

City of Phoenix, AZ

FY 2021 & FY 2022 Development Impact Fee Audit



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Section 1 - Introduction

1.1. Background

Willdan Financial Services (Willdan) was retained by the City of Phoenix, Arizona (City) to conduct a Development Impact Fee (DIF) Audit (Audit) as required under Arizona Revised Statutes (ARS) 9-463.05(G)(2).¹ This report details the results of the audit for the period fiscal year (FY) 2021 and FY 2022. The City's FY is the 12-month period from July 1 through the following June 30.

This Audit compares the development projections through the land use assumptions (LUA); capital needs as identified in the adopted Infrastructure Improvements Plan (IIP); and level of service (LOS) plan. The adopted plan was the City of Phoenix Infrastructure Financing Plan: 2020 Update with fees effective April 13, 2020 (Plan). The projection of development, revenues and expenditures were compared to those actually experienced by the City in FYs 2021 and 2022.

1.2. Organization of the Audit Report

This audit report is organized as follows:

- Section 1 - Introduction
- Section 2 – Fire Review
- Section 3 – Police Review
- Section 4 – Parks Review
- Section 5 – Libraries Review
- Section 6 – Major Arterials Review
- Section 7 – Storm Drainage Review
- Section 8 – Water System Review
- Section 9 – Water Resources Review
- Section 10 – Wastewater System Review
- Section 11 – Permit Sampling Results
- Section 12 – Conclusions and Recommendations

The appendices to this report are as follows:

¹ For reference, a copy of this statute appears in Appendix A.

- Appendix A - ARS§ 9-463.05
- Appendix B – Fire Analysis
- Appendix C – Police Analysis
- Appendix D – Parks Analysis
- Appendix E – Libraries Analysis
- Appendix F – Major Arterials Analysis
- Appendix G – Storm Drainage Analysis
- Appendix H – Water System Analysis
- Appendix I – Water Resource Analysis
- Appendix J –Wastewater Analysis
- Appendix K – Permit Sampling Results

1.3. Audit Approach

Willdan performed this Audit between September 2022 and January 2023. 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 the City of Phoenix nor did they prepare the IIP.

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

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.
- d) Reviewed LOS at two points in time: time of the initial plan 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 the City's Biennial Development Impact Fees for the periods FY 2021 and FY 2022;
- 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 development impact fees for each project in the plan; and
 - iv. Evaluating any inequities in implementing the plan or imposing the development impact 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) The City's Biennial Development Impact Fees for the periods FY 2021 and FY 2022 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 differed from 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 development impact fees for each project in the plan, indicate that all expenditures made with development impact fee funds were on projects or debt expenses as identified in the 2020 Plan, as further discussed in sections two through ten; and
 - iv. Willdan's evaluation of any inequities in implementing the plan or imposing the development impact 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 the City and representations made by City 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 the City as identified or publicly available information as cited as well as information obtained by Willdan through emails and meetings with key City 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 - Fire Review

This section of the Audit Report presents Willdan's review of the City's fire development impact fees.

2.1. Fee Development

The fire DIFs were calculated using the incremental (a forward looking) approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for four service areas:

- Northwest
- Northeast
- Southwest
- Ahwatukee

The resulting DIFs per development type are identified in Table 2-1.

Table 2-1
Fire DIFs

Service Area	Single Family (per Unit)	Multifamily (per unit)	Com/Ret (per 1,000 sqft)	Office (per 1,000 sqft)	Ind/WH (per 1,000 sqft)	Pub/Inst (per 1,000 sqft)
Northwest	\$516	\$387	\$418	\$330	\$144	\$299
Northeast	551	413	446	353	154	320
Southwest	487	365	394	312	136	282
Ahwatukee	470	353	381	301	132	273

2.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City's LUA to the actual growth by development type. Tables 2-2 through 2-5 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 2-2
Northwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	25	195	0	0	0	0
Projected 2021 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>164</u>	<u>68</u>	<u>22</u>	<u>88</u>
Difference	(663)	50	(164)	(68)	(22)	(88)
Actual 2022	156	353	5	0	1,062	0
Projected 2022 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>164</u>	<u>68</u>	<u>22</u>	<u>88</u>
Difference	(532)	208	(159)	(68)	1,040	(88)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 2-2, Northwest actual developments in 2021 exceeded the projected level of development for the multifamily use classifications but fell short of projections for all other designations. The actual developments in 2022 saw actual multifamily and industrial/warehouse

development exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 2-3
Northeast Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	364	34	0	0	0	549
Projected 2021 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>98</u>	<u>55</u>	<u>0</u>	<u>153</u>
Difference	(770)	(438)	(98)	(55)	0	396
Actual 2022	339	230	0	0	0	95
Projected 2022 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>98</u>	<u>55</u>	<u>0</u>	<u>153</u>
Difference	(795)	(242)	(98)	(55)	0	(58)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 2-3, Northeast actual developments in 2021 and 2022 fell short of projections for all land use designations except the industrial/warehouse category which did not anticipate any new development and the public institution category (FY 2021).

Table 2-4
Southwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,834	377	72	8	442	16
Projected 2021 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>291</u>	<u>168</u>	<u>367</u>	<u>369</u>
Difference	254	(85)	(219)	(160)	75	(353)
Actual 2022	1,553	912	67	6	1,345	4
Projected 2022 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>291</u>	<u>168</u>	<u>367</u>	<u>369</u>
Difference	(28)	450	(224)	(162)	977	(365)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 2-4, for 2021 Southwest actual developments for the single family, and industrial/warehouse categories exceeded projections while the other land use classifications fell short of projections. In 2022 multifamily and industrial/warehouse development exceeded projections while the single family, commercial/retail, office and public/institution fell short of projections.

Table 2-5
Ahwatukee Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	150	0	10	0	0	6
Projected 2021 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>11</u>	<u>18</u>	<u>0</u>	<u>0</u>
Difference	9	(39)	(2)	(18)	0	6
Actual 2022	18	0	420	0	0	9
Projected 2022 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>11</u>	<u>18</u>	<u>0</u>	<u>0</u>
Difference	(123)	(39)	408	(18)	0	(9)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 2-5, Ahwatukee actual developments for the single family and public/institution categories exceeded projections while multifamily, commercial/retail and office fell short of 2021 projections. In 2022 only commercial/retail development exceeded projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 2-2 through 2-5 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

2.3. Infrastructure Improvement Plan

The Plan identified capital projects to be constructed or acquired over the 10-year study period as opposed to specific years. Capital projects to be completed for the Northwest, Northeast and Southwest zones included:

- Fire stations;
- Fire station land;
- Fire vehicles and equipment; and
- Record management system.

Capital needs for the Ahwatukee zone included:

- Fire station – 19th Ave & Chandler Blvd;
- Fire vehicles and equipment; and
- Record management system.

Northwest Zone

During FY 2021 and FY 2022 the City generated \$893,666 in fire DIF revenues as well as an additional \$6,029 in interest income for total revenues of \$899,695. During the same period the City did not expend any funds on capital projects resulting in revenues exceeding expenditures during the two-year period. Appendix B provides a summary of the revenues and expenditures for the fire DIF funds. The financials are summarized in Table 2-6.

Table 2-6
Northwest Fire DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$88,687	\$2,737	(\$120,939)	\$0
2022	<u>804,979</u>	<u>3,292</u>	<u>0</u>	<u>0</u>
Total	\$893,666	\$6,029	(\$120,939)	\$0

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

Northeast Zone

During FY 2021 and FY 2022 the City generated \$921,872 in fire DIF revenues as well as an additional \$38,616 in interest income for total revenues of \$960,488. During the same period the City did not expend any funds on capital projects resulting in revenues exceeding expenditures during the two-year period. Appendix B provides a summary of the revenues and expenditures for the fire DIF funds. The financials are summarized in Table 2-7.

Table 2-7
Northeast Fire DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$578,614	\$21,934	\$0	\$0
2022	<u>343,258</u>	<u>16,682</u>	<u>0</u>	<u>0</u>
Total	\$921,872	\$38,616	\$0	\$0

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

Southwest Zone

During FY 2021 and FY 2022 the City generated \$3,448,628 in fire DIF revenues as well as an additional \$70,698 in interest income for total revenues of \$3,519,326. During the same period the City expended \$1,850,677 on fire stations resulting in revenues exceeding expenditures during the two-year period. Appendix B provides a summary of the revenues and expenditures for the fire DIF funds. The financials are summarized in Table 2-8.

Table 2-8
Southwest Fire DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$1,536,672	\$39,216	\$754,530	\$0
2022	<u>1,911,956</u>	<u>31,482</u>	<u>1,096,147</u>	<u>0</u>
Total	\$3,448,628	\$70,968	\$1,850,677	\$0

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

Ahwatukee Zone

During FY 2021 and FY 2022 the City generated \$287,397 in fire DIF revenues as well as an additional \$8,157 in interest income for total revenues of \$295,554. During the same period the City did not expend any funds on capital projects resulting in revenues exceeding expenditures during the two-year period. Appendix B provides a summary of the revenues and expenditures for the fire DIF funds. The financials are summarized in Table 2-9.

Table 2-9
Ahwatukee Fire DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$78,111	\$4,499	\$0	\$0
2022	<u>209,286</u>	<u>3,658</u>	<u>0</u>	<u>0</u>
Total	\$287,397	\$8,157	\$0	\$0

It should be noted that in some cases collection of DIF 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. In each of the four zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for fire for all zones is below that in the Plan (the growth-related needs for identified fire facilities were not met). However, the LOS

should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

2.5. Audit Results

Through our audit of the fire DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the fire DIF, we are of the opinion that:

- a) City's Biennial DIFs for fire in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
 - iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 3 - Police

This section of the Audit Report presents Willdan’s review of City’s police DIFs.

3.1. Fee Development

The police DIFs were calculated using the incremental (a forward looking) approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for four service areas:

- Northwest
- Northeast
- Southwest
- Ahwatukee

The resulting DIFs per development type are identified in Table 3-1.

Table 3-1
Police DIFs

Service Area	Single Family (per Unit)	Multifamily (per unit)	Com/Ret (per 1,000 sqft)	Office (per 1,000 sqft)	Ind/WH (per 1,000 sqft)	Pub/Inst (per 1,000 sqft)
Northwest	\$293	\$220	\$237	\$188	\$82	\$170
Northeast	314	236	254	201	88	182
Southwest	285	214	231	182	78	165
Ahwatukee	342	257	277	219	96	198

3.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Tables 3-2 through 3-5 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 3-2
Northwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	25	195	0	0	0	0
Projected 2021 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>164</u>	<u>68</u>	<u>22</u>	<u>88</u>
Difference	(663)	50	(164)	(68)	(22)	(88)
Actual 2022	156	353	5	0	1,062	0
Projected 2022 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>164</u>	<u>68</u>	<u>22</u>	<u>88</u>
Difference	(532)	208	(159)	(68)	1,040	(88)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 3-2, Northwest actual developments in 2021 exceeded the projected level of development for the multifamily land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual multifamily and industrial/warehouse

development exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 3-3
Northeast Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	364	34	0	0	0	549
Projected 2021 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>98</u>	<u>55</u>	<u>0</u>	<u>153</u>
Difference	(770)	(438)	(98)	(55)	0	395
Actual 2022	339	230	0	0	0	95
Projected 2022 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>98</u>	<u>55</u>	<u>0</u>	<u>153</u>
Difference	(795)	(242)	(98)	(55)	0	(59)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 3-3, Northeast actual developments in 2021 fell short of projections for all land use classifications except the industrial/warehouse (no development projected) and public/institutional category, and in 2022 fell short of projections for all other land use designations except the industrial/warehouse category which did not anticipate any new development.

Table 3-4
Southwest Projected versus Actual Development FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,834	377	72	8	442	16
Projected 2021 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>291</u>	<u>168</u>	<u>367</u>	<u>369</u>
Difference	254	(85)	(219)	(160)	75	(353)
Actual 2022	1,553	912	67	6	1,345	4
Projected 2022 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>291</u>	<u>168</u>	<u>367</u>	<u>369</u>
Difference	(28)	450	(224)	(162)	977	(365)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 3-4, for 2021 Southwest actual developments for the single family, and industrial/warehouse categories exceeded projections while the other land use classifications fell short of projections. In 2022 multifamily and industrial/warehouse development exceeded projections while the single family, commercial/retail, office and public/institution fell short of projections.

Table 3-5
Ahwatukee Projected versus Actual Development FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	150	0	10	0	0	6
Projected 2021 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>11</u>	<u>18</u>	<u>0</u>	<u>0</u>
Difference	9	(39)	(2)	(18)	0	6
Actual 2022	18	0	420	0	0	9
Projected 2022 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>11</u>	<u>18</u>	<u>0</u>	<u>0</u>
Difference	(123)	(39)	408	(18)	0	(9)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 3-5, Ahwatukee actual developments for the single family and public/institution categories exceeded projections while multifamily, commercial/retail and office fell short of 2021 projections. In 2022 only commercial/retail development exceeded projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 3-2 through 3-5 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

3.3. Infrastructure Improvement Plan

The Plan identified capital projects to be constructed or acquired over the 10-year study period as opposed to specific years. Capital projects to be completed for all four zones included:

- Police precincts
- Police station land
- Police vehicles and radios
- Record management system

Northwest Zone

During FY 2021 and FY 2022 the City generated \$534,025 in police DIF revenues as well as an additional \$20,271 in interest income for total revenues of \$554,296. During the same period the City expended \$180,197 on record management systems resulting in revenues exceeding expenditures during the two-year period. Appendix C provides a summary of the revenues and expenditures for the police DIF funds. The financials are summarized in Table 3-6.

Table 3-6
Northwest Police DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$65,061	\$12,230	\$0	\$0
2022	<u>468,964</u>	<u>8,041</u>	<u>180,197</u>	<u>0</u>
Total	\$534,025	\$20,271	\$180,197	\$0

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

Northeast Zone

During FY 2021 and FY 2022 the City generated \$531,288 in police DIF revenues as well as an additional \$33,702 in interest income for total revenues of \$564,990. During the same period the City expended \$285,587 on record management systems resulting in revenues exceeding expenditures during the two-year period. Appendix C provides a summary of the revenues and expenditures for the police DIF funds. The financials are summarized in Table 3-7.

Table 3-7
Northeast Police DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$335,383	\$20,110	\$0	\$0
2022	<u>195,905</u>	<u>13,592</u>	<u>285,587</u>	<u>0</u>
Total	\$531,288	\$33,702	\$285,587	\$0

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

Southwest Zone

During FY 2021 and FY 2022 the City generated \$2,018,210 in police DIF revenues as well as an additional \$56,276 in interest income for total revenues of \$2,074,486. During the same period the City expended \$519,285 on record management systems resulting in revenues exceeding expenditures during the two-year period. Appendix C provides a summary of the revenues and expenditures for the police DIF funds. The financials are summarized in Table 3-8.

Table 3-8
Southwest Police DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$899,380	\$30,644	\$0	\$0
2022	<u>1,118,830</u>	<u>25,632</u>	<u>519,285</u>	<u>0</u>
Total	\$2,018,210	\$56,276	\$519,285	\$0

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

Ahwatukee Zone

During FY 2021 and FY 2022 the City generated \$209,211 in police DIF revenues as well as an additional \$3,125 in interest income for total revenues of \$212,336. During the same period the City expended \$45,832 on record management systems resulting in revenues exceeding expenditures during the two-year period. Appendix C provides a summary of the revenues and expenditures for the police DIF funds. The financials are summarized in Table 3-9.

Table 3-9
Ahwatukee Police DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$56,922	\$1,600	\$0	\$0
2022	<u>152,289</u>	<u>1,525</u>	<u>45,832</u>	<u>0</u>
Total	\$209,211	\$3,125	\$45,832	\$0

It should be noted that in some cases collection of DIF 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 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. In each of the four zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for police for all zones is below that in the Plan (the growth-related needs for identified police facilities were not met). However,

the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

3.5. Audit Results

Through our audit of the police DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the police DIF, we are of the opinion that:

- a) City's Biennial DIFs for police in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
 - iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 4 - Parks

This section of the Audit Report presents Willdan’s review of City’s parks DIFs.

4.1. Fee Development

The parks DIFs were calculated using the incremental (a forward looking) approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for four service areas:

- Northwest
- Northeast
- Southwest
- Ahwatukee

The resulting DIFs per development type are identified in Table 4-1.

Table 4-1
Parks DIFs

Service Area	Single Family (per Unit)	Multifamily (per unit)	Com/Ret (per 1,000 sqft)	Office (per 1,000 sqft)	Ind/WH (per 1,000 sqft)	Pub/Inst (per 1,000 sqft)
Northwest	\$1,368	\$1,026	\$68	\$96	\$27	\$68
Northeast	1,236	927	62	87	25	62
Southwest	1,241	931	62	87	25	62
Ahwatukee	1,225	919	61	86	25	61

4.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Tables 4-2 through 4-5 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 4-2
Northwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	25	195	0	0	0	0
Projected 2021 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>10</u>	<u>7</u>	<u>2</u>	<u>8</u>
Difference	(663)	50	(10)	(7)	(2)	(152)
Actual 2022	156	353	0	0	76	0
Projected 2022 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>10</u>	<u>7</u>	<u>2</u>	<u>8</u>
Difference	(532)	208	(10)	(7)	74	(8)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 4-2, Northwest actual developments in 2021 exceeded the projected level of development for the multifamily land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual multifamily and industrial/warehouse

development exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 4-3
Northeast Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	364	34	0	0	0	550
Projected 2021 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>13</u>
Difference	(770)	(438)	(6)	(6)	0	537
Actual 2022	338	230	0	0	0	8
Projected 2022 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>13</u>
Difference	(796)	(242)	(6)	(6)	0	(5)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 4-3, Northeast actual developments in 2021 fell short of projections for all land use classifications except the industrial/warehouse (no development projected) and public/institutional category, and in 2022 fell short of projections for all other land use designations except the industrial/warehouse category which did not anticipate any new development.

Table 4-4
Southwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,834	377	4	1	32	1
Projected 2021 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>18</u>	<u>18</u>	<u>26</u>	<u>32</u>
Difference	254	(85)	(14)	(17)	5	(30)
Actual 2022	1,553	912	4	1	96	0
Projected 2022 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>18</u>	<u>18</u>	<u>26</u>	<u>32</u>
Difference	(28)	450	(14)	(18)	70	(31)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 4-4, for 2021 Southwest actual developments for the single family and industrial/warehouse categories exceeded projections while the other land use classifications fell short of projections. In 2022 multifamily and industrial/warehouse development exceeded projections while the single family, commercial/retail, office and public/institution fell short of projections.

Table 4-5
Ahwatukee Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	150	0	1	0	0	0
Projected 2021 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>
Difference	9	(39)	0	(2)	0	0
Actual 2022	18	0	26	0	0	1
Projected 2022 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>
Difference	(123)	(39)	25	(2)	0	(1)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 4-5, Ahwatukee actual developments for the single family and public/institution categories exceeded projections, commercial/retail met projections while multifamily and office fell short of 2021 projections. In 2022 only commercial/retail development exceeded projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 4-2 through 4-5 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

4.3. Infrastructure Improvement Plan

The Plan identified capital projects to be constructed or acquired over the 10-year study period as opposed to specific years. Capital projects to be completed for the Northwest zone included:

- Park development
- Land acquisition

Capital projects for the remaining three zones assumed “park development” in each zone.

Northwest Zone

During FY 2021 and FY 2022 the City generated \$975,208 in parks DIF revenues as well as an additional \$50,225 in interest income for total revenues of \$1,025,433. During the same period the City did not expend any funds on capital resulting in revenues exceeding expenditures during the two-year period. Appendix D provides a summary of the revenues and expenditures for the parks DIF funds. The financials are summarized in Table 4-6.

**Table 4-6
Northwest Parks DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$224,907	\$32,982	\$0	\$0
2022	<u>750,301</u>	<u>17,243</u>	<u>0</u>	<u>0</u>
Total	\$975,208	\$50,225	\$0	\$0

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

Northeast Zone

During FY 2021 and FY 2022 the City generated \$1,373,871 in parks DIF revenues as well as an additional \$116,235 in interest income for total revenues of \$1,490,106. During the same period the City expended \$526,212 on park development resulting in revenues exceeding expenditures during the two-year period. Appendix D provides a summary of the revenues and expenditures for the parks DIF funds. The financials are summarized in Table 4-7.

**Table 4-7
Northeast Parks DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$694,909	\$68,098	\$0	\$0
2022	<u>678,962</u>	<u>48,137</u>	<u>526,212</u>	<u>0</u>
Total	\$1,373,871	\$116,235	\$526,212	\$0

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

Southwest Zone

During FY 2021 and FY 2022 the City generated \$5,749,105 in parks DIF revenues as well as an additional \$208,664 in interest income for total revenues of \$5,957,769. During the same period the City expended \$768,874 on park development resulting in revenues exceeding expenditures during the two-year period. Appendix D provides a summary of the revenues and expenditures for the parks DIF funds. The financials are summarized in Table 4-8.

**Table 4-8
Southwest Parks DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$3,115,851	\$128,934	\$6,279	\$0
2022	<u>2,633,254</u>	<u>79,730</u>	<u>762,595</u>	<u>0</u>
Total	\$5,749,105	\$208,664	\$768,874	\$0

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

Ahwatukee Zone

During FY 2021 and FY 2022 the City generated \$157,966 in parks DIF revenues as well as an additional \$6,931 in interest income for total revenues of \$164,897. During the same period the City did not expend any funds on capital resulting in revenues exceeding expenditures during the two-year period. Appendix D provides a summary of the revenues and expenditures for the parks DIF funds. The financials are summarized in Table 4-9.

Table 4-9
Ahwatukee Parks DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$110,236	\$3,937	\$0	\$0
2022	<u>47,730</u>	<u>2,994</u>	<u>0</u>	<u>0</u>
Total	\$157,966	\$6,931	\$0	\$0

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

4.4. 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. In each of the four zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for parks for all zones is below that in the Plan (the growth-related needs for identified parks facilities were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

4.5. Audit Results

Through our audit of the parks DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the parks DIF, we are of the opinion that:

- a) City's Biennial DIFs for parks in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
 - iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 5 - Libraries

5.1. Fee Development

The libraries DIFs were calculated using the incremental (a forward looking) approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for four service areas:

- Northwest
- Northeast
- Southwest
- Ahwatukee

The resulting DIFs per development type are identified in Table 5-1.

Table 5-1
Libraries DIFs

Service Area	Single Family (per Unit)	Multifamily (per unit)	Com/Ret (per 1,000 sqft)	Office (per 1,000 sqft)	Ind/WH (per 1,000 sqft)	Pub/Inst (per 1,000 sqft)
Northwest	\$105	\$79	\$5	\$7	\$2	\$5
Northeast	105	79	5	7	2	5
Southwest	105	79	5	7	2	5
Ahwatukee	105	79	5	7	2	5

5.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City's LUA to the actual growth by development type. Tables 5-2 through 5-5 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 5-2
Northwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	25	195	0	0	0	0
Projected 2021 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>10</u>	<u>7</u>	<u>2</u>	<u>8</u>
Difference	(663)	50	(10)	(7)	(2)	(152)
Actual 2022	156	353	0	0	76	0
Projected 2022 ⁽¹⁾	<u>688</u>	<u>145</u>	<u>10</u>	<u>7</u>	<u>2</u>	<u>8</u>
Difference	(532)	208	(10)	(7)	74	(8)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 5-2, Northwest actual developments in 2021 exceeded the projected level of development for the multifamily land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual multifamily and industrial/warehouse

development exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 5-3
Northeast Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	364	34	0	0	0	550
Projected 2021 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>13</u>
Difference	(770)	(438)	(6)	(6)	0	537
Actual 2022	338	230	0	0	0	8
Projected 2022 ⁽¹⁾	<u>1,134</u>	<u>472</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>13</u>
Difference	(796)	(242)	(6)	(6)	0	(5)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 5-3, Northeast actual developments in 2021 fell short of projections for all land use classifications except the industrial/warehouse (no development projected) and public/institutional category, and in 2022 fell short of projections for all other land use designations except the industrial/warehouse category which did not anticipate any new development.

Table 5-4
Southwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,834	377	4	1	32	1
Projected 2021 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>18</u>	<u>18</u>	<u>26</u>	<u>32</u>
Difference	254	(85)	(14)	(17)	5	(30)
Actual 2022	1,553	912	4	1	96	0
Projected 2022 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>18</u>	<u>18</u>	<u>26</u>	<u>32</u>
Difference	(28)	450	(14)	(18)	70	(31)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 5-4, for 2021 Southwest actual developments for the single family and industrial/warehouse categories exceeded projections while the other land use classifications fell short of projections. In 2022 multifamily and industrial/warehouse development exceeded projections while the single family, commercial/retail, office and public/institution fell short of projections.

Table 5-5
Ahwatukee Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	150	0	1	0	0	0
Projected 2021 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>
Difference	9	(39)	0	(2)	0	0
Actual 2022	18	0	26	0	0	1
Projected 2022 ⁽¹⁾	<u>141</u>	<u>39</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>
Difference	(123)	(39)	25	(2)	0	(1)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 5-5, Ahwatukee actual developments for the single family and public/institution categories exceeded projections, commercial/retail met projections while multifamily, and office fell short of 2021 projections. In 2022 only commercial/retail development exceeded projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 5-2 through 5-5 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

5.3. Infrastructure Improvement Plan

The Plan identified “library planned costs” as the only projected capital for each zone.

Northwest Zone

During FY 2021 and FY 2022 the City generated \$59,132 in libraries DIF and related revenues (interest income). During the same period the City did not expend any funds on capital resulting in revenues exceeding expenditures during the two-year period. Appendix E provides a summary of the revenues and expenditures for the libraries DIF funds. The financials are summarized in Table 5-6.

**Table 5-6
Northwest Libraries DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$2,945	\$5,315	\$0	\$0
2022	47,384	3,488	0	0
Total	\$50,329	\$8,803	\$0	\$0

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

Northeast Zone

During FY 2021 and FY 2022 the City generated \$114,996 in libraries DIF revenues as well as an additional \$13,503 in interest income for total revenues of \$128,499. During the same period the City did not expend any funds on capital resulting in revenues exceeding expenditures during the two-year period. Appendix E provides a summary of the revenues and expenditures for the libraries DIF funds. The financials are summarized in Table 5-7.

Table 5-7
Northeast Libraries DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$59,061	\$12,810	\$0	\$3,847,320
2022	<u>55,935</u>	<u>693</u>	<u>0</u>	<u>3,847,320</u>
Total	\$114,996	\$13,503	\$0	\$7,694,640

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

Southwest Zone

During FY 2021 and FY 2022 the City generated \$532,504 in libraries DIF revenues as well as an additional \$51,413 in interest income for total revenues of \$583,917. During the same period the City did not expend any funds on capital but did expend \$7,964,640 on advance repayments and debt service. The result is expenses exceeding revenues during the two-year period. Appendix E provides a summary of the revenues and expenditures for the libraries DIF funds. The financials are summarized in Table 5-8.

Table 5-8
Southwest Libraries DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$270,657	\$37,824	\$0	\$0
2022	<u>261,847</u>	<u>13,589</u>	<u>0</u>	<u>0</u>
Total	\$532,504	\$49,469	\$0	\$0

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

Ahwatukee Zone

During FY 2021 and FY 2022 the City generated \$4,480 in libraries DIF revenues as well as an additional \$4,627 in interest income for total revenues of \$9,107. During the same period the City did not expend any funds on capital resulting in revenues exceeding expenditures during the two-year period. Appendix E provides a summary of the revenues and expenditures for the libraries DIF funds. The financials are summarized in Table 5-9.

Table 5-9
Ahwatukee Libraries DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$1,052	\$2,787	\$0	\$0
2022	<u>3,428</u>	<u>1,840</u>	<u>0</u>	<u>0</u>
Total	\$4,480	\$4,627	\$0	\$0

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

5.4. 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. In each of the four zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for library for all zones is below that in the Plan (the growth-related needs for identified library facilities were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

5.5. Audit Results

Through our audit of the libraries DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan’s review of the libraries DIF, we are of the opinion that:

- a) City’s Biennial DIFs for libraries in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
- iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 6 - Major Arterials

6.1. Fee Development

The major arterials DIFs were calculated using the hybrid approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for two service areas:

- Northern
- Southwest

The resulting DIFs per development type are identified in Table 6-1.

Table 6-1
Major Arterials DIFs

Service Area	Single Family (per Unit)	Multifamily (per unit)	Com/Ret (per 1,000 sqft)	Office (per 1,000 sqft)	Industrial (per 1,000 sqft)	Pub/Inst (per 1,000 sqft)	Mini-Warehouse (per 1,000 sqft)	Hotel (room)
Northern	\$3,080	\$2,310	\$3,758	\$1,694	\$986	\$1,386	\$277	\$1,078
Southwest	1,928	1,446	2,352	1,060	617	868	174	675

6.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Tables 6-2 and 6-3 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 6-2
Northern Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	389	229	0	0	0	427
Projected 2021 ⁽¹⁾	<u>1,822</u>	<u>617</u>	<u>395</u>	<u>105</u>	<u>25</u>	<u>187</u>
Difference	(1,433)	(388)	(395)	(105)	(25)	240
Actual 2022	495	584	8	0	1,214	74
Projected 2022 ⁽¹⁾	<u>1,822</u>	<u>617</u>	<u>395</u>	<u>105</u>	<u>25</u>	<u>187</u>
Difference	(1,327)	(33)	(387)	(105)	1,189	(113)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 6-2, Northern actual developments in 2021 exceeded the projected level of development for the public/institutional land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual industrial/warehouse development exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 6-3

Southwest Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,835	377	109	7	473	13
Projected 2021 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>438</u>	<u>144</u>	<u>420</u>	<u>287</u>
Difference	255	(85)	(329)	(137)	53	(274)
Actual 2022	1,545	912	101	5	1,537	3
Projected 2022 ⁽¹⁾	<u>1,581</u>	<u>462</u>	<u>438</u>	<u>144</u>	<u>420</u>	<u>287</u>
Difference	(36)	450	(337)	(139)	1,117	(283)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 6-3, Southwest actual developments in 2021 exceeded projected development for the single family and industrial/warehouse but fell short of projections for all land use classifications. In 2022 multifamily and industrial/warehouse exceeded projections while all other land use classifications fell short of projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 6-2 and 6-3 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

6.3. Infrastructure Improvement Plan

The Plan identified major arterial roads, culverts and bridges capital projects for the Northern zone and major arterial roads, storm drains and bridges for the southwest zone.

Northern Zone

During FY 2021 and FY 2022 the City generated \$9,106,457 in major arterial DIF revenues. During the same period the City expended \$2,790,701 on major arterial roads and \$173,421 on bridges resulting in revenues exceeding expenditures during the two-year period. Appendix F provides a summary of the revenues and expenditures for the major arterials DIF funds. The financials are summarized in Table 6-4.

Table 6-4

Northern Major Arterials DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$2,123,184	\$128,730	\$2,962,550	\$0
2022	<u>6,751,532</u>	<u>103,011</u>	<u>1,572</u>	<u>0</u>
Total	\$8,874,716	\$231,741	\$2,964,122	\$0

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

Southwest Zone

During FY 2021 and FY 2022 the City generated \$12,507,862 in major arterials DIF revenues as well as an additional \$95,562 in interest income for total revenues of \$12,603,424. During the same period the City expended \$2,296,119 on major arterials roads resulting in revenues exceeding expenditures during the two-year period. Appendix F provides a summary of the revenues and expenditures for the major arterials DIF funds. The financials are summarized in Table 6-5.

**Table 6-5
Southwest Major Arterials DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$4,757,343	\$37,054	\$2,296,010	\$0
2022	7,750,519	58,508	109	0
Total	\$12,507,862	\$95,562	\$2,296,119	\$0

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

6.4. 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. In each of the two zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for major arterials for both zones is below that in the Plan (the growth-related needs for identified major arterials infrastructure were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

6.5. Audit Results

Through our audit of the major arterials DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the major arterials DIF, we are of the opinion that:

- a) City's Biennial DIFs for major arterials in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
 - iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 7 - Storm Drainage

This section of the Audit Report presents Willdan’s review of City’s storm drainage DIFs.

7.1. Fee Development

Fees were developed for three service areas:

- Northeast
- Estrella
- Laveen

The storm drainage DIFs were calculated using the plan based approach for the Northeast zone and a hybrid approach for Estrella and Laveen to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees.

The resulting DIFs per development type are identified in Table 7-1.

Table 7-1
Storm Drainage DIFs

Service Area	Single Family (per Unit)	Multifamily (per acre)	Com/Ret (per acre)	Office (per acre)	Industrial (per acre)	Pub/Inst (per acre)
Northeast	\$1,715	\$6,860	\$6,860	\$6,860	\$6,860	\$6,860
Estrella	770	3,080	3,080	3,080	3,080	3,080
Laveen	1,037	4,148	4,148	4,148	4,148	4,148

7.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Table 7-2 summarizes the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 7-2
Northeast Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	0	0	0	0	0	0
Projected 2021 ⁽¹⁾	<u>276</u>	<u>76</u>	<u>200</u>	<u>0</u>	<u>0</u>	<u>81</u>
Difference	(276)	(76)	(200)	0	0	(81)
Actual 2022	0	0	0	0	0	0
Projected 2022 ⁽¹⁾	<u>276</u>	<u>76</u>	<u>200</u>	<u>0</u>	<u>0</u>	<u>81</u>
Difference	(276)	(76)	(200)	0	0	(81)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 7-2, there was no storm drainage related development in 2021 and 2022.

Table 7-3

Estrella & Laveen Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDU)	Multifamily (EDU)	Com/Ret (EDU)	Office (EDU)	Ind/WH (EDU)	Pub/Inst (EDU)
Actual 2021	1,833	135	61	8	382	42
Projected 2021 ^{(1) (2)}	<u>1,581</u>					
Difference	252					
			Total for All Multifamily and Nonresidential: <u>965</u>			
			Difference for All Multifamily and Nonresidential: (336)			
Actual 2022	1,559	333	58	5	1,033	0
Projected 2022 ^{(1) (2)}	<u>1,581</u>					
Difference	(22)					
			Total for All Multifamily and Nonresidential: <u>965</u>			
			Difference for All multifamily and Nonresidential: 465			
(1) Projections are the average annual over the 10-year study period, rather than specific development by year.						
(2) The plan identified EDUs for multifamily and all other rather than for individual development categories.						

As indicated in Table 7-3, single family developments in Estrella and Laveen actual development exceeded projections whereas multifamily and nonresidential developments fell short of projections for 2021. In 2022, single family actual development fell short of projections whereas multifamily and nonresidential developments exceeded projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 7-2 and 7-3 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

7.3. Infrastructure Improvement Plan

The Plan identified NE Phoenix/Rawhide Wash capital projects for the Northeast zone and existing and planned drainage facility costs for Estrella & Laveen.

Northeast Zone

While there was single family development in the Northeast zone, fees were not assessed and the City did not generate any revenue nor were any funds expended in the Northeast storm drainage zone.

Estrella & Laveen Zones

During FY 2021 and FY 2022 the City generated \$4,870,764 in storm drainage DIF revenues as well as an additional \$127,472 in interest income for total revenues of \$4,998,236. During the same period the City expended \$3,439 on Estrella drainage capital resulting in revenues exceeding expenditures during the two-year period. Appendix G provides a summary of the revenues and expenditures for the storm drainage DIF funds. The financials are summarized in Table 7-4.

Table 7-4
Estrella & Laveen DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$2,267,955	\$69,158	\$1,106	\$0
2022	<u>2,602,809</u>	<u>58,314</u>	<u>2,333</u>	<u>0</u>
Total	\$4,870,764	\$127,472	\$3,439	\$0

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

7.4. 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. In each of the three zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for storm drainage for the three zones is below that in the Plan (the growth-related needs for identified storm drainage infrastructure were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

7.5. Audit Results

Through our audit of the storm drainage DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan’s review of the storm drainage DIF, we are of the opinion that:

- a) City’s Biennial DIFs for storm drainage in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
- iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 8 - Water System

This section of the Audit Report presents Willdan’s review of City’s water system DIFs.

8.1. Fee Development

The water system DIFs were calculated using a mix of incremental (forward looking) and buy-in approaches to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for two service areas:

- Northern
- Southern

The resulting DIFs per development type are identified in Table 8-1.

Table 8-1
Water System DIFs

Meter Size	Northern	Southern
Single Family up to 1-inch	\$6,330	\$4,016
Single Family 1.5-inch	22,477	14,771
Single Family 2-inch	36,337	24,003
Multifamily unit	2,273	1,394
¾-inch Displacement (nonres)	14,092	9,186
1-inch Displacement (nonres)	23,032	14,841
1.5-inch Displacement (nonres)	46,166	29,829
2-inch Displacement (nonres)	73,809	47,661
2-inch Turbine Class II	85,801	54,747
3-inch Compound Class II	162,209	104,960
3-inch Turbine Class II	196,829	125,696
4-inch Compound Class II	278,832	180,719
4-inch Turbine Class II	349,290	226,648
6-inch Compound Class II	633,522	412,767
6-inch Turbine Class II	746,006	484,385
8-inch Compound Class II	735,506	473,885
8-inch Turbine Class II	1,317,170	859,322

8.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Tables 8-2 and 8-3 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 8-2
Northern Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual "D" 2021	392	116	4	0	11	107
Actual "L" 2021	<u>0</u>	<u>18</u>	<u>47</u>	<u>0</u>	<u>4</u>	<u>18</u>
Total Actual 2021	392	134	50	0	15	126
Projected 2021 ⁽¹⁾	<u>1,822</u>	<u>428</u>	<u>139</u>	<u>54</u>	<u>18</u>	<u>92</u>
Difference	(1,430)	(293)	(89)	(54)	(3)	34
Actual "D" 2022	495	296	25	0	890	0
Actual "L" 2022	<u>0</u>	<u>58</u>	<u>78</u>	<u>0</u>	<u>11</u>	<u>0</u>
Total Actual 2022	495	354	104	0	902	0
Projected 2022 ⁽¹⁾	<u>1,822</u>	<u>428</u>	<u>139</u>	<u>54</u>	<u>18</u>	<u>92</u>
Difference	(1,327)	(74)	(35)	(54)	884	(92)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 8-2, Northern actual developments in 2021 exceeded the projected level of development for the public/institutional land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual industrial/warehouse developments exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 8-3
Southern Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	1,979	191	68	11	167	18
Projected 2021 ⁽¹⁾	<u>1,722</u>	<u>347</u>	<u>160</u>	<u>81</u>	<u>289</u>	<u>140</u>
Difference	257	(156)	(93)	(70)	(122)	(122)
Actual 2022	1,675	462	108	4	175	0
Projected 2022 ⁽¹⁾	<u>1,722</u>	<u>347</u>	<u>160</u>	<u>81</u>	<u>289</u>	<u>140</u>
Difference	(47)	115	(53)	(78)	(113)	(140)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 8-3, Southern actual developments in 2021 exceeded projected development for all land use classifications the single family land use classification only. In 2022 multifamily, exceeded projections while all other land use classifications fell short of projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 8-2 and 8-3 represent a "snapshot" in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

8.3. Infrastructure Improvement Plan

The Plan identified the following capital projects for the Northern zone:

- New transmission mains
- New booster stations
- New PRV stations
- New WTP
- New wells

The Plan identified the following capital projects for the Southern zone:

- New transmission mains
- New PRV stations
- New WTP

Northern Zone

During FY 2021 and FY 2022 the City generated \$16,755,047 in water system DIF revenues and an additional \$472,129 in interest earnings for total revenues of \$17,227,176. During the same period the City expended \$375,646 on water system capital and \$14,000,000 on advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix H provides a summary of the revenues and expenditures for the water system DIF funds. The financials are summarized in Table 8-4.

**Table 8-4
Northern Water System DIF Revenues and Expenditures FY 2021 & FY 2022**

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$4,395,444	\$279,378	\$365,544	\$0
2022	<u>12,359,603</u>	<u>192,751</u>	<u>10,102</u>	<u>14,000,000</u>
Total	\$16,755,047	\$472,129	\$375,646	\$14,000,000

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

Southern Zone

During FY 2021 and FY 2022 the City generated \$25,814,739 in water system DIF revenues as well as an additional \$500,365 in interest income for total revenues of \$26,315,104. During the same period the City expended \$15,537,728 on water system capital resulting in revenues exceeding expenditures during

the two-year period. Appendix H provides a summary of the revenues and expenditures for the water system DIF funds. The financials are summarized in Table 8-5.

Table 8-5
Southern Water System DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$15,405,901	\$271,708	\$8,794,496	\$0
2022	<u>10,408,838</u>	<u>228,657</u>	<u>6,743,232</u>	<u>0</u>
Total	\$25,814,739	\$500,365	\$15,537,728	\$0

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

8.4. 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. In each of the two zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for the water system for both zones are below that in the Plan (the growth-related needs for identified water system infrastructure were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

8.5. Audit Results

Through our audit of the water system DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan’s review of the water system DIF, we are of the opinion that:

- a) City’s Biennial DIFs for water system in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:

- i. Willdan’s review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
- iii. Willdan’s review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 9 - Water Resource

This section of the Audit Report presents Willdan’s review of City’s water resource DIFs.

9.1. Fee Development

The water resource DIFs were calculated using the incremental (forward looking) approach to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Water resource fees are divided into two service areas:

- On-Project
- Off-Project

Only development within the off-project zone are assessed fees. The resulting DIFs per development type are identified in Table 9-1.

Table 9-1
Water Resource DIFs

Meter Size	Off-Project Fee/EDU
Single Family and Multi Family Domestic Meters	
Single Family 5/8-inch Displacement	\$583
Single Family 3/4-inch Displacement	583
Single Family 1-inch Displacement	583
Single Family 1 ½-inch Displacement	1,940
Single Family 2-inch Displacement	3,106
Multifamily Unit	221
Mobile Home Space (in Mobile Home Park)	221
Commercial, Industrial & Dedicated Irrigation Meters	
5/8-inch Displacement	\$1,235
3/4-inch Displacement	1,235
1-inch Displacement	2,063
1.5-inch Displacement	4,114
2-inch Displacement	6,584
2-inch Turbine Class II	7,820
3-inch Compound Class II	14,416
3-inch Turbine Class II	17,912
4-inch Compound Class II	24,707
4-inch Turbine Class II	30,884
6-inch Compound Class II	55,590
6-inch Turbine Class II	65,881
8-inch Compound Class II	65,881
8-inch Turbine Class II	115,925

9.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Table 9-2 summarizes the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 9-2
Off-Project Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Nonresidential (EDUs)
Actual 2021	1,472	271	1,075
Projected 2021 ⁽¹⁾	<u>2,204</u>	<u>615</u>	<u>589</u>
Difference	(732)	(344)	486
Actual 2022	1,550	423	1,845
Projected 2022 ⁽¹⁾	<u>2,204</u>	<u>615</u>	<u>589</u>
Difference	(654)	(192)	1,256
(1) Projections are the average annual over the 10-year study period, rather than specific development by year			

As indicated in Table 9-2, actual developments in both 2021 and 2022 exceeded the projected level of development for nonresidential land use classification but fell short of projections for residential designations.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Table 9-2 represents a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

9.3. Infrastructure Improvement Plan

The Plan identified the following water resource capital projects:

- Arizona state land department CAP allocation
- New service area ASR wells

During FY 2021 and FY 2022 the City generated \$4,403,286 in water resource DIF revenues and an additional \$358,148 in interest earnings for total revenues of \$4,761,434. During the same period the City did not expend any funds on water resource capital resulting in revenues exceeding expenditures during the two-year period. Appendix I provides a summary of the revenues and expenditures for the water system DIF funds. The financials are summarized in Table 9-3.

Table 9-3
Northern Water System DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$1,892,318	\$209,353	(\$15,925)	\$0
2022	<u>2,510,968</u>	<u>148,795</u>	<u>0</u>	<u>0</u>
Total	\$4,403,286	\$358,148	(\$15,925)	\$0

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

9.4. 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. Expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS water resources are below that in the Plan (the growth-related needs for identified water resource infrastructure were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

9.5. Audit Results

Through our audit of the water resource DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the water resource DIF, we are of the opinion that:

- a) City's Biennial DIFs for water resource in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- b) With respect to ARS§ 9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
 - iii. Willdan's review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 10 - Wastewater

This section of the Audit Report presents Willdan’s review of City’s wastewater DIFs.

10.1. Fee Development

The wastewater DIFs were calculated using a mix of the buy-in, incremental (forward looking) and plan development fee approaches to develop a cost per equivalent dwelling unit (EDU) as the basis for assessing fees. Fees were developed for seven service areas:

- Northern (Northwest and Northeast)
- Deer Valley
- Estrella North
- Estrella South
- Laveen West
- Laveen East
- Ahwatukee

The resulting DIFs per development type are identified in Table 10-1.

Table 10-1
Wastewater DIFs

Meter Size	Northern	Deer Valley	Estrella North, Laveen East & Ahwatukee	Estrella South	Laveen West
Single Family up to 1-inch	\$3,303	\$1,380	\$1,380	\$3,787	\$3,630
Single Family 1.5-inch	12,397	5,993	5,993	14,008	13,486
Single Family 2-inch	20,203	9,953	9,953	22,782	21,946
Multifamily unit	1,552	610	610	1,789	1,712
¾-inch Displacement (nonres)	8,182	3,855	3,855	9,271	8,917
1-inch Displacement (nonres)	13,175	5,945	5,945	14,995	14,405
1.5-inch Displacement (nonres)	26,473	12,070	12,070	30,098	28,922
2-inch Displacement (nonres)	42,297	19,240	19,240	48,100	46,218
2-inch Turbine Class II	48,379	20,995	20,995	55,271	53,035
3-inch Compound Class II	93,252	42,754	42,754	105,962	101,839
3-inch Turbine Class II	111,155	48,407	48,407	126,948	121,825
4-inch Compound Class II	160,635	74,100	74,100	182,415	175,350
4-inch Turbine Class II	201,544	93,375	93,375	228,769	219,937
6-inch Compound Class II	367,579	172,875	172,875	416,584	400,687
6-inch Turbine Class II	430,821	200,080	200,080	488,896	470,058
8-inch Compound Class II	420,321	189,580	189,580	478,396	459,558
8-inch Turbine Class II	765,591	361,780	361,780	867,226	834,258

10.2. Land Use Assumptions

The biennial audit includes comparing the growth projections adopted in the City’s LUA to the actual growth by development type. Tables 10-2 through 10-8 summarize the projected development from the Plan and the actual development experienced by the City in FY 2021 and FY 2022.

Table 10-2

Northern Projected versus Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	381	39	0	0	12	90
Projected 2021 ⁽¹⁾	<u>1,817</u>	<u>404</u>	<u>138</u>	<u>52</u>	<u>18</u>	<u>93</u>
Difference	(1,436)	(365)	(138)	(52)	(6)	(3)
Actual 2022	470	133	27	0	993	0
Projected 2022 ⁽¹⁾	<u>1,817</u>	<u>404</u>	<u>138</u>	<u>52</u>	<u>18</u>	<u>93</u>
Difference	(1,347)	(271)	(111)	(52)	975	(93)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-2, Northern actual developments in 2021 exceeded the projected level of development for the public/institutional land use classification but fell short of projections for all other designations. The actual developments in 2022 saw actual industrial/warehouse developments exceed projections, but the actual development for all other land use classifications fell short of the projected development in the Plan.

Table 10-3

Deer Valley Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	5	127	0	0	0	0
Projected 2021 ⁽¹⁾	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Difference	0	127	0	0	0	(2)
Actual 2022	24	231	0	0	0	0
Projected 2022 ⁽¹⁾	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Difference	19	231	0	0	0	(2)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-3, Deer Valley actual developments in 2021 met projections for the single family land use classification, exceeded projected development for the multifamily land use classification and fell short of projections for public/institutional. In 2022 both single family and multifamily land uses exceeded projections while the public/institutional land use classification fell short of projections.

Table 10-4

Estrella North Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	0	0	12	0	85	0
Projected 2021 ⁽¹⁾	<u>1</u>	<u>23</u>	<u>11</u>	<u>9</u>	<u>120</u>	<u>18</u>
Difference	(1)	(23)	1	(9)	(34)	(18)
Actual 2022	0	0	2	0	111	0
Projected 2022 ⁽¹⁾	<u>1</u>	<u>23</u>	<u>11</u>	<u>9</u>	<u>120</u>	<u>18</u>
Difference	(1)	(23)	(8)	(9)	(9)	(18)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-4, Estrella North actual developments in 2021 exceeded projected development for the commercial/retail land use classification and fell short of projections for all other land use classifications. In 2022 all land use classification fell short of projections.

Table 10-5
Estrella South Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	903	171	30	12	89	0
Projected 2021 ⁽¹⁾	<u>555</u>	<u>113</u>	<u>54</u>	<u>31</u>	<u>175</u>	<u>63</u>
Difference	349	58	(24)	(19)	(86)	(63)
Actual 2022	548	177	11	0	51	0
Projected 2022 ⁽¹⁾	<u>555</u>	<u>113</u>	<u>54</u>	<u>31</u>	<u>175</u>	<u>63</u>
Difference	(7)	64	(43)	(31)	(124)	(63)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-5, Estrella South actual developments 2021 saw residential (single family and multifamily) developments exceed projected development while all other land use classification fell short of projections. In 2022, only multifamily developments exceeded projections.

Table 10-6
Laveen West Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	740	76	22	0	10	12
Projected 2021 ⁽¹⁾	<u>830</u>	<u>167</u>	<u>66</u>	<u>31</u>	<u>4</u>	<u>52</u>
Difference	(90)	(91)	(43)	(31)	5	(40)
Actual 2022	831	419	39	4	0	0
Projected 2022 ⁽¹⁾	<u>830</u>	<u>167</u>	<u>66</u>	<u>31</u>	<u>4</u>	<u>52</u>
Difference	1	252	(27)	(27)	(4)	(52)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-6, Laveen West actual developments for the industrial/warehouse land use classification exceeded projections in 2021, while all other land use classifications fell short. In 2022, the residential (single family and multifamily) developments exceed projected development while all other land use classification fell short of projections.

Table 10-7

Laveen East Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	179	0	0	0	0	0
Projected 2021 ⁽¹⁾	<u>195</u>	<u>0</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>12</u>
Difference	(16)	0	(23)	0	0	(12)
Actual 2022	263	0	19	0	0	0
Projected 2022 ⁽¹⁾	<u>195</u>	<u>0</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>12</u>
Difference	68	0	(4)	0	0	(12)

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-7, in 2021 no Laveen East actual developments met or exceeded projections, all land use classifications for which development was projected fell short of projections. In 2022, single family developments exceed projected development, commercial/retail developments met projections and the public/institutional land use classification fell short of projections.

Table 10-8

Ahwatukee Projected versus Actual Equivalent Dwelling Units FY 2021 & FY 2022

Year	Single Family (EDUs)	Multifamily (EDUs)	Com/Ret (EDUs)	Office (EDUs)	Ind/WH (EDUs)	Pub/Inst (EDUs)
Actual 2021	150	0	7	0	0	0
Projected 2021 ⁽¹⁾	<u>141</u>	<u>25</u>	<u>6</u>	<u>8</u>	<u>0</u>	<u>0</u>
Difference	9	(25)	1	(8)	0	0
Actual 2022	10	0	43	0	0	7
Projected 2022 ⁽¹⁾	<u>141</u>	<u>25</u>	<u>6</u>	<u>8</u>	<u>0</u>	<u>0</u>
Difference	(131)	(25)	37	(8)	0	7

(1) Projections are the average annual over the 10-year study period, rather than specific development by year

As indicated in Table 10-8, 2021 Ahwatukee actual single family and commercial/retail developments exceeded projections, while the multifamily and office land use fell short of projections. In 2022, commercial/retail and public/institutional developments exceed projected development while the single family, multifamily and office actual developments fell short of projections.

Development of forward-looking financial plans, DIF studies rely on the best available forecast at a point in time. Actual conditions often vary from projections. Tables 10-2 through 10-8 represent a “snapshot” in time for the 10-year study period. Over time new studies are undertaken as circumstances change and new information becomes available. It should also be noted that projections in the report were made for a 10-year period in aggregate and not for individual years within the study period. As such, development in aggregate should be considered the focus rather than fluctuations from year to year.

10.3. Infrastructure Improvement Plan

The Plan identified the following capital projects by zone:

Northern

- New sewers
- WWTP expansion
- New force mains
- New lift stations

Deer Valley

- WWTP expansion

Estrella North

- WWTP expansion

Estrella South

- New sewers
- WWTP expansion
- New force mains
- New lift stations

Laveen West

- New sewers
- WWTP expansion
- New force mains
- New lift stations

Laveen East

- WWTP expansion

Ahwatukee

- WWTP expansion

Northern Zone

During FY 2021 and FY 2022 the City generated \$23,222,520 in wastewater DIF and DIF related revenues. During the same period the City did not expend any funds on capital but did expend \$16,226,928 on advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-9.

Table 10-9
Northern Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$18,117,281	\$212,677	\$0	\$0
2022	<u>4,804,090</u>	<u>88,472</u>	<u>0</u>	<u>16,226,928</u>
Total	\$22,921,371	\$301,149	\$0	\$16,226,928

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

Deer Valley Zone

During FY 2021 and FY 2022 the City generated \$453,814 in wastewater DIF revenues as well as an additional \$1,803 in interest income for total revenues of \$455,617. During the same period the City did not expend any funds on capital, but did expend \$147,367 in advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-10.

Table 10-10
Deer Valley Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$145,603	\$425	\$0	\$0
2022	<u>308,211</u>	<u>1,378</u>	<u>0</u>	<u>147,367</u>
Total	\$453,814	\$1,803	\$0	\$147,367

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

Estrella North Zone

During FY 2021 and FY 2022 the City generated \$447,464 in wastewater DIF revenues as well as an additional \$1,873 in interest income for total revenues of \$449,337. During the same period the City did not expend any funds on capital but did expend \$190,593 in advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-11.

Table 10-11
Estrella North Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$188,586	\$722	\$0	\$0
2022	<u>258,878</u>	<u>1,151</u>	<u>0</u>	<u>190,593</u>
Total	\$447,464	\$1,873	\$0	\$190,593

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

Estrella South Zone

During FY 2021 and FY 2022 the City generated \$3,691,576 in wastewater DIF revenues as well as an additional \$186,378 in interest income for total revenues of \$3,877,954. During the same period the City expended \$134,762 on new sewers and expended \$9,739,915 in advance repayments and debt service resulting in expenditures exceeding revenues during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-12.

Table 10-12
Estrella South Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$2,324,433	\$119,391	\$0	\$0
2022	<u>1,367,143</u>	<u>66,987</u>	<u>134,762</u>	<u>9,739,915</u>
Total	\$3,691,576	\$186,378	\$134,762	\$9,739,915

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

Laveen West Zone

During FY 2021 and FY 2022 the City generated \$6,713,503 in wastewater DIF revenues as well as an additional \$127,485 in interest income for total revenues of \$6,840,988. During the same period the City expended \$26,667 on capital and expended \$9,901,769 in advance repayments and debt service resulting in expenditures exceeding revenues during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-13.

Table 10-13
Laveen West Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$3,261,607	\$89,659	(\$25,822)	\$0
2022	<u>3,451,896</u>	<u>37,826</u>	<u>52,489</u>	<u>9,901,769</u>
Total	\$6,713,503	\$127,485	\$26,667	\$9,901,769

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

Laveen East Zone

During FY 2021 and FY 2022 the City generated \$652,959 in wastewater DIF revenues as well as an additional \$3,184 in interest income for total revenues of \$656,143. During the same period the City did not expend any funds on capital and expended \$308,382 in advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-14.

Table 10-14
Laveen East Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$232,489	\$1,447	\$0	\$0
2022	<u>420,470</u>	<u>1,737</u>	<u>0</u>	<u>308,382</u>
Total	\$652,959	\$3,184	\$0	\$308,382

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

Ahwatukee Zone

During FY 2021 and FY 2022 the City generated \$299,872 in wastewater DIF revenues as well as an additional \$1,598 in interest income for total revenues of \$301,470. During the same period the City did not expend any funds on capital and expended \$217,811 in advance repayments and debt service resulting in revenues exceeding expenditures during the two-year period. Appendix J provides a summary of the revenues and expenditures for the wastewater DIF funds. The financials are summarized in Table 10-15.

Table 10-15
Ahwatukee Wastewater DIF Revenues and Expenditures FY 2021 & FY 2022

Fiscal Year	Revenues		Expenditures	
	DIF Collections	Interest Income	CIP	Advance Repayments & Debt
2021	\$208,551	\$849	\$0	\$0
2022	<u>91,321</u>	<u>749</u>	<u>0</u>	<u>217,811</u>
Total	\$299,872	\$1,598	\$0	\$217,811

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

10.4. 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. In each of the seven zones expenditures fell short of the annual average expenditures identified in the Plan. During the study period, the actual LOS will fluctuate as compared to that identified in the Plan based on the timing of construction or acquisition of new facilities relative to new development. As of the end of FY 2022, due to new development outpacing acquisition and construction of new facilities, the LOS for wastewater for all zones are below that in the Plan (the growth-related needs for identified wastewater infrastructure were not met). However, the LOS should be monitored over the entire study period compared to the level identified in the Plan over the remaining study period as the full IIP and LUA projections are realized.

10.5. Audit Results

Through our audit of the wastewater DIFs we identified some differences between what was projected in the Plan 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 Plan was based.

Based on Willdan's review of the wastewater DIF, we are of the opinion that:

- c) City's Biennial DIFs for wastewater in FY 2021 and FY 2022 comply with ARS§ 9-463.05;
- d) With respect to ARS§ 9-463.05 compliance:

- i. Willdan’s review of the progress of the LUA, identified 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 projects for which funds were expended were included in the adopted IIP; and
- iii. Willdan’s review of collections and expenditures of development impact fees indicate that all expenditures made with DIF funds were on projects as identified in the Plan.

Section 11 - Permit Sampling

11.1. Sampling Results

As part of the audit process Willdan took a random sample of residential and non-residential permits that were issued between FY 2021 and FY 2022 (60 permits for each year). 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 DIFs. The full sample data is shown in Appendix K.

Section 12 - Conclusions

12.1. Land Use Assumptions

Willdan conducted an audit of City's actual development projections for FY 2021 and FY 2022 and compared the actual new development with the development projections in the Plan. 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 Plan. We believe that the actual developments for FY 2021 and FY 2022 are still consistent with the overall development projections for the 10-year study period.

12.2. Infrastructure Improvement Plan

We reviewed the projects that were anticipated to be completed in FY 2021 and FY 2022 timeframe of the study period (per the Plan). 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 City's existing facilities and networks or as development within City 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 2021 and FY 2022 may require the construction of 1/5 of a fire station. Building a fraction of a fire station is not feasible or realistic, but not building the fraction of a fire station would technically result in a lowering of the overall level of service. The City intends to meet the level of service goals by the end of the 10-year study period.

12.4. Permit Sampling

Our review of the sample permits did not identify any cases where a development was assessed an incorrect fee based on development type, square footage or meter size.

12.5. 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) The City's Biennial development impact fees for the periods FY 2021 and FY 2022 comply with 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 development impact fees for each project in the plan, indicate that all expenditures made with DIF funds were on projects or debt expenses as identified in the Plan; 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

Fire Analysis

Fire - Northwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$88,687	\$804,979	\$893,666
Interest Income	2,737	3,292	6,029
Total Revenues	91,424	808,271	899,695
Expenditures			
Capital Outlay	(120,939)	0	(120,939)
Advance Repayments & Debt Service	0	0	0
Total Expenditures	(120,939)	0	(120,939)

Fire - Northwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	25	156	181
Multifamily Residential	195	353	548
Commercial/Retail	0	5	5
Office	0	0	0
Industrial/Warehouse	0	1,062	1,062
Public/Institutional	0	0	0

Expenditure Detail ⁽¹⁾			
Fire Stations	(120,939)	0	(120,939)
Fire Station Land	0	0	0
Fire Vehicles & Equipment	0	0	0
Record Management System	0	0	0
Total	(120,939)	0	(120,939)

(1) Represents IIP identified costs for 2020 through 2029

Fire - Northeast			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$578,614	\$343,258	\$921,872
Interest Income	21,934	16,682	38,616
Total Revenues	600,548	359,940	960,488
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Fire - Northeast			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	364	339	703
Multifamily Residential	34	230	264
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	549	95	644

Expenditure Detail ⁽¹⁾			
Fire Stations	0	0	0
Fire Station Land	0	0	0
Fire Vehicles & Equipment	0	0	0
Record Management System	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Fire - Southwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$1,536,672	\$1,911,956	\$3,448,628
Interest Income	39,216	31,482	70,698
Total Revenues	1,575,888	1,943,438	3,519,326
Expenditures			
Capital Outlay	754,530	1,096,147	1,850,677
Advance Repayments & Debt Service	0	0	0
Total Expenditures	754,530	1,096,147	1,850,677

Fire - Southwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,834	1,553	3,387
Multifamily Residential	377	912	1,289
Commercial/Retail	72	67	139
Office	8	6	14
Industrial/Warehouse	442	1,345	1,787
Public/Institutional	16	4	21

Expenditure Detail ⁽¹⁾			
Fire Stations	754,530	1,096,147	1,850,677
Fire Station Land	0	0	0
Fire Vehicles & Equipment	0	0	0
Record Management System	0	0	0
Total	754,530	1,096,147	1,850,677

(1) Represents IIP identified costs for 2020 through 2029

Fire - Ahwatukee			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$78,111	\$209,286	\$287,397
Interest Income	4,499	3,658	8,157
Total Revenues	82,610	212,944	295,554
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Fire - Ahwatukee			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	150	18	168
Multifamily Residential	0	0	0
Commercial/Retail	10	420	429
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	6	9	14

Expenditure Detail ⁽¹⁾			
Fire Station - 19th Ave & Chandler Blvd	0	0	0
Fire Vehicles & Equipment	0	0	0
Record Management System	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX C

Police Analysis

Police - Northwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$65,061	\$468,964	\$534,025
Interest Income	12,230	8,041	20,271
Total Revenues	77,291	477,005	554,296
Expenditures			
Capital Outlay	0	180,197	180,197
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	180,197	180,197

Police - Northwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	25	156	181
Multifamily Residential	195	353	548
Commercial/Retail	0	5	5
Office	0	0	0
Industrial/Warehouse	0	1,062	1,062
Public/Institutional	0	0	0

Expenditure Detail ⁽¹⁾

Police Precincts	0	0	0
Police Station Land	0	0	0
Police Vehicles	0	0	0
Police Radios	0	0	0
Record Management System	0	180,197	180,197
Total	0	180,197	180,197

(1) Represents IIP identified costs for 2020 through 2029

Police - Northeast			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$335,383	\$195,905	\$531,288
Interest Income	20,110	13,592	33,702
Total Revenues	355,493	209,497	564,990
Expenditures			
Capital Outlay	0	285,587	285,587
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	285,587	285,587

Police - Northeast			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	364	339	703
Multifamily Residential	34	230	264
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	549	95	644

Expenditure Detail ⁽¹⁾			
Police Precincts	0	0	0
Police Station Land	0	0	0
Police Vehicles	0	0	0
Police Radios	0	0	0
Record Management System	0	285,587	285,587
Total	0	285,587	285,587

(1) Represents IIP identified costs for 2020 through 2029

Police - Southwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$899,380	\$1,118,830	\$2,018,210
Interest Income	30,644	25,632	56,276
Total Revenues	930,024	1,144,462	2,074,486
Expenditures			
Capital Outlay	0	519,285	519,285
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	519,285	519,285

Police - Southwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,834	1,553	3,387
Multifamily Residential	377	912	1,289
Commercial/Retail	72	67	139
Office	8	6	14
Industrial/Warehouse	442	1,345	1,787
Public/Institutional	16	4	21

Expenditure Detail ⁽¹⁾			
Police Precincts	0	0	0
Police Station Land	0	0	0
Police Vehicles	0	0	0
Police Radios	0	0	0
Record Management System	0	519,285	519,285
Total	0	519,285	519,285

(1) Represents IIP identified costs for 2020 through 2029

Police - Ahwatukee			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$56,922	\$152,289	\$209,211
Interest Income	1,600	1,525	3,125
Total Revenues	58,522	153,814	212,336
Expenditures			
Capital Outlay	0	45,832	45,832
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	45,832	45,832

Police - Ahwatukee			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	150	18	168
Multifamily Residential	0	0	0
Commercial/Retail	10	420	429
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	6	9	14

Expenditure Detail ⁽¹⁾			
Police Precincts	0	0	0
Police Station Land	0	0	0
Police Vehicles	0	0	0
Police Radios	0	0	0
Record Management System	0	45,832	45,832
Total	0	45,832	45,832

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX D

Parks Analysis

Parks - Northwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$224,907	\$750,301	\$975,208
Interest Income	32,982	17,243	50,225
Total Revenues	257,889	767,544	1,025,433
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Parks - Northwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	25	156	181
Multifamily Residential	195	353	548
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	76	76
Public/Institutional	0	0	0

Expenditure Detail ⁽¹⁾			
Park Development	0	0	0
Land Acquisition	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Parks - Northeast			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$694,909	\$678,962	\$1,373,871
Interest Income	68,098	48,137	116,235
Total Revenues	763,007	727,099	1,490,106
Expenditures			
Capital Outlay	0	526,212	526,212
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	526,212	526,212

Parks - Northeast			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	364	338	702
Multifamily Residential	34	230	264
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	550	8	558

Expenditure Detail ⁽¹⁾			
Park Development	0	526,212	526,212
Total	0	526,212	526,212

(1) Represents IIP identified costs for 2020 through 2029

Parks - Southwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$3,115,851	\$2,633,254	\$5,749,105
Interest Income	128,934	79,730	208,664
Total Revenues	3,244,785	2,712,984	5,957,769
Expenditures			
Capital Outlay	6,279	762,595	768,874
Advance Repayments & Debt Service	0	0	0
Total Expenditures	6,279	762,595	768,874

Parks - Southwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,834	1,553	3,387
Multifamily Residential	377	912	1,289
Commercial/Retail	4	4	9
Office	1	1	2
Industrial/Warehouse	32	96	128
Public/Institutional	1	0	2

Expenditure Detail ⁽¹⁾			
Park Development	6,279	762,595	768,874
Total	6,279	762,595	768,874

(1) Represents IIP identified costs for 2020 through 2029

Parks - Ahwatukee			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$110,236	\$47,730	\$157,966
Interest Income	3,937	2,994	6,931
Total Revenues	114,173	50,724	164,897
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Parks - Ahwatukee			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	150	18	168
Multifamily Residential	0	0	0
Commercial/Retail	1	26	27
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	0	1	1

Expenditure Detail ⁽¹⁾			
Park Development	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX E

Libraries Analysis

Libraries - Northwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$2,945	\$47,384	\$50,329
Interest Income	5,315	3,488	8,803
Total Revenues	8,260	50,872	59,132
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Libraries - Northwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	25	156	181
Multifamily Residential	195	353	548
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	76	76
Public/Institutional	0	0	0

Expenditure Detail ⁽¹⁾			
Library Plan Cost	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Libraries - Northeast			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$59,061	\$55,935	\$114,996
Interest Income	12,810	693	13,503
Total Revenues	71,871	56,628	128,499
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Libraries - Northeast			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	364	338	702
Multifamily Residential	34	230	264
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	550	8	558

Expenditure Detail ⁽¹⁾			
Library Plan Cost	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Libraries - Southwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$270,657	\$261,847	\$532,504
Interest Income	37,824	13,589	51,413
Total Revenues	308,481	275,436	583,917
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	3,847,320	3,847,320	7,694,640
Total Expenditures	3,847,320	3,847,320	7,694,640

Libraries - Southwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,834	1,553	3,387
Multifamily Residential	377	912	1,289
Commercial/Retail	4	4	9
Office	1	1	2
Industrial/Warehouse	32	96	128
Public/Institutional	1	0	2

Expenditure Detail ⁽¹⁾			
Library Plan Cost	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Libraries - Ahwatukee			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$1,052	\$3,428	\$4,480
Interest Income	2,787	1,840	4,627
Total Revenues	3,839	5,268	9,107
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Libraries - Ahwatukee			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	150	18	168
Multifamily Residential	0	0	0
Commercial/Retail	1	26	27
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	0	1	1

Expenditure Detail ⁽¹⁾			
Library Plan Cost	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX F

Major Arterials Analysis

Major Arterials - Northwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$2,123,184	\$6,751,532	\$8,874,716
Interest Income	128,730	103,011	231,741
Total Revenues	2,251,914	6,854,543	9,106,457
Expenditures			
Capital Outlay	2,962,550	1,572	2,964,122
Advance Repayments & Debt Service	0	0	0
Total Expenditures	2,962,550	1,572	2,964,122

Major Arterials - Northwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	389	495	884
Multifamily Residential	229	584	812
Commercial/Retail	0	8	8
Office	0	0	0
Industrial/Warehouse	0	1,214	1,214
Public/Institutional	427	74	500

Expenditure Detail ⁽¹⁾			
Major Arterial Roads	2,789,129	1,572	2,790,701
Culverts	0	0	0
Bridges	173,421	0	173,421
Total	2,962,550	1,572	2,964,122

(1) Represents IIP identified costs for 2020 through 2029

Major Arterials - Southwest			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$4,757,343	\$7,750,519	\$12,507,862
Interest Income	37,054	58,508	95,562
Total Revenues	4,794,397	7,809,027	12,603,424
Expenditures			
Capital Outlay	2,296,010	109	2,296,119
Advance Repayments & Debt Service	0	0	0
Total Expenditures	2,296,010	109	2,296,119

Major Arterials - Southwest			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,835	1,545	3,380
Multifamily Residential	377	912	1,289
Commercial/Retail	109	101	210
Office	7	5	12
Industrial/Warehouse	473	1,537	2,010
Public/Institutional	13	3	16

Expenditure Detail ⁽¹⁾			
Major Arterial Roads	2,296,010	109	2,296,119
Storm Drains	0	0	0
Bridges	0	0	0
Total	2,296,010	109	2,296,119

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX G

Storm Drainage Analysis

Storm Drainage - Northeast			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$0	\$0	\$0
Interest Income	0	0	0
Total Revenues	0	0	0
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	0	0
Total Expenditures	0	0	0

Storm Drainage - Northeast			
Development	FY 2020-21	FY 2021-22	Total
Single Family Residential ⁽¹⁾	0	0	0
Multifamily ⁽¹⁾	0	0	0
Retail ⁽²⁾	0	0	0
Office ⁽²⁾	0	0	0
Industrial ⁽²⁾	0	0	0
Public/Institutional ⁽²⁾	0	0	0
(1) Dwelling units			
(2) 1,000's of square feet			
Expenditure Detail ⁽³⁾			
NE Phoenix/Rawhide Wash	0	0	0
Total	0	0	0

(3) Represents IIP identified costs for 2020 through 2029

Storm Drainage - Estrella & Laveen			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$2,267,955	\$2,602,809	\$4,870,764
Interest Income	69,158	58,314	127,472
Total Revenues	2,337,113	2,661,123	4,998,236
Expenditures			
Capital Outlay	1,106	2,333	3,439
Advance Repayments & Debt Service	0	0	0
Total Expenditures	1,106	2,333	3,439

Storm Drainage - Estrella & Laveen			
Development (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family Residential	1,833	1,559	3,392
Multifamily	135	333	468
Retail	61	58	119
Office	8	5	14
Industrial	382	1,033	1,414
Public/Institutional	42	0	42
Expenditure Detail ⁽¹⁾			
Estrella	1,106	2,333	3,439
Laveen	0	0	0
Total	1,106	2,333	3,439

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX H

Water System Analysis

Water - Northern			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$4,395,444	\$12,359,603	\$16,755,047
Interest Income	279,378	192,751	472,129
Total Revenues	4,674,822	12,552,354	17,227,176
Expenditures			
Capital Outlay	365,544	10,102	375,646
Advance Repayments & Debt Service	0	14,000,000	14,000,000
Total Expenditures	365,544	14,010,102	14,375,646

Water - Northern			
Connections (EDU)	FY 2020-21	FY 2021-22	Total
Water D			
Single Family	392	495	887
Multifamily	116	296	412
Commercial/Retail	4	25	29
Office	0	0	0
Industrial/Warehouse	11	890	902
Public/Institutional	107	0	107
Water L			
Single Family	0	0	0
Multifamily	18	58	76
Commercial/Retail	47	78	125
Office	0	0	0
Industrial/Warehouse	4	11	15
Public/Institutional	18	0	18
Expenditure Detail ⁽¹⁾			
New Transmission Mains	365,544	10,102	375,646
New Booster Stations	0	0	0
New PRV Stations	0	0	0
New WTP	0	0	0
New Wells	0	0	0
Total	365,544	10,102	375,646

(1) Represents IIP identified costs for 2020 through 2029

Water - Southern			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$15,405,901	\$10,408,838	\$25,814,739
Interest Income	271,708	228,657	500,365
Total Revenues	15,677,609	10,637,495	26,315,104
Expenditures			
Capital Outlay	8,794,496	6,743,232	15,537,728
Advance Repayments & Debt Service	0	0	0
Total Expenditures	8,794,496	6,743,232	15,537,728

Water - Southern			
Connections (EDU)	FY 2020-21	FY 2021-22	Total
Single Family	1,979	1,675	3,654
Multifamily	191	462	653
Commercial/Retail	68	108	176
Office	11	4	15
Industrial/Warehouse	167	175	342
Public/Institutional	18	0	18
Expenditure Detail ⁽¹⁾			
New Transmission Mains	8,794,496	6,743,232	15,537,728
New WTP	0	0	0
New PRVs	0	0	0
Total	8,794,496	6,743,232	15,537,728

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX I

Water Resources Analysis

Water Resources - Off-Project			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$1,892,318	\$2,510,968	\$4,403,286
Interest Income	209,353	148,795	358,148
Total Revenues	2,101,671	2,659,763	4,761,434
Expenditures			
Capital Outlay	(15,925)	0	(15,925)
Advance Repayments & Debt Service	0		0
Total Expenditures	(15,925)	0	(15,925)

Water Resources - Off-Project			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	1,472	1,550	3,022
Multifamily	271	423	694
Nonresidential	1,075	1,845	2,920
Expenditure Detail ⁽¹⁾			
Arizona State Land Department CAP Allocation	(15,925)	0	(15,925)
New Service Area ASR Wells	0	0	0
Total	(15,925)	0	(15,925)

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX J

Wastewater Analysis

Wastewater - Northern			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$18,117,281	\$4,804,090	\$22,921,371
Interest Income	212,677	88,472	301,149
Total Revenues	18,329,958	4,892,562	23,222,520
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	16,226,928	16,226,928
Total Expenditures	0	16,226,928	16,226,928

Wastewater - Northern			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	381	470	851
Multifamily	39	133	172
Commercial/Retail	0	27	27
Office	0	0	0
Industrial/Warehouse	12	993	1,005
Public/Institutional	90	0	90
Expenditure Detail ⁽¹⁾			
New Sewers	0	0	0
WWTP Expansion	0	0	0
New Force Mains	0	0	0
New Lift Stations	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Deer Valley			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$145,603	\$308,211	\$453,814
Interest Income	425	1,378	1,803
Total Revenues	146,028	309,589	455,617
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	147,367	147,367
Total Expenditures	0	147,367	147,367

Wastewater - Deer Valley			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	5	24	29
Multifamily	127	231	358
Commercial/Retail	0	0	0
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	0	0	0
Expenditure Detail ⁽¹⁾			
WWTP Expansion	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Estrella North			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$188,586	\$258,878	\$447,464
Interest Income	722	1,151	1,873
Total Revenues	189,308	260,029	449,337
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	190,593	190,593
Total Expenditures	0	190,593	190,593

Wastewater - Estrella North			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	0	0	0
Multifamily	0	0	0
Commercial/Retail	12	2	14
Office	0	0	0
Industrial/Warehouse	85	111	196
Public/Institutional	0	0	0
Expenditure Detail ⁽¹⁾			
WWTP Expansion	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Estrella South			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$2,324,433	\$1,367,143	\$3,691,576
Interest Income	119,391	66,987	186,378
Total Revenues	2,443,824	1,434,130	3,877,954
Expenditures			
Capital Outlay	0	134,762	134,762
Advance Repayments & Debt Service	0	9,739,915	9,739,915
Total Expenditures	0	9,874,677	9,874,677

Wastewater - Estrella South			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	903	548	1,451
Multifamily	171	177	347
Commercial/Retail	30	11	41
Office	12	0	12
Industrial/Warehouse	89	51	140
Public/Institutional	0	0	0
Expenditure Detail ⁽¹⁾			
New Sewers	0	134,762	134,762
WWTP Expansion	0	0	0
New Force Mains	0	0	0
New Lift Stations	0	0	0
Total	0	134,762	134,762

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Laveen West			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$3,261,607	\$3,451,896	\$6,713,503
Interest Income	89,659	37,826	127,485
Total Revenues	3,351,266	3,489,722	6,840,988
Expenditures			
Capital Outlay	(25,822)	52,489	26,667
Advance Repayments & Debt Service	0	9,901,769	9,901,769
Total Expenditures	(25,822)	9,954,258	9,928,436

Wastewater - Laveen West			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	740	831	1,571
Multifamily	76	419	495
Commercial/Retail	22	39	61
Office	0	4	4
Industrial/Warehouse	10	0	10
Public/Institutional	12	0	12
Expenditure Detail ⁽¹⁾			
New Sewers	(17,257)	52,489	35,232
WWTP Expansion	0	0	0
New Lift Stations	(8,565)	0	(8,565)
Total	(25,822)	52,489	26,667

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Laveen East			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$232,489	\$420,470	\$652,959
Interest Income	1,447	1,737	3,184
Total Revenues	233,936	422,207	656,143
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	308,382	308,382
Total Expenditures	0	308,382	308,382

Wastewater - Laveen East			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	179	263	442
Multifamily	0	0	0
Commercial/Retail	0	19	19
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	0	0	0
Expenditure Detail ⁽¹⁾			
WWTP Expansion	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

Wastewater - Ahwatukee			
	FY 2020-21	FY 2021-22	Total
Revenues			
Impact Fees	\$208,551	\$91,321	\$299,872
Interest Income	849	749	1,598
Total Revenues	209,400	92,070	301,470
Expenditures			
Capital Outlay	0	0	0
Advance Repayments & Debt Service	0	217,811	217,811
Total Expenditures	0	217,811	217,811

Wastewater - Ahwatukee			
Connections (EDUs)	FY 2020-21	FY 2021-22	Total
Single Family	150	10	160
Multifamily	0	0	0
Commercial/Retail	7	43	51
Office	0	0	0
Industrial/Warehouse	0	0	0
Public/Institutional	0	7	7
Expenditure Detail ⁽¹⁾			
WWTP Expansion	0	0	0
Total	0	0	0

(1) Represents IIP identified costs for 2020 through 2029

APPENDIX K

Permit Sampling

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Ahwatukee	21021283	Single Family	Fire	6/25/2021	\$470.00	\$470.00	\$0.00	
	2	Northeast	21003304	Multifamily	Fire	1/29/2021	2,067.00	2,067.00	0.00	5 units
	3	Northeast	21004316	Single Family	Fire	2/8/2021	551.00	551.00	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Deer Valley	21042354	Multifamily	Fire	12/12/2021	\$387.00	\$387.00	\$0.00	1 unit
	2	Estrella-South	21035386	Single Family	Fire	10/18/2021	487.00	487.00	0.00	
	3	Laveen-West	22003763	Single Family	Fire	2/1/2022	487.00	487.00	0.00	
	4	Northwest	22000569	Single Family	Fire	1/6/2022	516.00	516.00	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	21002686	Single Family	Library	1/26/2021	\$105	\$105	\$0.00	
	2	Estrella-South	20029656	Single Family	Library	7/30/2020	105	105	0.00	
	3	Laveen-West	21020373	Single Family	Library	7/30/2020	105	105	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	21042373	Multifamily	Library	12/13/2021	\$79	\$79	\$0.00	1 unit
	2	Laveen-West	21035352	Single Family	Library	10/18/2021	105	105	0.00	
	3	Laveen-West	21031675	Single Family	Library	9/20/2021	105	105	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	20044447	Multifamily	Parks	12/4/2020	\$3,723	\$3,723	\$0.00	4 Units
	2	Laveen-East	20040461	Single Family	Parks	11/3/2020	1,241	1,241	0.00	
	3	Laveen-West	20033825	Single Family	Parks	9/8/2020	1,241	1,241	0.00	
	4	Northeast	20043486	Single Family	Parks	11/25/2020	1,236	1,236	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	21039437	Single Family	Parks	11/18/2021	\$1,241	\$1,241	\$0.00	
	2	Northeast	22001580	Single Family	Parks	1/14/2022	1,236	1,236	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	21017439	Single Family	Storm	5/25/2021	\$770	\$770	\$0.00	
	2	Laveen-East	20040388	Single Family	Storm	11/2/2020	1,037	1,037	0.00	
	3	Laveen-West	20027075	Single Family	Storm	7/8/2020	1,037	1,037	0.00	
	4	Laveen-West	21000155	Single Family	Storm	1/4/2021	1,037	1,037	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Laveen-West	21022448	Single Family	Storm	7/6/2021	\$1,037	\$1,037	\$0.00	
	2	Laveen-West	21037188	Multifamily	Storm	11/1/2021	601	601	0.00	0.14 acres

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Laveen-West	20043062	Single Family	Major Arterials	11/23/2020	\$1,928	\$1,928	\$0.00	
	2	Laveen-West	20046922	Multifamily	Major Arterials	12/23/2020	2,892	2,892	0.00	2 units
	3	Laveen-West	20046922	Single Family	Major Arterials	3/3/2021	1,928	1,928	0.00	
	4	Northeast	20017676	Single Family	Major Arterials	7/14/2020	3,080	3,080	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	22009303	Multifamily	Major Arterials	3/15/2022	\$1,446	\$1,446	\$0.00	1 unit
	2	Laveen-West	22016863	Single Family	Major Arterials	5/6/2022	1,928	1,928	0.00	
	3	Laveen-West	22006742	Multifamily	Major Arterials	2/23/2022	23,136	23,136	0.00	16 units
	4	Northeast	22013509	Single Family	Major Arterials	4/13/2022	3,080	3,080	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	20032537	Single Family	Wastewater up to 1"	8/25/2020	\$3,787	\$3,787	\$0.00	
	2	Estrella-South	20038652	Single Family	Wastewater up to 1"	10/19/2020	3,787	3,787	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	22000822	Single Family	Wastewater up to 1"	1/10/2022	\$3,787	\$3,787	\$0.00	
	2	Laveen-West	22011000	Single Family	Wastewater up to 1"	3/28/2022	3,630	3,630	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	20033747	Single Family	Water Up to 1"	9/4/2020	\$4,016	\$4,016	\$0.00	
	2	Laveen-West	21010157	Single Family	Water Up to 1"	3/29/2021	4,016	4,016	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	22012231	Single Family	Water Up to 1"	4/5/2022	\$4,016	\$4,016	\$0.00	
	2	Laveen-West	21037188	Multifamily	Water	11/1/2021	2,788	2,788	0.00	2 units
	3	Northeast	21024903	Single Family	Water Up to 1"	7/26/2021	6,330	6,330	0.00	

Residential										
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Estrella-South	20034561	Single Family	Police	9/14/2020	\$285	\$285	\$0.00	
	2	Laveen-East	20040461	Single Family	Police	11/3/2020	285	285	0.00	

Residential										
	Sample No.	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	21021990	Single Family	Police	7/1/2021	\$285	\$285	\$0.00	
	2	Laveen-East	21033423	Single Family	Police	10/4/2021	285	285	0.00	
	3	Laveen-West	21041572	Single Family	Police	12/7/2021	285	285	0.00	
	4	Northeast	2104903	Single Family	Police	7/26/2021	314	314	0.00	

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	21010582	Multifamily	Water Resource	4/1/2021	\$221	\$221	\$0.00	1 unit

Residential									
	Sample No.	Receipt	Development Type	Fee Category	App Date	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	21038834	Single Family	Water Resource	11/12/2021	\$583	\$583	\$0.00	
	2	21032872	Single Family	Water Resource	9/29/2021	583	583	0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Square Feet	DIF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	Paradise Ridge	21019289	Pub-Inst	Police	6/10/2021	9,247	\$0.182	\$1,683	\$1,683	\$0.00	

Non-Residential											
	Sample No.	Receipt	Development Type	Fee Category	App Date	Square Feet	DIF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1									\$0.00	

Non-Residential										
	Sample No.	Receipt	Development Type	Fee Category	App Date	Meter	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1	2016160	Off-Project	Water Resource	12/21/2020	4-inch Compound	\$24,707	\$24,707	\$0.00	
	2	21008202	Off-Project	Water Resource	3/12/2021	2-inch Displacement	6,584	6,584	0.00	
	3	21012047	Off-Project	Water Resource	4/14/2021	3/4-inch	1,235	1,235	0.00	
	4	20034860	Off-Project	Water Resource	9/16/2020	1.5-inch Displacement	4,114	4,114	0.00	

Non-Residential										
	Sample No.	Receipt	Development Type	Fee Category	App Date	Meter	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	22009844	Off-Project	Water Resource	3/18/2022	3-inch Compound	\$14,416	\$14,416	\$0.00	
	2	21032965	Off-Project	Water Resource	9/30/2021	1.5-inch Displacement	4,114	4,114	0.00	
	3	21039704	Off-Project	Water Resource	11/19/2021	1.5-inch Displacement	4,114	4,114	0.00	
	4	22017428	Off-Project	Water Resource	5/10/2022	1-inch Displacement	2,063	2,063	0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Square Feet	DIF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1										\$0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	Receipt Date	Square Feet	SDF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-North	21024101	Com-Ret	Major Arterials	7/20/2021	4,984	\$2.35	\$11,722	\$11,722	\$0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Square Feet	DIF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1										\$0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Square Feet	DIF/sqft	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	22004718	Com-Ret	Library	2/8/2022	2,200	\$0.01	\$11	\$11	\$0.00	

Non-Residential											
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Meter	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1									\$0.00	

Non-Residential											
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Meter	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	22012215	Ind-WH	Water	4/5/2022	2-inch Displacement	\$47,661	\$47,661	\$0.00	
	2	Northwest	22020728	Ind-WH	Water	6/7/2022	8-inch Compound	735,506	735,506	0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Acres	DIF/Acre	Assessed Fee	Fee in Effect	Difference	Notes
FY 2020-21	1										\$0.00	

Non-Residential												
	Sample No.	Location	Receipt	Development Type	Fee Category	App Date	Acres	DIF/Acre	Assessed Fee	Fee in Effect	Difference	Notes
FY 2021-22	1	Estrella-South	2212215	Ind-WH	Storm	4/5/2002	25	\$3,080	\$76,815	\$76,815	\$0.00	



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