00281	Single Family	Public Safety-Fire	3/17/2020	\$935	\$935	\$0.00	
	2	RES-2020-00034	Single Family	Public Safety-Fire	1/6/2020	935	935	0.00	
	3	RES-2020-00041	Single Family	Public Safety-Fire	1/6/2020	935	935	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
<b>FY 2019-20</b>	1	RESD-2019-00905	Single Family	Public Safety - Police	7/1/2019	\$435	\$435	\$0.00	
	2	RESD-2019-01284	Single Family	Public Safety - Police	10/30/2019	435	435	0.00	
	3	RESD-2020-00282	Single Family	Public Safety - Police	3/17/2020	435	435	0.00	
	4	RESD-2020-00428	Single Family	Public Safety - Police	4/29/2020	435	435	0.00	
	5	RESD-2019-00932	Single Family	Public Safety - Police	7/11/2019	435	435	0.00	
	6	RESD-2020-00217	Single Family	Public Safety - Police	3/3/2020	435	435	0.00	
	7	RESD-20109-01286	Single Family	Public Safety - Police	10/30/2019	435	435	0.00	



Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	RESD-2020-00041	Single Family	Roads & Intersections	1/6/2020	\$1,716	\$1,716	\$0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	MULFM-2020-00135	Multifamily	Traffic Signals	3/18/2020	\$296	\$296	\$0.00	1 Unit
	2	RES D-2020-00449	Single Family	Traffic Signals	5/6/2020	450	450	0.00	
	3	RES D-2019-01266	Single Family	Traffic Signals	10/23/2019	450	450	0.00	
	4	RES D-2019-01145	Single Family	Traffic Signals	9/17/2019	450	450	0.00	
	5	RES D-2019-01021	Single Family	Traffic Signals	8/13/2019	450	450	0.00	
	6	RES D-2019-01039	Single Family	Traffic Signals	8/21/2019	450	450	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	MULFM-2019-00303	Multifamily	Traffic Signals	7/8/2019	\$431	\$431	\$0.00	1 Unit
	2	RES D-2020-00272	Single Family	Traffic Signals	3/16/2020	556	556	0.00	

**Residential**

	<b>Sample No.</b>	<b>Receipt</b>	<b>Development Type</b>	<b>Fee Category</b>	<b>App Date</b>	<b>Assessed Fee</b>	<b>Fee in Effect</b>	<b>Difference</b>	<b>Notes</b>
<b>FY 2019-20</b>	1	RESD-2020-00233	Single Family	Water System - 3/4 inch	3/9/2020	\$3,609	\$3,609	\$0.00	
	2	RESD-2020-00425	Single Family	Water System - 3/4 inch	4/29/2020	3,609	3,609	0.00	
	3	MULFM-2019-00546	Multifamily	Water System - 3/4 inch	12/24/2019	3,609	3,609	0.00	
	4	RESD-2020-00596	Single Family	Water System - 3/4 inch	6/16/2020	3,609	3,609	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	MULFM-2019-00516	Multifamily	Water Resource - 3/4 inch	11/11/2019	\$1,565	\$1,565	\$0.00	
	2	RES-2019-01064	Single Family	Water Resource - 3/4 inch	8/26/2019	1,565	1,565	0.00	
	3	RES-2019-01225	Single Family	Water Resource - 3/4 inch	10/9/2019	1,565	1,565	0.00	
	4	RES-2020-00100	Single Family	Water Resource - 3/4 inch	1/27/2020	1,565	1,565	0.00	

Non-Residential											
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	SDF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	COMM-2019-00114	Commercial	General Government	3/20/2019	8,045	\$0.300	\$2,414	\$2,414	\$0.00	
	2	COMM-2019-00301	Office & Other	General Government	7/1/2019	8,738	0.400	3,495	3,495	0.00	

**Non-Residential**

	<b>Sample No.</b>	<b>Receipt</b>	<b>Development Type</b>	<b>Fee Category</b>	<b>App Date</b>	<b>Square Feet</b>	<b>Assessed Fee</b>	<b>Fee in Effect</b>	<b>Difference</b>	<b>Notes</b>
<b>FY 2019-20</b>	1	CMISC-2020-00301	Commercial	Greenfield - 1 inch	2/19/2020	n/a	\$4,318	\$4,318	\$0.00	

Non-Residential											
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	SDF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	COMM-2019-00408	Commercial	Parks & Recreation	9/3/2019	2,186	\$0.500	\$1,093	\$1,093	\$0.00	

Non-Residential											
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	SDF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	COMM-2019-00293	Commercial	Public Safety	6/25/2019	200	\$1.010	\$202	\$202	\$0.00	



**Non-Residential**

	<b>Sample No.</b>	<b>Receipt</b>	<b>Development Type</b>	<b>Fee Category</b>	<b>App Date</b>	<b>Square Feet</b>	<b>SDF/sqft</b>	<b>Assessed Fee</b>	<b>Fee in Effect</b>	<b>Difference</b>	<b>Notes</b>
<b>FY 2018-19</b>	1	COMM-2019-00365	Commercial	Traffic Signals	7/31/2019	390	\$1.080	\$421	\$421	\$0.00	

**Non-Residential**

	<b>Sample No.</b>	<b>Receipt</b>	<b>Development Type</b>	<b>Fee Category</b>	<b>App Date</b>	<b>Square Feet</b>	<b>SDF/sqft</b>	<b>Assessed Fee</b>	<b>Fee in Effect</b>	<b>Difference</b>	<b>Notes</b>
<b>FY 2019-20</b>	1	COMM-2019-00499	Commercial	Traffic Signals	10/28/2019	48	\$1.165	\$56	\$56	\$0.00	
	2	COMM-2019-00244	Industrial	Traffic Signals	5/28/2019	153,289	0.231	35,410	35,410	0.00	

**Non-Residential**

	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1								\$0.00	
	2								0.00	

**Non-Residential**

	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	COMM-2019-00301	Commercial	Water System - 1 inch	7/1/2019	n/a	\$6,027	\$6,027	\$0.00	
	2	COMM-2019-00540	Landscape	Water System - 1.5 inch	11/18/2019	n/a	12,019	12,019	0.00	
	3	CMISC-2019-00344	Commercial	Water System - 3/4 inch	11/18/2019	n/a	3,609	3,609	0.00	

Non-Residential										
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	Assessed Fee	Fee in Effect	Difference	Notes
FY 2018-19	1	COMM-2019-00191	Commercial	Water Resource - 1 inch	4/18/2019	n/a	\$2,613	\$2,613	\$0.00	

Non-Residential										
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	Assessed Fee	Fee in Effect	Difference	Notes
FY 2019-20	1	CMISC-2019-00222	Commercial	Water Resource - 1 inch	11/18/2019	n/a	\$5,197	\$5,197	\$0.00	



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