

MEMO

December 12, 2013

To: Dana Burkhardt, Interim Zoning Administrator
From: Micah Miranda, Economic Development Director
Subject: South Maricopa Annexation Fiscal Impact Review

Economic Development staff prepared an internal fiscal analysis report using DPGF's assumptions (including the seemingly high 3.67 res/unit) and absorption schedule, arriving at the same number of housing units, commercial square footage, population, employment, and fairly similar total revenue at build-out (\$26 M vs. \$26.8 M). Our model, however, estimates significantly higher expenses in a majority of categories (\$8.6 M total).

While the net fiscal impact was positive in both the staff and applicants report, Economic Development staff does have concern regarding the expense forecast delta. Additionally, the applicants modeling appears to be using linear modeling to project expenses which does not take into account the understaffing and lack of resource we currently have to execute our strategic initiatives at a high level.

Staff is supportive of the annexation request.

Attachments:
South Maricopa Annexation Fiscal Impact Comparison



**SOUTH MARICOPA ANDERSON CORRIDOR ANNEXATION:
COMPARISON OF FISCAL IMPACT ANALYSIS RESULTS AT BUILDOUT: EXPENSE DIFFERENCES**

Expenses	City Model	DPFG Model	Difference
Non-Departmental	\$ 3,593,824	\$ 990,561	\$ (2,603,263)
Fire Service	\$ 4,132,340	\$ 2,100,000	\$ (2,032,340)
Finance/Admin Services	\$ 1,412,810	\$ 420,213	\$ (992,597)
Police Department	\$ 2,051,713	\$ 1,309,556	\$ (742,157)
City Manager	\$ 776,700	\$ 230,065	\$ (546,635)
Community Services	\$ 1,025,252	\$ 495,903	\$ (529,349)
Development Services/Streets	\$ 1,313,546	\$ 855,538	\$ (458,008)
City Attorney	\$ 493,996	\$ 159,062	\$ (334,934)
City Clerk	\$ 292,415	\$ 98,166	\$ (194,249)
Human Resources	\$ 240,532	\$ 88,751	\$ (151,781)
City Magistrate	\$ 182,900	\$ 75,017	\$ (107,883)
Mayor and Council	\$ 48,851	\$ 0	\$ (48,851)
Economic Development	\$ 0	\$ 101,682	\$ 101,682
Total	\$ 15,564,878	\$ 6,924,514	\$ (8,640,364)

**City uses land use impact model developed in June 2012 by Applied Economics specifically for Maricopa*

**SOUTH MARICOPA ANDERSON CORRIDOR ANNEXATION:
CITY LAND USE IMPACT MODEL EXPENSE FORMULAS**

<u>Expenses</u>	<u>Driver</u>	<u>Rate/Basis for Calculation</u>
General Government		
Mayor and Council	population (10% of current rate for new population)	\$7.214*population
City Clerk	service population (pop*2)	4.0199*(population*2 + employment)
City Magistrate	service population (pop*2)	\$2.514*(population*2 + employment)
City Manager	City FTEs @ 0.0025 per (population*2 + employment)	\$4267.32*FTEs
City Attorney	population	\$14.59*population
Human Resources	City FTEs @ 0.0025 per (population*2 + employment)	\$1321.52*FTEs
Economic Development	job growth (year-over-year)	\$175.27*new jobs
Nondepartmental	City FTEs @ 0.0025 per (population*2 + employment)	\$19745.07*FTEs
Finance/Administrative Services		
Finance/Administrative Services	service population (pop*2)	\$11.50*(population*2 + employment)
Information Technology	City FTEs @ 0.0025 per (population*2 + employment)	\$3167.71*FTEs
Development Services		
Development Services Admin.	other planning expenditures	8.55%*planning expenditures
Engineering	construction value	\$0.003*construction value
Fleet Management	City FTEs @ 0.0025 per (population*2 + employment)	\$1516.80*FTEs
Planning	construction value (60%), population (40%)	(\$0.0018*construction value) + (\$1.87*population)
Building Safety	construction value (year-over-year)	(\$0.0089*construction value)
Facilities Management	City FTEs @ 0.0025 per (population*2 + employment)	\$2428.20*FTEs
Code Enforcement	service population	\$4.037*(population + employment)
Transportation	street miles (60%), population (40%)	(\$322.18*new street miles) + (\$1.34*population)
Public Works (HURF)	street miles	\$12995.52*new street miles
Public Safety		
Police	police officers @ 0.003 per (population*2.5 + employment) growth	\$87822*police officers
Fire	service population (pop*3)	\$38.77*(population*3 + employment)
Community Services		
Community Services Admin	other community services expenditures	9.66%*community services expenditures
Recreation	population	\$18.15*population
Park Maintenance	park acres	\$21826.65*park acres
Library	population	\$9.46*population

**Formulas from land use impact model developed in June 2012 by Applied Economics specifically for Maricopa*

South Maricopa Anderson Corridor Fiscal Impact Analysis

Prepared for:

Philip Miller Consultants, LLC

December 9, 2013

Prepared By:

Development, Planning & Financing Group, Inc.



South Maricopa Anderson Corridor Fiscal Impact Analysis City of Maricopa, Arizona

Table of Contents

I. Executive Summary	0
II. Introduction.....	1
III. Detailed Description of Analysis	5
A. Fixed and Variable Revenue and Expense Allocation.....	5
B. Land Use Plan	5
C. City Revenues	6
D. City Expenses.....	9
Exhibit A- Aerial View	11
Exhibit B- Ownership Map	12
Exhibit C- City Fire Department Memo	13

Disclaimer:

The observations in this Report do not represent a prediction or projection of actual results, which may vary materially from those presented. As such, DPFG does not make, and expressly disclaims, any implied, expressed, or statutory warranty or guarantee of any particular results concerning the projects or properties discussed herein.

While we believe that the sources utilized in the preparation of the Report are reasonable and reliable, DPFG does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of fiscal benefits contained in this Report is not considered to be a “financial forecast” or “financial projection” as technically defined by the American Institute of Certified Public Accountants (AICPA). This Report relates to broad expectations of future events of market conditions and quantification of the potential results of operations under those conditions. Since the analyses within the Report are based on estimates and assumptions that are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore the actual results achieved may vary materially from the projections.

We did not ascertain the legal, engineering or regulatory requirements applicable to the Annexation Area including zoning and other state and local government regulations, permits and licenses. Furthermore, no effort has been made to determine the possible effect on the Annexation Area of present or future federal, state or local legislation including any environmental or ecological matters of interpretations thereof. In addition, no effort was made to determine the effect of sudden wide swings in the economy. The Report is intended solely for your information. Neither the Report nor its contents may be referred to or quoted, in whole or in part, in any registration statement, prospectus, loan or other agreement or document without our prior written approval.

I. Executive Summary

Killian C Max TR, SCR, LLC, Anderson Russell LLC, and Vicencia Farms, LLC, (collectively the “Owners”), own 2,955 acres of land (“Annexation Area”) currently located in the unincorporated area of Pinal County, Arizona (“County”). Phillip Miller Consultants, Inc. (“PMC”) on behalf of the Owners has submitted the South Maricopa Anderson Corridor Annexation Application (“Application”) requesting that the Annexation Area be annexed into the City of Maricopa, Arizona (“City”). The Annexation Area is generally bounded by the Russell Road alignment on the east, Miller Road on the south, the Santa Rosa Wash, Murphy Road alignment and the Ak-Chin Native American Community on the west, and the Maricopa Casa Grande Highway on the north.

The current land use (“Current Condition”) within the Annexation Area is agricultural and vacant land. The Owners anticipate completing development in two phases (see Exhibit A) in the year 2025 (“Build-Out”) which will contain an estimated 9,711 single family residences and 1,970,000 square feet of commercial uses. At Build-Out the Annexation Area is estimated to generate a positive net fiscal impact to the City in the amount of \$19,941,000 (un-inflated 2013 dollars) as summarized below.

South Maricopa Anderson Corridor Annexation Additional Revenue and Expense		
REVENUE	Current Condition (1)	Annexation Area At Buildout
Local Taxes	\$ -	\$ 15,860,162
License and Permits	\$ -	\$ 51,555
Intergovernmental (State Shared)	\$ -	\$ 10,388,159
Charges for Service	\$ -	\$ 290,178
Fines and Forfeits	\$ -	\$ 275,818
Interest Investments	\$ -	\$ -
Total	\$ -	\$ 26,865,871
EXPENSES		
Mayor and Council	\$ -	\$ -
City Departments	\$ -	\$ 3,354,959
Fire Service	\$ -	\$ 2,100,000
Streets	\$ -	\$ 160,000
Police Service	\$ -	\$ 1,309,556
Total	\$ -	\$ 6,924,515
Net Fiscal Impact	\$ -	\$ 19,941,357

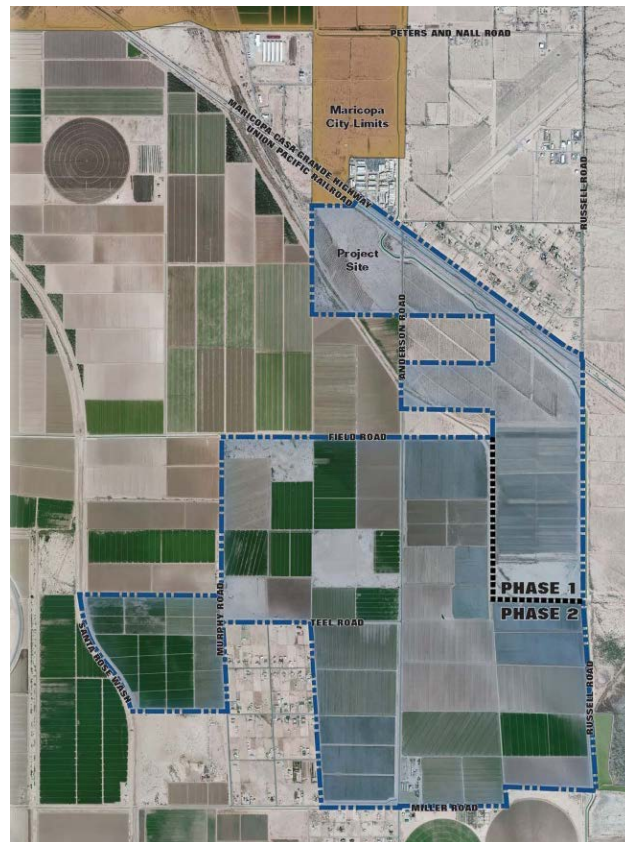
FOOTNOTE:

(1) The Annexation Area is currently not located within the City limits and is not anticipated to impact City revenues or expenses.

II. Introduction

As part of the Application, PMC on behalf of the Owners has requested the Development, Planning & Financing Group, Inc. (“DPFG”) to provide a net fiscal impact analysis (“Report”) related to development of the Annexation Area at Build-Out. A map of the Annexation Area is detailed below. A larger Annexation Area map has been included as Exhibit A and an Ownership map as Exhibit B to this Report.

Annexation Area Map



The purpose of this Report is to estimate the net fiscal impact of the Annexation Area to the City at Build-Out as a result of the annexation into the City. To this end, DPFG has performed the following tasks:

1. Reviewed PMC’s Application and the Annexation Area’s anticipated land uses;
2. Reviewed the City’s tentative fiscal year 2013-2014 budget provided by the City which illustrates the City’s anticipated general fund operating revenues and expenses;
3. Discussed with City Staff the estimated police, fire and street expenses related the Annexation Area;

4. Prepared a net fiscal impact analysis of the two phases within the Annexation Area at Build-Out for the following:
 - a. Population;
 - b. Job creation;
 - c. Property taxes;
 - d. Retail sales and leasing tax revenues;
 - e. State shared revenues;
 - f. Charges for services;
 - g. Fines and fees;
 - h. City administration and governing expenses;
 - i. Police and fire service and;
 - j. Street maintenance.

A summary of the net fiscal impact of the Annexation Area on the City is illustrated on the following page. A detailed description of the methodology utilized to estimate the anticipated net fiscal impacts is included in Section III of the Report.

South Maricopa Anderson Corridor Annexation Additional Revenue and Expense					
Revenue	Current Condition (1)	Revenue and Expense at Buildout			
		Phase I	Phase II	Total	
<u>Local Taxes</u>					
Primary Property Taxes	\$ -	\$ 2,718,052	\$ 8,144,501	\$ 10,862,553	
Secondary Property Taxes	\$ -	\$ 385,633	\$ 1,155,529	\$ 1,541,162	
Local Priviledge Tax	\$ -	\$ 1,336,747	\$ 2,119,699	\$ 3,456,447	
Personal Property Tax	\$ -	\$ -	\$ -	\$ -	
<u>License and Permits</u>					
Permit Fees	\$ -	\$ -	\$ -	\$ -	
Franchise Fees	\$ -	\$ -	\$ -	\$ -	
Business Licenses	\$ -	\$ 19,938	\$ 31,617	\$ 51,555	
<u>Intergovernmental (State Shared)</u>					
State Shared Sales Tax	\$ -	\$ 634,755	\$ 2,290,781	\$ 2,925,536	
State Shared Income Tax	\$ -	\$ 819,562	\$ 2,957,736	\$ 3,777,298	
Vehicle License Tax	\$ -	\$ 322,071	\$ 1,162,328	\$ 1,484,399	
HURF		\$ 477,536	\$ 1,723,390	\$ 2,200,926	
<u>Charges for Service</u>					
Parks and Rec. Fees	\$ -	\$ 45,635	\$ 164,694	\$ 210,330	
Public Safety Fees	\$ -	\$ 10,906	\$ 39,359	\$ 50,264	
Library Fees	\$ -	\$ 2,230	\$ 8,048	\$ 10,278	
Passport Fees	\$ -	\$ 4,189	\$ 15,117	\$ 19,305	
<u>Fines and Forefeits</u>					
Magistrate Court Fees	\$ -	\$ 66,738	\$ 187,863	\$ 254,601	
Public Safety Charges	\$ -	\$ 5,562	\$ 15,655	\$ 21,217	
<u>Interest Investments</u>					
Investment Earnings	\$ -	\$ -	\$ -	\$ -	
<u>Miscellaneous</u>					
	\$ -	\$ -	\$ -	\$ -	
Total	\$ -	\$ 6,849,554	\$ 20,016,317	\$ 26,865,871	
			\$ -	\$ -	
<u>Expenses</u>					
			\$ -	\$ -	
Mayor and Council	\$ -	\$ -	\$ -	\$ -	
City Attorney	\$ -	\$ 44,860	\$ 114,203	\$ 159,062	
City Clerk	\$ -	\$ 27,685	\$ 70,481	\$ 98,166	
City Magistrate	\$ -	\$ 21,157	\$ 53,860	\$ 75,017	
City Manager	\$ -	\$ 64,884	\$ 165,181	\$ 230,065	
Community Services	\$ -	\$ 119,275	\$ 376,628	\$ 495,903	
Development Services	\$ -	\$ 182,321	\$ 513,217	\$ 695,538	
Economic Development	\$ -	\$ 39,325	\$ 62,358	\$ 101,682	
Finance/ Admin Svcs	\$ -	\$ 118,511	\$ 301,702	\$ 420,213	
Fire Service	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000	
Human Resources	\$ -	\$ 25,030	\$ 63,721	\$ 88,751	
Streets	\$ -	\$ 160,000	\$ -	\$ 160,000	
Police Service	\$ -	\$ 1,309,556	\$ -	\$ 1,309,556	
Non-Departmental	\$ -	\$ 279,364	\$ 711,198	\$ 990,561	
Total	\$ -	\$ 4,491,967	\$ 2,432,547	\$ 6,924,515	
Net Fiscal Impact	\$ -	\$ 2,357,587	\$ 17,583,770	\$ 19,941,357	

FOOTNOTE:

(1) The Annexation Area is currently not located within the City limits and is not anticipated to impact City revenues or expenses.

III. Detailed Description of Analysis

A. Fixed and Variable Revenue and Expense Allocation

The development of the Annexation Area is anticipated to increase the City's population by approximately 33,860 persons while employment is anticipated to increase by approximately 5,000 jobs.

Population				
Land Use	Residential Units	Vacancy Factor (1)	Residents Per Unit (2)	Total Residents (3)
Phase I	2,107	95%	3.67	7,346
Phase II	7,604	95%	3.67	26,511
Total	9,711	95%	3.67	33,857

FOOTNOTES:

- (1) Estimate.
 (2) ESRI 2010 estimated average household size.
 (3) Estimate at build-out.

Employment								
Parcel Owner	Phase	Square Feet (1)	Efficiency (2)	Usable	Occupancy (2)	Occ. SF	SF / Emp. (2)	Total Emp.
Anderson Russell, LLC	Phase I	326,700	85.0%	277,695	75%	208,271	250	833
Anderson Russell, LLC	Phase I	435,600	85.0%	370,260	75%	277,695	250	1,111
Killian C Max TR	Phase II	217,800	85.0%	185,130	75%	138,848	250	555
Killian C Max TR	Phase II	435,600	85.0%	370,260	75%	277,695	250	1,111
Killian C Max TR	Phase II	381,150	85.0%	323,978	75%	242,983	250	972
Killian C Max TR	Phase II	174,240	85.0%	148,104	75%	111,078	250	444
Totals		1,971,090	85.0%	1,675,427	75%	1,256,570	250	5,026

FOOTNOTES:

- (1) Source: Owners
 (2) Estimate.

As a result of the population and employment increases, the City's general fund revenue and operating expenses are expected to increase as well. However, the effect to each revenue and operating expense category is unique as the result may not necessarily be directly correlated to the increase in the population and/or employment. For example some operating expenses may be fixed, there will only be one Mayor regardless of an increase in population and/or employment. Other departments such as Police, Fire and Community Services are anticipated to increase with population and employment gains.

Residential and commercial land uses also affect the City's general fund differently, whereby residential land uses increase the City's population and increase the demand for City services versus commercial land uses may not. Reviewing the City's tentative fiscal year 2013-14 Budget and working with the City staff, we have estimated the fixed and variable revenue and expense allocation as illustrated on the following page.

South Maricopa Anderson Corridor Annexation Fixed and Variable Allocation						
Revenue	FY 13-14 Budget (1)	Operating Revenue/ Expense		Allocation		
		Fixed	Variable	Residential	Commercial	
<u>Local Taxes</u>						
Primary Property Taxes (2)	\$ 10,102,118	0%	100%	N/A	N/A	
Secondary Property Taxes (2)	\$ 3,513,539	0%	100%	N/A	N/A	
Local Priviledge Tax (3)	\$ 6,453,247	0%	100%	N/A	N/A	
Personal Property Tax	\$ -	0%	100%	N/A	N/A	
<u>License and Permits</u>						
Permit Fees (4)	\$ 658,823	0%	100%	N/A	N/A	
Franchise Fees (5)	\$ 296,000	0%	100%	N/A	N/A	
Business Licenses	\$ 45,675	0%	100%	0%	100%	
<u>Intergovernmental (State Shared)</u>						
State Shared Sales Tax	\$ 3,757,174	0%	100%	100%	0%	
State Shared Income Tax	\$ 4,851,066	0%	100%	100%	0%	
Vehicle License Tax	\$ 1,906,367	0%	100%	100%	0%	
HURF	\$ 2,826,580	0%	100%	100%	0%	
<u>Charges for Service</u>						
Parks and Rec. Fees	\$ 270,120	0%	100%	100%	0%	
Public Safety Fees	\$ 64,553	0%	100%	100%	0%	
Library Fees	\$ 13,200	0%	100%	100%	0%	
Passport Fees	\$ 24,793	0%	100%	100%	0%	
<u>Fines and Forefeits</u>						
Magistrate Court Fees	\$ 300,000	0%	100%	80%	20%	
Public Safety Charges	\$ 25,000	0%	100%	80%	20%	
<u>Interest Investments</u>						
Investment Earnings	\$ 210,000	100%	0%	N/A	N/A	
Miscellaneous	\$ 66,360	100%	0%	N/A	N/A	
Total	<u>\$ 35,384,615</u>					
<u>Expenses</u>						
Mayor and Council	\$ 440,222	100%	0%	70%	30%	
City Attorney	\$ 600,000	70%	30%	70%	30%	
City Clerk	\$ 370,293	70%	30%	70%	30%	
City Magistrate	\$ 282,973	70%	30%	70%	30%	
City Manager	\$ 867,830	70%	30%	70%	30%	
Community Services	\$ 2,031,570	70%	30%	90%	10%	
Development Services	\$ 2,731,871	70%	30%	70%	30%	
Economic Development	\$ 450,423	80%	20%	0%	100%	
Finance/ Admin Svcs	\$ 1,585,087	70%	30%	70%	30%	
Fire Service (6)	\$ 7,915,604	N/A	N/A	N/A	N/A	
Human Resources	\$ 334,778	70%	30%	70%	30%	
Street Maintenance(6)	\$ -	N/A	N/A	N/A	N/A	
Police Service (6)	\$ 8,075,418	N/A	N/A	N/A	N/A	
Non-Departmental	\$ 3,736,504	70%	30%	70%	30%	
Total	<u>\$ 29,422,573</u>					

FOOTNOTES:

- 1) Tentative FY 2013-14 City budget.
- 2) Estimate based on anticipated land use assessed valuation.
- 3) Includes retail sales and leasing tax.
- 4) Building permits and fees excluded. Assumes Annexation Area at build-out.
- 5) Excluded from analysis.
- 6) Estimate provided City Staff.

B. Land Use Plan

The Annexation Area encompasses 2,955 acres and at Build-Out is anticipated to include 9,711 single family residences and approximately 1,970,000 square feet of commercial uses. The following table illustrates the land use plan utilized in the preparation of the Report.

Land Use Plan (1)			
Parcel Owner	Acreage	Residential Units	Commercial Sq. Ft.
<u>Phase I</u>			
Anderson Russell, LLC	282	987	-
Anderson Russell, LLC	320	1,120	-
Anderson Russell, LLC	30	-	326,700
Anderson Russell, LLC	40	-	435,600
	<u>672</u>	<u>2,107</u>	<u>762,300</u>
<u>Phase II</u>			
Killian C Max TR	433	1,516	-
Killian C Max TR	450	1,575	-
Killian C Max TR	350	1,225	-
Killian C Max TR	333	1,166	-
Killian C Max TR	341	1,194	-
Killian C Max TR	20	-	217,800.00
Killian C Max TR	40	-	435,600.00
Killian C Max TR	35	-	381,150.00
Killian C Max TR	16	-	174,240.00
Vicencia Farms, LLC	265	928	-
	<u>2,283</u>	<u>7,604</u>	<u>1,208,790</u>
Totals	<u>2,955</u>	<u>9,711</u>	<u>1,971,090</u>

FOOTNOTES:

(1) Source: Owners

C. City Revenues

The City's general fund revenues consist of taxes, fines, licenses and fees. The following is a brief description of each revenue source and applicable assumptions.

Local Taxes

Property Taxes

The City levies primary and secondary property taxes of \$ 4.8753 and \$0.6917 respectively, per \$100 of assessed valuation. By annexing the Annexation Area and the anticipated land uses into the City, the City will realize higher property tax collections through an increase in the City's total assessed valuation tax base.

Transaction Privilege Taxes

The transaction privilege (sales) tax is obtained on the sale of goods and various business activities. The City collects a retail sales tax of 2.0 percent on all retail purchases made within the City. The use tax is an excise tax on the use or consumption of tangible personal property that is purchased without payment of a municipal tax. The City collects a leasing tax of 2.0 percent on all commercial leases made within the City.

Local Taxes			
REVENUE	Additional At Build-Out		
	Phase I	Phase II	Total
Primary Property Taxes	\$ 2,718,052	\$ 8,144,501	\$ 10,862,553
Secondary Property Taxes	\$ 385,633	\$ 1,155,529	\$ 1,541,162
Local Privilege Tax (1)	\$ 1,336,747	\$ 2,119,699	\$ 3,456,447
Personal Property Tax (2)	\$ -	\$ -	\$ -
Total	\$ 4,440,432	\$ 11,419,730	\$ 15,860,162

FOOTNOTES:

(1) Includes retail sales and leasing taxes.

(2) Excluded from City FY 2013-14 budget.

Licenses and Fees

The City imposes a license tax on professions, occupations or businesses within the community. It is difficult to determine with any certainty how many new businesses will be created within the Annexation, but utilizing the City's current estimated employment, budgeted business license revenue and the anticipated commercial land uses of the Annexation Area the additional business license revenue is estimated to be \$51,555.

Licenses and Fees			
Revenue	Additional At Buildout		
	Phase I	Phase II	Total
Permit Fees (1)	\$ -	\$ -	\$ -
Franchise Fees (2)	\$ -	\$ -	\$ -
Business Licenses (3)	\$ 19,938	\$ 31,617	\$ 51,555
Total	\$ 19,938	\$ 31,617	\$ 51,555

FOOTNOTES:

- (1) Assumes no additional construction at build-out.
 (2) Excluded from analysis.
 (3) Estimate based on FY 2013-14 budget for business licenses, existing City population and employment.

Intergovernmental Revenue

State Shared Revenues consists of a Vehicle License Tax, Highway User Revenue, State Sales Tax and State Income Tax which are distributed to all cities and towns in Arizona based on the total population of the municipality. Annexing the Annexation Area into the City will increase the City's total population and result in a higher allocation of State Shared Revenues. It is estimated the City will receive approximately \$306.82 for each new resident.

Intergovernmental Revenue			
Revenue	Additional At Buildout (1)		
	Phase I	Phase II	Total
State Shared Sales Tax	\$ 634,755	\$ 2,290,781	\$ 2,925,536
State Shared Income Tax	\$ 819,562	\$ 2,957,736	\$ 3,777,298
Vehicle License Tax	\$ 322,071	\$ 1,162,328	\$ 1,484,399
HURF	\$ 477,536	\$ 1,723,390	\$ 2,200,926
Total	\$ 2,253,923	\$ 8,134,235	\$ 10,388,159

FOOTNOTES:

- (1) Estimate based on FY 2013-14 League of Cities and Towns allocation.

Charges For Service

Charges for service include user fees are collected from residents for the use of certain City facilities or services. The City charges user fees for parks and recreation activities, passport charges, transit services charges and public safety hearing charges.

Charges for Services				
Revenue	Additional At Buildout (1)			Total
	Phase I	Phase II		
Parks and Rec. Fees	\$ 45,635	\$ 164,694	\$	210,330
Public Safety Fees	\$ 10,906	\$ 39,359	\$	50,264
Library Fees	\$ 2,230	\$ 8,048	\$	10,278
Passport Fees	\$ 4,189	\$ 15,117	\$	19,305
Total	\$ 62,960	\$ 227,218	\$	290,178

FOOTNOTES:

(1) Estimate based on FY 2013-14 budget for charges for services, existing City population and employment.

Fines and Forfeits

This revenue source is derived from traffic violations and other fines paid for the violation of City ordinances and is anticipated to increase as population within the Annexation Area grows.

Fines and Forfeits				
Revenue	Additional At Buildout (1)			Total
	Phase I	Phase II		
Magistrate Court Fees	\$ 66,738	\$ 187,863	\$	254,601
Public Safety Charges	\$ 5,562	\$ 15,655	\$	21,217
Total	\$ 72,300	\$ 203,518	\$	275,818

FOOTNOTES:

(1) Estimate based on FY 2013-14 budget for fines and forfeits, existing City population and employment.

D. City Expenses

General Fund expenses include the costs attributable to the City's elected officials such the office of the Mayor and City Council, City departments such as the City Manager, Finance Department, Economic Development and City services such as police, fire and public works. Below is a brief description of each expense.

Government and Administration

Management of the City includes several departments including the Office of the Mayor, City Council, City Attorney, City Manager, Finance, Development Services and Economic Development.

Government and Administration				
Expense	Additional At Buildout (1)			Total
	Phase I	Phase II		
Mayor and Council	\$ -	\$ -	\$ -	-
City Attorney	\$ 44,860	\$ 114,203	\$	159,062
City Clerk	\$ 27,685	\$ 70,481	\$	98,166
City Magistrate	\$ 21,157	\$ 53,860	\$	75,017
City Manager	\$ 64,884	\$ 165,181	\$	230,065
Community Services	\$ 119,275	\$ 376,628	\$	495,903
Development Services	\$ 182,321	\$ 513,217	\$	695,538
Economic Development	\$ 39,325	\$ 62,358	\$	101,682
Finance/ Admin Svcs	\$ 118,511	\$ 301,702	\$	420,213
Human Resources	\$ 25,030	\$ 63,721	\$	88,751
Non-Departmental	\$ 279,364	\$ 711,198	\$	990,561
TOTAL	\$ 922,411	\$ 2,432,547	\$	3,354,959

FOOTNOTES:

(1) Estimate based on fixed and variable allocation.

Fire Services

Currently, the City does not provided fire services within the Annexation Area. After a review of the Annexation Area by City Fire Department staff the City Fire Department estimates the cost to serve the Annexation Area to be approximately \$2.1 million per year (2013 dollars). A copy of the estimate of the by the City Fire Department has been provided as Exhibit C.

Police Services

Police Department staff estimates to provide police services to the Annexation Area 7 patrol vehicles, 12 patrol officers, 2 supervisors, and 2 support staff will be required. The total estimated expense for police services to the Annexation Area is as follows:

Police Services (1)				
Personnel	No. Required	Annual		Total
		Expense		
Officer	12	\$	77,669	\$ 932,028
Sergeant	2	\$	109,449	\$ 218,898
Support Staff	<u>2</u>	\$	<u>57,006</u>	<u>\$ 114,012</u>
Total	<u>16</u>		-	\$ 1,264,938
<u>Vehicles</u>				
Patrol Car	7	\$	6,374	<u>\$ 44,618</u>
Total				<u>\$ 1,309,556</u>

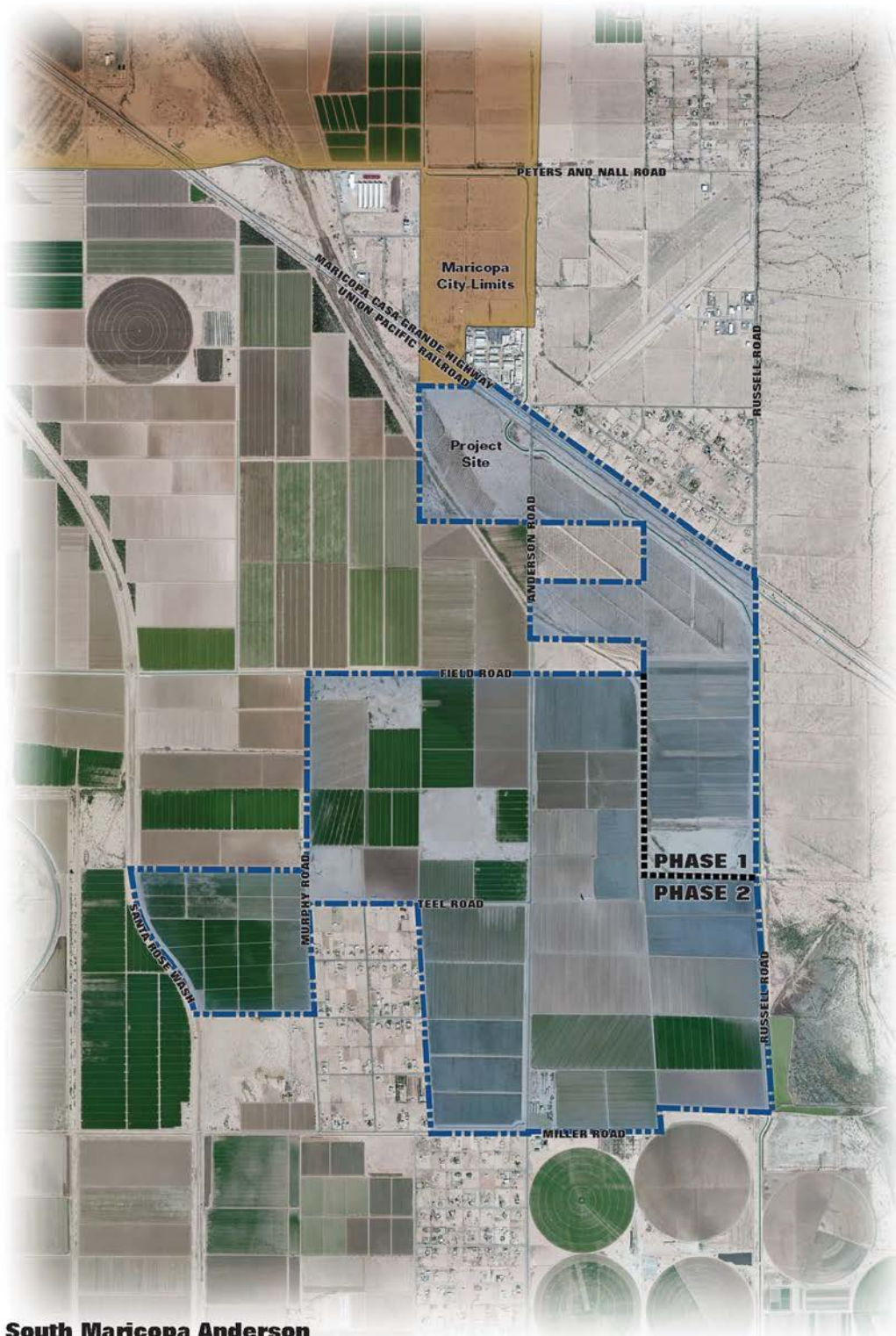
FOOTNOTE:

(1) Estimate. Source: City

Roadway Maintenance

To access and serve the Annexation Area approximately 1.7 miles of the Maricopa Casa Grande Highway, 12 miles of arterials and 5 miles of collector roads will need to be maintained by the City. An analysis prepared by City Staff the estimates the cost to maintain these roads is \$1.82 per lineal foot or approximately \$160,000 annually.

Exhibit A- Annexation Map



**South Maricopa Anderson
Corridor Annexation**

Annexation Area Map with Maricopa City Limits
Exhibit G



6 December 2013



Exhibit B- Ownership Map

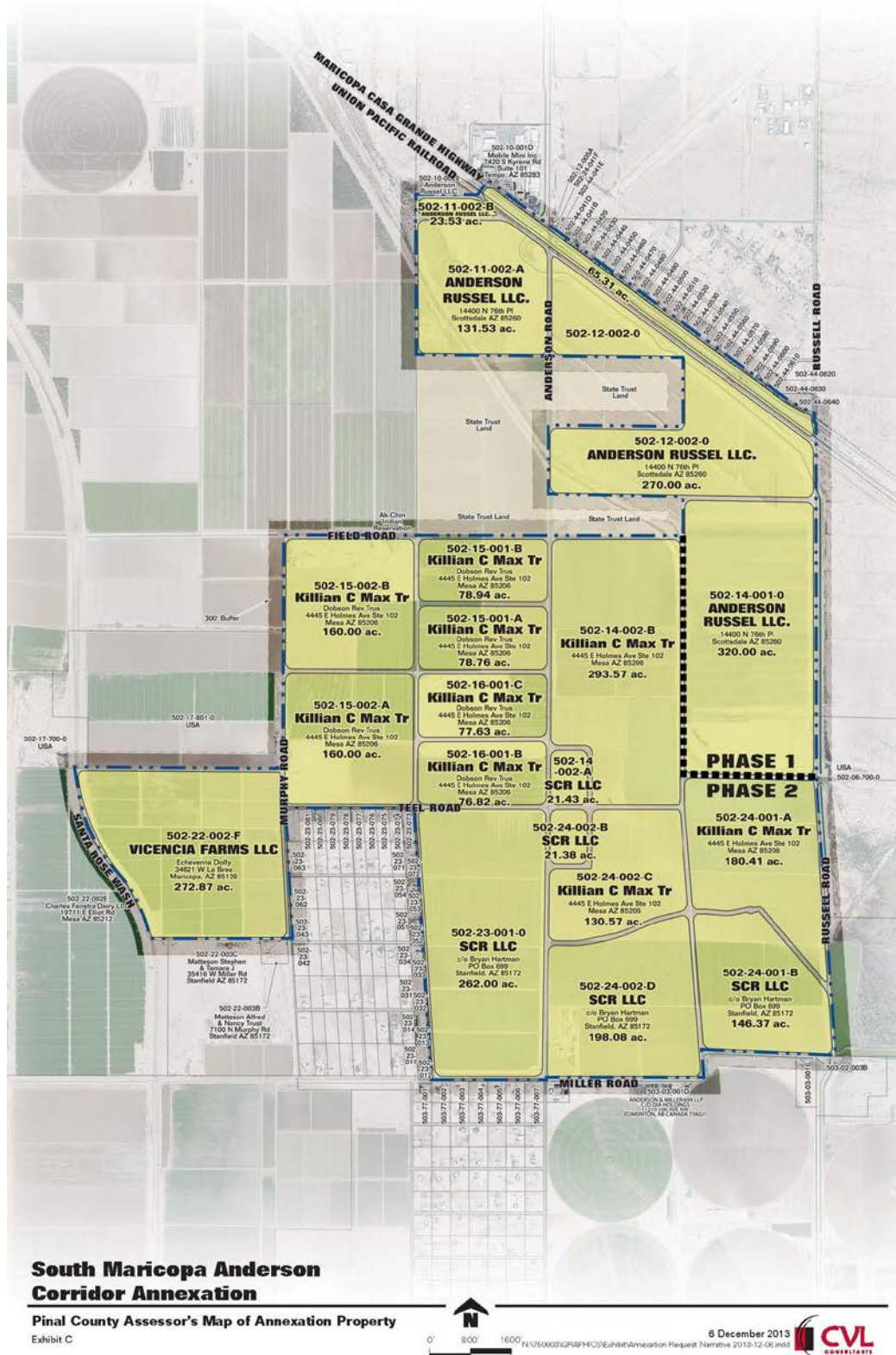


Exhibit C- City Fire Department Memo



FIRE DEPARTMENT

MEMO

To: Dana Burkhardt, Planning and Development
From: Mark Boys, Division Chief
CC: Wade Brannon, Chief
Date: December 5, 2013
Re: Annexation Fiscal Impact Report assumptions (South Maricopa Anderson Corridor Annexation)

The Fire Department requirements for providing fire and life safety services to the South Maricopa Anderson Corridor annexation area is estimated to cost approximately 2.1 million dollars per year. This estimate is based on current City of Maricopa service levels, the size of the proposed annexation and the location of the proposed annexation.

The proposed annexation is located several miles South and East of the closest Fire Department substation. The distance from the nearest substation to the intersection of Field and Anderson, a paved intersection located within the annexation, is 8.6 road miles. Our estimated travel time from the Fire Department Substation to this intersection is 20 minutes. When responding to emergency incidents in suburban and urban areas, our current City service levels call for a travel time of 4 minutes or less 50% of the time and 6 minutes, 30 seconds or less, 90% of the time. A fully-staffed and equipped fire station is required to meet this standard level of service. However, the annexation area is currently undeveloped. No additional Fire Department infrastructure would be required to meet response standards to the area, as long as it remains undeveloped.

Radio communications is essential for public safety response. Radio communications will need to be evaluated in order to ensure that they currently meet City of Maricopa service standards for the 700/800 MHz and VHF bands prior to development. The proposed annexation area is outside current radio service areas and may not transmit or receive radio transmissions. Required infrastructure improvements would primarily serve the proposed annexation area, as the infrastructure would have a limited range due to the geography of the area and the type of equipment that may be required.

The provision of the necessary water supply for firefighting would be required prior to the areas development. A supply, equal to 180,000 gallons, supplied at 1,500 gallons per minute at the fire hydrants (2-hour duration) would be the minimum requirement. There is a distinct possibility the requirement could increase to 360,000 gallons of water for fire protection (4-hour duration) prior to any significant commercial development. In addition, existing dirt roads leading to and within the

proposed area will require improvements to accommodate fire apparatus and drainage on all aspects.

There is limited transportation connectivity from the annexation area to other areas of the City. Access is limited by an inadequate number of railroad crossings. The annexation area is served by a single crossing at Anderson Road. The next closest crossing is at White and Parker. This severely limits the ability of the Fire Department to assemble an effective response force for many serious emergency incidents, including house fires. The development of industrial areas, large buildings, or multi-story structures may be constrained by this access issue.

We are confident this annexation would be a very positive impact to our community and are looking forward to servicing this area with the same professionalism we now serve our local business and community members.



SOUTH MARICOPA ANDERSON CORRIDOR ANNEXATION: FISCAL IMPACT ANALYSIS

CITY LAND USE IMPACT MODEL ASSUMPTIONS: ADJUSTED TO MATCH DPGF MODEL

<u>Residential Land Uses</u>	Pop. Per Unit	Unit Sq Ft	Units Per Acre	Occupancy	Const Cost Per Sq Ft			Avg Unit Value	Lease Rate	Percent Leased	
Medium Density Residential	3.67	2,500	3.5	95%	\$80.00			\$225,000	\$1,200	15%	
<u>Non-Residential Land Uses</u>	Sq Ft Per Emp		FAR	Occupancy	Const Cost Per Sq Ft	Taxable Sales Sq Ft	Retail Share	Value Per Sq Ft	Lease Rate	Percent Leased	Land Value Per Acre
Community Commercial	250	n/a	0.25	75%	\$150.00	\$257.00	50%	\$150.00	\$18.00	50%	\$157,046
Inflation Rate for Revenues & Expenditures	0.00%										
Effective Long Term Interest Rate	1.50%										
Effective Long Term Borrowing Rate	4.50%										
NPV Rate	2.00%										

*Utilized assumptions from DPGF model provided by Matthew Look. Their model assumed no inflation for revenues or expenditures. Land value per acre is the only figure that was not adjusted.

CITY LAND USE IMPACT MODEL ABSORPTION SCHEDULE: FOLLOWS DPGF MODEL

CUMULATIVE ACRES ABSORBED											
<u>Residential Land Uses</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medium Density Residential	0.00	0.00	0.00	0.00	40.00	213.14	546.86	986.86	1,433.71	1,856.29	2,220.86
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	2,472.00	2,641.14	2,741.43	2,774.57	2,774.57	2,774.57	2,774.57	2,774.57	2,774.57		
<u>Non-Residential Land Uses</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Community Commercial	0.00	0.00	0.00	0.00	2.30	9.18	20.66	36.73	57.39	82.64	107.64
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	128.05	145.24	159.46	170.28	177.94	181.00	181.00	181.00	181.00		
Street Lane Miles	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	0.00	0.00	0.00	0.24	1.28	3.26	5.89	8.58	11.15	13.39	14.96
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	16.03	16.69	16.94	16.98	17.00	17.00	17.00	17.00	17.00		

*Residential and Commercial development follow absorption schedules provided by Matthew Look. Street lane miles was assumed to precede building absorption by 1 year.

CITY LAND USE IMPACT MODEL: SOCIOECONOMIC IMPACTS

Housing Units	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	0	0	0	0	140	746	1,914	3,454	5,018	6,497	7,773
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	8,652	9,244	9,595	9,711	9,711	9,711	9,711	9,711	9,711		
Population	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	0	0	0	0	488	2,601	6,673	12,042	17,495	22,652	27,101
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	30,165	32,229	33,453	33,857	33,857	33,857	33,857	33,857	33,857		
Employment (Non-Construction) at 250 sq ft of usable space per job	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	0	0	0	0	64	255	574	1,020	1,594	2,295	2,989
	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	3,556	4,033	4,428	4,729	4,941	5,026	5,026	5,026	5,026		

*At buildout, model estimates 23 police officers and 182 City FTEs needed to service the development.

**SOUTH MARICOPA ANDERSON CORRIDOR ANNEXATION:
COMPARISON OF FISCAL IMPACT ANALYSIS RESULTS AT BUILDOUT**

Revenue	City Model	DPFG Model	Difference
<u>Local Taxes</u>			
Property Taxes	\$ 11,919,530	\$ 12,403,715	\$ 484,185
Local Privilege Taxes	\$ 3,455,567	\$ 3,456,447	\$ 880
<u>License and Permits</u>			
Permit Fees	\$ 35,910	\$ 0	\$ (35,910)
Franchise Fees	\$ 237,989	\$ 0	\$ (237,989)
Business Licenses	\$ 39,828	\$ 51,555	\$ 11,727
<u>Intergovernmental (State Shared)</u>			
State Shared Sales Tax	\$ 2,696,275	\$ 2,925,536	\$ 229,261
State Shared Income Tax	\$ 3,008,034	\$ 3,777,298	\$ 769,264
Vehicle License Tax	\$ 1,463,085	\$ 1,484,399	\$ 21,314
HURF	\$ 1,909,646	\$ 2,200,926	\$ 291,280
<u>Charges for Service</u>			
Parks and Rec. Fees	\$ 250,599	\$ 210,330	\$ (40,269)
Public Safety Fees	\$ 0	\$ 50,264	\$ 50,264
Library Fees	\$ 0	\$ 10,278	\$ 10,278
Passport Fees	\$ 0	\$ 19,305	\$ 19,305
<u>Fines and Forefeitures</u>			
Magistrate Court Fees	\$ 360,637	\$ 254,601	\$ (106,036)
Public Safety Charges	\$ 168,241	\$ 21,217	\$ (147,024)
<u>Interest Investments</u>			
Investment Earnings	\$ 156,663	\$ 0	\$ (156,663)
<u>Miscellaneous</u>	\$ 311,954	\$ 0	\$ (311,954)
Total	\$ 26,013,957	\$ 26,865,871	\$ 851,914
 <u>Expenses</u>			
Mayor and Council	\$ 48,851	\$ 0	\$ (48,851)
City Attorney	\$ 493,996	\$ 159,062	\$ (334,934)
City Clerk	\$ 292,415	\$ 98,166	\$ (194,249)
City Magistrate	\$ 182,900	\$ 75,017	\$ (107,883)
City Manager	\$ 776,700	\$ 230,065	\$ (546,635)
Community Services	\$ 1,025,252	\$ 495,903	\$ (529,349)
Development Services/Streets	\$ 1,313,546	\$ 855,538	\$ (458,008)
Economic Development	\$ 0	\$ 101,682	\$ 101,682
Finance/Admin Services	\$ 1,412,810	\$ 420,213	\$ (992,597)
Fire Service	\$ 4,132,340	\$ 2,100,000	\$ (2,032,340)
Human Resources	\$ 240,532	\$ 88,751	\$ (151,781)
Police Department	\$ 2,051,713	\$ 1,309,556	\$ (742,157)
Non-Departmental	\$ 3,593,824	\$ 990,561	\$ (2,603,263)
Total	\$ 15,564,878	\$ 6,924,514	\$ (8,640,364)
Net Fiscal Impact	\$ 10,449,078	\$ 19,941,357	\$ 9,492,279

*City uses land use impact model developed in June 2012 by Applied Economics specifically for Maricopa