



Annexation Policy Study

City of Phoenix
Planning Department
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ANNEXATION POLICY

INTRODUCTION

During recent discussions on the merits of proposed annexations City Councilmembers asked questions about the benefits of annexation. As the last comprehensive study on annexation was completed in 1974, the City Manager directed staff to analyze all of the issues. A multi-departmental task force of representatives from the Planning, City Clerk, Management and Budget, Law, Water and Wastewater, and Finance Departments, with input from Aviation and Community and Economic Development, has spent the last four months researching the process, the costs and benefits, the practice of other cities, and the alternatives available to Phoenix. Our conclusions and a recommended policy are presented as a series of questions and answers.

1. What are the benefits of having an Annexation Policy?

For many years Phoenix has pursued an aggressive annexation policy based on a goal of capturing new population and job growth as it moved outward and insuring a continued economic growth, primarily in revenue. In some cases, the City sent out field workers to canvass areas, passing out petitions to obtain signatures. State, Federal and County lands were annexed without need of signatures. Recent property owner requests for annexation for such reasons as to obtain an assured water supply; more reliable, cheaper or better services; urban zoning; and stronger land use controls have led City officials to think about the merits of continued annexations and their impacts on the City's financial health, its provision of services to existing residents and its effect on infill. Ideally an annexation policy should provide objective criteria for evaluating each proposed annexation and a method for understanding the long and short term financial costs and benefits. It can indirectly positively affect the timing and quality of development. It should give clear direction to the public and staff. The annexation policy will provide a rational basis for an individual evaluation of each proposed annexation.

BACKGROUND

2. What is the present procedure for annexing land, and how has it changed recently?

In the last 30 years, the City of Phoenix has grown from 53 square miles and 192,000 people to 404 square miles and 975,000 people. Strip annexation wars among the Valley cities in the late 1970s prompted the legislature to change the process to eliminate strip annexations. An area to be annexed must now be at least 200 feet wide and not more than twice the width in length. Where it joins the existing city limit boundaries, it must be 300 feet wide. However, many of these earlier narrow strips exist in Phoenix and other cities and they still contain large county islands.

After challenges concerning the due process shortcomings of the old law which allowed immediate annexation upon securing signatures representing more than 50% of the assessed valuation of the area, the legislature also changed the notification and signature requirements. Now, public hearings, newspaper publications, postings and mailed notice to all owners within a proposed area are required. Signatures of more than one-half of the owners of real and personal property as well as one-half or more of the assessed value are now mandatory. The size of the annexation area cannot be changed once owners have signed.

Property owners seeking annexation are required to produce a "workable proposal" by securing the greatest consent possible of adjacent small parcel owners in order to produce a logical and serviceable extension of the City's boundaries. Annexing small parcels could create a hopscotch pattern inefficient for service and possibly create long-term county islands. Preference is recommended for areas within strips and with high revenue generating development. Front-end costs are to be borne by annexed property.

In December 1987, the City of Phoenix began requiring that all new water service be available only to residents of the City of Phoenix, except for private water company purchased areas, resulting in more requests for annexation, including numerous small areas.

3. What has been the impact of the Groundwater Management Act on requests for annexation?

The Groundwater Management Act provides that lands within Active Management Areas may not be subdivided and sold without first demonstrating a 100 year supply of water for the proposed level of development. Until 2001, lands within the service area of cities, towns, or private water companies which have contracted for Central Arizona Project water, regardless of amount and who can demonstrate financial ability to take and treat water, are deemed to have an assured supply. After 2000, actual demonstration of available water supplies will be required to continue selling subdivided lands. The actual demonstration must not be achieved by mining groundwater beyond safe yield beyond 2025. Safe yield is defined as achieving a long term balance between withdrawals and recharge of groundwater.

The service area of a municipality according to the Arizona Department of Water Resources includes only those lands that are actually being served water by a municipal water system. A city may not drill wells to serve lands which are not physically connected to its existing water distribution system. The City was only able to begin serving Tatum Ranch without extending very costly pipe lines from the Union Hills Treatment Plant over five miles to the south because American Continental Corporation transferred a Type II grandfathered water right to the City. The City was thus able to make use of the well on-site also given by them. The well was used to serve the surrounding area. Therefore, the area served by the distribution system connected to this well could become part of the City's

water service area. Owners of other lands noncontiguous to our water service area will have to purchase transferable Type II nonirrigation rights or pay the cost to extend lines if they wish service up through 2000. Use of a Type II right also requires a sufficient supply of groundwater on site to support the development until the site is eventually connected to the City's distribution system.

4. What has been the impact of the City's current water service policy on annexation?

Property owners desiring to develop or possessing developable lands have pressured the City to serve new areas. The City has in turn used the "need" for City water service to require annexation and other commitments from developers as a condition for providing water service, assuming adequate water is available.

It is the City's policy to require annexation as a pre-condition for receiving water and wastewater except where a private water company service area has been purchased beyond our City limits. Even in these situations, annexation is strongly encouraged.

A possible future banning of new septic tanks because of their groundwater table contamination potential may generate future demands for annexation in order to receive sewer service.

Tucson's annexation policies, also investigated, were found to be unrelated to their water policies. They provide water service to large areas outside their city limits without extra operating costs, only the cost of line extensions. It is their intention to provide water service to the entire metropolitan area, except for areas served by private water companies. Tucson annexes areas determined to provide a positive cash flow at the request of residents. They have an aggressive program to annex state lands, primarily to the south.

5. How has Phoenix used preannexation agreements, and how could they be used in the future?

The City has entered into four preannexation agreements related to the construction of infrastructure and the provision of water and wastewater services:

Pima Ranch	1980	2678 ac
International Harvester	1982	4140 ac
AMCOR (Tatum Ranch)	1986	1200 ac
Jomax West	1988	1790 ac

In three of these, the City agreed to provide water to serve a specified population level expressed as a total number of dwelling units. Limitations on daily per capita water consumption (gallons) to be supplied were also included. Other provisions included paying for transportation studies and improvements.

The most recent agreement committed the property owners to pay all development occupational fees, the costs stated in the specific infrastructure financing plan applicable to the area and the requirements of the development fee ordinance as well as any future adopted water resources acquisition fee. These conditions should be included in future agreements. However, the fees are not binding on other properties under the annexation if the owners did not sign the agreement, unless the fees were adopted by Council ordinance.

These agreements were not "zoning contracts" as there was no guarantee of approval for any particular zoning or development intensity.

Recent legislation expands the authority of the City to enter into annexation agreements and requires that they be consistent with the General Plan. They may only be amended with mutual consent of the parties. However, the Law Department believes that agreements regulating land use and prescribing development standards must follow normal public notice and hearing processes. The Council also could not be restricted from modifying the development standards to protect public health and safety.

6. How have recent large annexations affected revenues versus expenditures? What have been the significant variables?

Three year cost/revenue studies were prepared for two proposed annexation areas in the 1980s. The two areas represented different population density scenarios. The Southeast annexation study area covered 16.3 square miles with approximately 6,000 residents or 368 residents per square mile. When the study was prepared in 1982 recommending annexation of all unincorporated parts of Area B, most of the population resided in Ahwatukee. Actual annexation of this area occurred in stages with the bulk of Ahwatukee joining the City in 1987 and 1988. For the Southeast area, additional out-of-pocket City costs were projected to exceed revenues for the first few years because of little commercial development.

The northeast annexation study prepared in May 1988 covered an area of 10 square miles and an estimated population of 17,500 persons, or approximately 1,700 persons per square mile, more than four times the density of the Southeast Area. The actual population estimate after annexation occurred was slightly over 14,000, possibly due to higher than average vacancy rates in the area (14.6%). In the Northeast Area projected revenues were expected to match actual new expenditures if services were phased in.

The most significant variables affecting the short term revenue/cost ratio are the following:

- a. Population density: The greater the density of the service area, the greater the ratio of revenues to expenditures, all other socio-economic factors being equal, unless the land is completely vacant.
- b. Proximity to existing services: Annexation of areas contiguous to already served areas may allow services to be extended and absorbed by existing staff and reduce costs associated with travel time to remote locations.

- c. Amount and type of nonresidential land use: Commercial properties generate sales tax revenues and add more to the total assessed valuation for property tax purposes than houses generally on equivalent acreage. However, revenue is also received through population-based State shared taxes. The City currently receives about \$76 in general purpose fund and \$44 in highway and lottery funds for each resident added through annexation without waiting for an official census. However, the City must apply to the U.S. Census Bureau to have the annexed population certified.
 - d. Amount and type of infrastructure needed and availability of an adopted infrastructure financing plan: Annexation of undeveloped land gives the City control over the future type of development and the quality of infrastructure. Annexation of developed land may require costly capital improvements to bring the infrastructure (especially streets and water and sewer lines) up to current City standards. An adopted infrastructure financing plan requires new development to pay its proportionate share of new capital costs.
 - e. Timing of annexation: Timing of annexations is important to maximize property tax revenues and to include the annexed population in the City's budget spending limitation formula. The Management and Budget Department verified that an area must be annexed by July 1 to include the population spending limitation for the following fiscal year. It must be annexed prior to November to have the property included on the Phoenix tax rolls for the next fiscal year.
7. What are the annexation policies of neighboring cities, and how have their annexations affected their financial health?

Although most of the Valley cities surveyed do not have any stated formal annexation policies, from their increases in size, it appears they have responded positively to annexation requests and, in some cases, have sought them. In addition, there are some cities that are quite small in size, such as Avondale and Tolleson, but which have strip annexed much larger areas. The four largest cities in the Valley by square miles are Phoenix (404), Scottsdale (183), Goodyear (125), and Mesa (109).

Glendale does not actively seek annexations, since it is limited except to the west, and cannot provide services in that direction at present. They will not provide sewer service outside the city. Peoria requires developed areas lacking on-site improvements at the time of annexation to form an improvement district. Goodyear requires each annexed area to provide for services. Cave Creek is currently seeking to expand its boundaries west of 32nd Street.

This study sought to compare Phoenix' population growth rates, median family income, percentage of residents living and working in the city, and costs of services with those of other Valley cities--both those recently annexing large areas (Scottsdale, Goodyear, Mesa, Peoria, Chandler, Surprise and Gilbert) and those which have changed little since before 1980 (Glendale and Tempe). Graphs/tables in the Appendix depict this data.

Phoenix' population growth rate was the slowest of all Valley cities surveyed, from 1980 - 1987, although it had the largest actual population increase. Rapid growth in land area has resulted in lower population densities for the cities reviewed. While there is a high correlation between land area growth and new housing units, Tempe which experienced only a 1% growth rate in land area between 1980 and 1987 had a 35% increase in housing units.

According to data from the U.S. Census and Valley National Bank, in 1970, Phoenix ranked fourth in median income among selected Valley cities, dropping to eighth in 1980 and ninth in 1986. Chandler and Gilbert experienced the highest rates of land and population growth and the highest rates of growth in median family income. This is not very surprising as new housing tends to cost more than older housing and, therefore, requires higher household incomes to purchase it. The median family incomes for Phoenix, Chandler, Gilbert, Mesa, and Peoria were all between \$25,000 and \$30,000 with Tempe and Scottsdale at \$30,500 and \$34,100, respectively.

As Valley cities rely heavily on sales tax as a revenue source, a relationship exists between growth in population and growth in sales tax and share of State sales tax revenues. To maintain its proportionate share of sales tax growth, Phoenix must also pursue the location of sales tax generators in Phoenix rather than viewing the location of these activities in adjoining communities. The percentage change in per capita sales tax between 1980 and 1987 for Phoenix was 71%. This includes a recent .2% increase in the rate. The percentages were less for Chandler, Glendale, Mesa, Scottsdale, Tempe, and Peoria, and greater for Gilbert, Avondale, and Surprise, all much smaller cities, according to data from the Arizona League of Cities and Towns and Phoenix revenue comparisons. It may be necessary to study the changes over a longer period of time and adjust for differences in and changes to the sales tax rates, in order to determine anything conclusive.

Of the six largest Valley cities, Phoenix by far had the largest resident workforce (74%), followed by Mesa (62%) and Chandler (53%). Glendale, Scottsdale and Tempe were all in the low forties percent.

Phoenix and Scottsdale were the only two of the ten Valley cities surveyed with an AAI bond rating.

A review of 1987-88 per capita revenues and expenditures for the six largest cities show that Phoenix was higher than all cities except Scottsdale in per capita revenue collections from primary property tax, city sales and franchise tax, and fines and forfeitures. Phoenix led all cities in State shared taxes. Phoenix' revenue from service charges was significantly less than Scottsdale, Chandler or Tempe and quite similar to that in Glendale and Mesa.

Phoenix spent more per capita for police and fire than the other five cities, but less for parks and recreation than Scottsdale and Tempe. Library per capita expenditures were significantly less than in Scottsdale, Glendale, or Mesa, ranking only ahead of Chandler. Phoenix expenditures for streets were also the lowest.

A Management and Budget report to Council in October 1988 compared the property tax, sales tax, sanitation charge, and water charge of Phoenix, the five other largest Valley cities and Tucson for a \$77,000 single-family home occupied by a family of four. The total taxes and charges for Phoenix were \$518, the lowest of the seven cities. The highest was Glendale at \$693 and the second lowest was Tempe at \$536. Both of the latter cities have annexed little since 1980. The reason that revenues are higher per capita in Phoenix while charges to the homeowner are less is that non-residential uses contribute a greater share of revenue, and therefore, service charges to homeowners are less.

There appears to be no strong correlation between an active annexation program and financial problems and high costs. In fact, the contrary seems the case. Phoenix which has more than doubled in size from annexations since 1970 has experienced strong family income growth, the highest resident workforce, one of the highest per capita sales tax growth rates, increases in its bond rating, receiving among the highest in per capita revenues from most sources, with the lowest over all costs for homeowners of the big Valley cities in providing basic city services. Clearly Phoenix has benefitted from economies of scale in providing services, and from a large, diversified economic base. It is a strong core city as opposed to a weak core city surrounded by vastly more affluent suburbs.

What would have happened if Phoenix had not annexed beyond its 1958 borders? If Phoenix had not annexed since its 1958 population of 192,000 in 52.7 square miles, the city would only have grown to 239,000 in 1985 with a projected population of 281,000 in 2000 as the overall density increases. In 1958, the median family income was between \$5,000 - \$5,999. Adjusted for inflation, this would be \$13,912 - \$16,691 in 1980. The actual household income for as close an approximation of the 1958 area as is possible, given a totally new census tract system, is \$10,000 - \$14,999. In 1980 the Phoenix median household income was \$17,419 or 86% of the median family income of \$20,365. If the actual 1980 household income for the 1958 area is converted to family income using the 80% ratio, the income would be between \$12,500 - \$18,749. This indicates that the income of the area has not grown much, if at all, and is below the median household income for the total city.

An estimate of 1985 revenues generated by this area versus 1985 expenditures shows that expenditures would exceed revenues by \$4.5 million or 4.8%. This study area is less affluent than the city as a whole, and has fewer persons per household. Personal income would be almost 32% below the surrounding area and more units would be renter-occupied. Crime would be a major issue as the area accounted for over 36% of all crimes in the existing city limits, with an emphasis on violent crimes while the area had only 32% of the 1985 population in Phoenix.

8. What has been the relationship in large cities outside of Arizona between ability to annex and financial health?

A study was conducted of 21 cities, including the standard survey cities, to determine if there is any relationship between the level of annexation activity and fiscal health. Thirteen of the 21 cities (Austin, Dallas, Denver, Fort Worth, Houston, Kansas City, Oklahoma City, Phoenix, Sacramento, San Antonio, San Diego, San Jose, and Tucson) annexed significant land area between 1950-1980. The other eight (8) cities

(Baltimore, Boston, Cincinnati, Detroit, Los Angeles, St. Louis, St. Paul and Seattle) have had few annexations since 1950. A strong correlation was found between population growth and business growth with the annexing cities having a larger share of the total number of businesses located in their metropolitan areas than the non-annexing cities. In fact, of the eight non-annexing cities, six showed a negative percentage business growth rate while only two of the 13 annexing cities showed a negative business growth rate. However, the rate of business growth in all of the metropolitan areas of the non-annexing cities continued to be positive.

The percentage of assessed value that cities had of the total assessed value of the metropolitan area was less than 30% for 6 of the 7 non annexing cities for which data was available versus less than 30% for only 3 of the 8 annexing cities for which data was available.

The median family income of annexing cities was closer to the median family income for the metropolitan area than it was in non-annexing cities, suggesting that cities that can't annex are more likely to have a larger percentage of families with lower incomes whose needs for services are greater and whose ability to pay is less. Five of the eight non-annexing cities had family median incomes less than 80% of that for the metropolitan area in 1980 while none of the annexing cities' family incomes was less than 83% of the metro family income. Even more significantly, there was a 30 year downward trend in the percentage of city to metro family income for all of the cities indicating that the more affluent live further out. The difference between annexing and non-annexing cities was that the former generally started above 100% and fell less far between 1950 and 1980 - a fall of 11 percentage points versus 20 percentage points.

Among the survey cities, non-annexing cities tended to have a greater share of the population below the poverty level according to U.S. Census data.

Non-annexing cities were more likely to experience a population decline between 1950 and 1980. Seven of the eight non-annexing cities have declined each decade since 1960 with only Los Angeles continuing to gain population. Only four of the 13 annexing cities have experienced any population decline since 1950 and that has all been since 1970.

In those non-annexing cities where the population declined, the population in the surrounding area continued to grow with the exception of the Boston, Detroit, and St. Louis areas. Each city's share of the total metro area's population continues to decline with the exception of San Jose. Being able to annex generally means a higher percentage of the total metro population will still be in the core city.

Annexing cities tend to have lower population densities, not surprising as most land that is annexed tends to be vacant or developed at a low density.

Annexing cities have a higher percentage of their work forces residing in their city - an average of 62% (for 11 cities reporting) v. 47% for 8 non-annexing cities. This reduces the number of persons who do not pay the full costs for the resources they use during the day.

Per capita government expenditures averaged \$523 in 1980 for 12 annexing cities versus \$940 for non-annexing cities. However, without adjusting for comparability of services it is hard to tell what that big difference means. For example, some cities include in their budget services provided by the school districts and County government in other areas such as health and welfare costs.

A review of per capita debt revealed no relationship to annexation versus non-annexation. Bond rating information also did reveal that cities that annexed were more likely to show improved bond ratings over time. Non-annexers were more likely to have bond ratings decline or stay the same.

The cities outside Arizona were also asked five subjective questions regarding annexation:

1. What is the city's annexation policy or guidelines?
2. What is their reason for annexing?
3. Are they still conducting annexations?
4. What are the political impacts of annexation?
5. Has the quality of life changed as a result of annexations?

Responses through telephone interviews were obtained from ten cities: Austin, Baltimore, Boston, Dallas, Denver, Detroit, Houston, Long Beach, St. Louis, and St. Paul. Highlights are presented.

Reasons given for annexing included the following:

- Denver - to obtain relief for flat economy (in the past)
- Austin - to extend planning zoning controls
 - to capture tax base
 - to minimize formation of additional utility districts and municipalities
- Dallas - to trade for convenience of property owners and enforcement
- Long Beach - to respond to political pressure or requests from major employers
- Houston - to diversify the tax base
 - to maintain future growth options

Those no longer annexing included Denver, Boston, St. Paul (land-locked for 50 years), St. Louis (not for over 100 years), Dallas, Detroit and Baltimore. Denver recently obtained special legislative action to annex its proposed new airport site, but is otherwise prohibited from annexing. Austin, Houston, and Long Beach (once every 2 or 3 years) are still annexing.

Austin reported that annexed areas need and expect services immediately which can be politically difficult. Houston will form an additional council district when the population reaches 2,000,000 and redistrict when population imbalances result from annexation.

Dallas reported being mostly land locked and trading with other cities.

Houston admitted that some city services have been stretched and some taxes are higher as a result of annexation.

9. How does Phoenix determine benefits and costs of annexing areas?

The City's approach for analyzing the benefit/cost of a potential annexation utilizes a comparison of the area's projected revenues versus service provision costs for three years. Service provision costs reflect only actual new costs that would have to be added to the budget. Any costs that could be absorbed through existing staff or equipment are not added. Projected population and development growth for the three years are incorporated into the analysis. General services assessed include police, fire, street maintenance, traffic control, street lighting and refuse collection. Sometimes park and library services are included.

Police and fire service analysis determines how much additional personnel and equipment will be needed to provide acceptable response times given the characteristics of the proposed annexation area and the status of existing services.

In assessing streets maintenance costs, staff reviews the degree of deficient street services, and actual street lighting maintenance costs. The amount and type of development, particularly single-family housing, determines refuse collection costs. The cost of utilizing the bookmobile for library service and staff and equipment required to maintain any existing parks in the area will also be considered.

Capital facility needs and associated costs are only included if a facility has been included in the Capital Improvements Program in anticipation of an annexation. This is generally for fire stations.

The principal revenue sources generated by annexation include: property tax, City sales and utility taxes, State-shared taxes (sales, income and vehicle license) and development fees. Revenues are phased in based on legal time delays and projected growth. Property tax estimates are based on current valuations plus estimated growth. Other revenue categories are based on present and projected population using existing per capita rates for each revenue category.

An attempt was made to calculate a revenue cost ratio for several areas annexed 5 to 15 years ago using Citywide per capita cost and revenue information as a basis for annexation analysis. However, that produced the same ratio regardless of the size of the area, its density, household income or land use mix. Without a detailed study of the marginal cost of providing each service to an annexation area 5 to 10 years later based on actual service demand and a detailed analysis of actual property taxes, sales tax generation and other revenue sources, an accurate ratio cannot be determined.

10. What are the most significant variables affecting the long and short term benefit/cost ratio of annexations?

Question 6 identified the five most significant variables affecting the short term revenue/cost ratios of annexations. This response to Question 10 builds on that answer and the conclusions reached in Question 9. The following are some of the capital and longer term variables affecting the revenue/cost ratios of annexations.

- a. Ability to annex vacant land to avoid replacement of substandard infrastructure after development occurs.

The City's standards for water main sizes and pressure are significantly higher than the minimum required by the State and County for private water companies. Therefore, after the City annexes an area it negotiates to purchase any private water companies servicing the area and then begins upgrading the level of service to City size standards. This involves replacement of the water mains. The City purchased the Consolidated Water Company for \$26.7 million and has spent \$13.8 million upgrading the infrastructure. Acquisition of the Mockingbird Water Company for \$6 million has been followed by expenditures of \$2.9 million for upgrades, in both cases an expenditure of approximately 50% of the acquisition cost. Sometimes Improvement Districts are used to upgrade water service or septic tanks to regular sewer service. If this development had occurred in the City, the developer would have installed the infrastructure to City standards without cost to the City.

The County does not provide sidewalks or landscaping when constructing (major) streets. When an area is annexed, either the City has to pay the full or partial costs of adding sidewalks and landscaping or endure unsafe and unattractive streetscapes.

- b. Ability to provide large, vacant land areas for large employers, large resorts, and planned communities

The existence of large, well-located, vacant land sites within the City limits is a powerful incentive to attracting high quality development. The above users rarely want to endure the cost and time involved in assembling dozens of small, vacant or developed parcels and clearing them. They prefer large, cheaper, vacant sites in single ownership. These sites are most available at the edge of urbanized areas. Attracting large industrial or institutional users such as IBM, Digital, Sperry or the Mayo Clinic attracts other related employers and eventually housing and retail services. Having sites allows Phoenix to compete with other Valley cities with less need to subsidize infill sites.

- c. Ability to capture new regional shopping centers, auto malls, and other high sales tax retail uses

City sales and franchise taxes account for 44% of the General Fund revenues. People tend to shop for large purchases near where they live rather than close to work. In the East Central Phoenix Economic Analysis, it was estimated that residents of the area

spend \$13,000 on shoppers goods (the majority of goods and products carried in regional shopping centers and department stores) and other retail as opposed to \$1815 for employees, a 7 to 1 ratio. The predominant land use in the outlying areas is residential. Retail services follow new housing and locate centrally along or at major street or freeway intersections to serve them. Regional and large shopping centers account for 20% of retail sales tax revenue. Auto malls are one of the highest sales tax generators. Merely annexing land will not insure that retail services locate in Phoenix. However, annexation combined with adopted land use plans which provide attractive locations for these uses at least insures Phoenix of being competitive.

d. Population growth translated into lessening decline in the percent of State-shared revenue

Although the City's percentage share of the State's population has been declining since 1960 and will continue to decline, strong population growth, particularly in families (larger than average household size) will slow that decline. State-shared revenue comprises 33% of the General Fund.

e. Ability to attract newer neighborhoods with median housing values exceeding the median value of sales of existing homes

The median value of new housing - either purchase or rental, is typically higher than the median values of existing housing. Newer homes built to higher standards generally have more amenities. Therefore, they generate more in property taxes and tend to be inhabited by households of higher incomes than the median for existing housing. There is a growing trend for large planned communities to develop in the newer outlying areas. Homes in these communities with higher quality controls and amenities also tend to retain higher property values over time than homes built in stand alone subdivisions. As these communities require large tracts, they are not typically built on infill sites.

f. Ability to use an adopted infrastructure financing plan and development fee ordinance in annexed areas

New development in peripheral areas A, C, and D (shown on the attached map) will pay its fair share of costs for capital infrastructure for services for the area at the existing City standard based on development fees charged under the development fee ordinance. Credit is given for secondary property taxes paid and the development's share of the State shared transportation fund. Money will be set aside until enough is collected to build the projects or the City decides to bond for the difference. In some cases, it may be desirable to build the infrastructure in advance through bonds to stimulate desired development. It has not been determined how long that money can sit before the City must use it and be reimbursed later for certain bond funds expended if the contributed funds are not sufficient to cover their projected share of the land and construction costs at the time.

- g. Ability to obtain a sufficiently rapid development pace to insure that revenues cover operating costs

Even with an adopted infrastructure specific plan, if development occurs in a leap frog, scattered fashion at low densities, revenues generated may not be sufficient to cover the costs to deliver services. This can be avoided by encouraging development to expand outward from existing urbanized areas which the infrastructure financing formula does by charging an extra fee for extraordinary costs to extend infrastructure or build an otherwise unneeded facility such as a fire station, and by approving zoning cases with time stipulations. Not only should development occur in a timely manner, but a sufficient quantity of development is needed to create a critical mass necessary for efficient service.

For example, it would cost more to pick up garbage from 100 single-family homes scattered over 160 acres and located 3 miles from the nearest developed area than it would from 100 homes located on 40 acres adjacent to developed subdivisions. It would take longer to reach the site and get to all of the homes so fewer homes elsewhere could be reached the same day, and it would use more gas. The same would be true for police or fire response, assuming the same number of calls per home. Desired emergency response times would be harder to achieve, especially for fires and emergency medical service, without building a new facility.

DISCUSSION

11. How does annexing land enable a city to control its destiny?

Annexing land, particularly vacant developable land, provides the city with greater control over its destiny by providing more options for economic growth and control of adjacent or future incorporated land use. More specifically, it provides the following advantages:

- a. More sites would be available for attracting large basic employers, resorts or planned communities.

Large, more remote parcels tend to be cheaper and easier to develop than underutilized infill sites requiring redevelopment, assuming infrastructure can be provided. Although Phoenix has a lot of vacant incorporated land today, it may not have a lot of large sites in 20 or 30 years and could lose its ability to compete for large site users. By then, many options for annexation could be lost.

- b. Higher value sites such as along transportation corridors or at intersections, or containing unique scenic amenities could be added to Phoenix.
- c. A greater mix of housing types and price ranges can be provided through large scale planned communities needing large acreages of vacant land.

- d. Undesirable land uses or development built under lower quality standards can be prevented from occurring in areas that would be adjacent to Phoenix or could be annexed to Phoenix in the future. At present, Phoenix has more stringent standards for on and off-site improvements and amenities than the County and some other jurisdictions. For example, Cave Creek and Carefree follow the County's zoning ordinance standards which provide for minimal and, in some cases, no landscaping or screen walls.
 - e. Leap frogging could be better controlled to prevent higher service costs after annexation in the future.
12. Does annexation enable Phoenix to control the timing of development and prevent leap frogging?

Having land within the city limits gives Phoenix the power to control the timing and intensity of zoning. The burden of proof is on the owner requesting the zoning to show that it is necessary for reasonable use of the land and that a market exists. Requiring a fair share contribution to support construction of capital infrastructure through the development fee ordinance is one way to prevent leap frogging. Another way is to condition zoning on a reasonable schedule for development and to revert it, if supported by valid planning reasons, if no construction or some agreed upon minimum does not occur. Annexation of land should not be an automatic guarantee of immediate zoning of any type or intensity if that zoning does not otherwise fit with good planning. Preannexation agreements can specify phasing and timing of development. This is most feasible for large, single ownership parcels.

As the City successfully uses its Capital Improvements Program (CIP) and other financial and policy incentives to promote infill, leap frog development will be less attractive to developers. Use of the CIP to provide infrastructure without charge to the developer in locations closer to where development is desired is a positive incentive. An example, would be provision of infrastructure and extra amenities in Village cores coupled with floor area ratio and height bonuses.

13. Does annexing land discourage infill development?

A City-wide infill area was defined as south of Bell Road and north of South Mountain Park for purposes of building permit comparisons in fiscal year 1986-87 before the pace of development slowed significantly. The number of housing units which were built in the "infill area" accounted for 69% (6,166 out of 9,004) of all units permitted. The value of construction was 59%. The "infill area" accounted for 91% of the square footage of all commercial and industrial development and 91% of the square footage of the value of construction permits issued for these uses. Thus it appears from this data that annexation of Area B and lands north of Bell Road is not inhibiting infill development. These figures also cover a time period in which no fiscal impact ordinances were in place.

Requiring higher charges for capital infrastructure in outlying areas now and in the future should only serve to make infill lands more attractive, assuming reasonable size parcels are available without significant off-site negative influences.

Refusal by City decision makers to maintain premature zoning will also encourage development of infill parcels, many of which are already appropriately zoned for development.

14. Should Phoenix use criteria to evaluate the desirability of annexing areas? What should be the criteria?

Yes, Phoenix should use agreed upon criteria to evaluate the impacts of annexation. Not to use criteria means avoiding consideration of the short and long term financial and planning consequences. Comparison of the population and business growth, percentage of assessed value, median family income, resident work force, percentage of population above the poverty level, and bond rating improvement of 20 cities outside Arizona showed higher rates for annexing over non-annexing cities. Thus, annexations should be considered in light of their ability to contribute to Phoenix long term economic health.

The following are possible criteria to be used in evaluating annexations:

- a. Ability of the city to provide services in a timely manner and with acceptable revenue-to-cost ratios.
- b. Long-term desirability for economic growth and preservation of revenue of likely future land uses that would occur in the area.
- c. Likelihood that the area would be annexed by another city or that it would incorporate in the near future as opposed to remaining in the County if annexation to Phoenix did not occur, or that it would develop in the County and never be annexed.
- d. Ability to control the quality of land use types and appearance and the standards of infrastructure for areas that are or will be adjacent to Phoenix or that Phoenix would want to annex in the future.
- e. Adopted General Plan and development fee ordinance for the area.

These criteria address whether it is beneficial now or at some point in the future to annex an area or if some lands would never be beneficial to annex. Each of the five will be discussed in greater detail.

- a. Ability to provide services in a timely manner and with acceptable revenue to cost ratios

There are three parts to this criterion. The first is ability to provide services to both existing and future development. Do we have a water source if the area is outside our service area as explained in Question 2? Can we provide standard city fire service to existing development? If the area is beyond a reasonable response time from existing facilities, there are two options: 1) build a new station and staff it partly or fully immediately, regardless of cost and the amount of development to be served; or 2) provide service from existing facilities if it is speedier service

than what residents of the area are currently receiving. The second part of this criterion deals with "a timely manner." If service can not be provided for several years, would it be better to wait a few years until growth catches up with the area? The long term drawback would be if development is built to lower standards and less amenities than Phoenix requires prior to annexation. Then it needs to be upgraded as explained in Question 10.

The third part of the criterion is an "acceptable" revenue to cost ratio. Is it desirable to subsidize an area for the short term in order to obtain long term economic gains? By how much - 5, 10, 15, 25% and for how long - 3, 5, 10, 15 years? This is a hard question to answer because an acceptable percentage and time frame for a highly desirable area that would be lost to another city if not annexed, may be unacceptable for an area with no desirable land use or threat of being annexed by another city. Are development fee ordinance and infrastructure specific financing plans adopted for the area? Even with detailed market studies, it is hard to project exactly how much development will occur, its value, and its absorption rate. A range for projections is more realistic.

Some remote or fringe locations such as small areas separated by mountains or broad flood plains requiring bridges may never be cost efficient to serve. Other areas with scattered marginal quality land use could also not ever be cost efficient to serve without complete redevelopment of the area, which could be very unlikely in the short to mid-term, if at all.

b. Long-term desirability for economic growth and preservation of revenue of likely future land uses that would occur in the area

If the land is already all or partly developed, what is the quality of the use? Is it scattered housing built before the County instituted a building code? Will this development remain or be replaced? Will it have no impact or a detrimental one on attracting high quality residential, commercial and industrial growth to nearby vacant parcels? However, there may be policy reasons that would be more important than strictly economic and planning considerations in deciding to annex an area with some substandard land uses and structures.

Some areas that the City has annexed have contributed land uses filled with non-conformities, deteriorated structures, and other code or standards violations. Annexing these may have been required to reach other more desired development and vacant land. If the land use is unlikely to change, is it legally possible to skirt around such liabilities and not be accused of violating any Federal laws?

If the land includes sites for future desired uses, such as a Third Reliever Airport, a destination resort, or large industrial facilities, it might be desirable to proceed immediately with annexation despite a five year or more negative revenue/cost ratio. Basic employment uses built in response to a Third Reliever Airport may develop before residential uses. It is important also to insure that no noise sensitive land uses develop in locations that could hinder the full use and ultimate development of the airport.

- c. Likelihood that the area would be annexed by another city or that it would incorporate in the near future as opposed to remaining in the County if annexation to Phoenix did not occur, or that it would develop in the County and never wish to annex.

If the area is one that Phoenix would like in the City eventually, it may be necessary to annex it now as opposed to when criterion "a." would be favorable to avoid losing the opportunity to another city forever. However, if it is a County island or completely within a strip annexed area, the owners' options may be much more limited. The desirability also depends on how realistic and binding is the list of concessions presented by the property owners. Some areas such as Villa de Paz (part of Subarea 8) and part of Ahwatukee (subarea 11) which developed in the County have resisted annexation and appear satisfied with the County's level of services.

- d. Ability to control the quality of land use types and appearance and the standards for constructing infrastructure

If the area is likely to remain undeveloped for some time, then lower quality projects and substandard infrastructure would not occur. Premature, low quality development is somewhat less likely today than in the past, for the County has raised its zoning standards and is less interested in serving leap frog developments.

- e. Adopted General Plan and development fee ordinance for the area.

Having an adopted General Plan and development fee ordinance for the area indicates that appropriate land uses for the area have been determined and infrastructures needs and timing of development evaluated. Should a preannexation agreement be desired, the city's desires for land use and infrastructure are known. This provides greater certainty for property owners and should avoid having Phoenix possibly subjected to unreasonable requests for land use intensity in return for annexation.

Considering all the variables may best be addressed through use of a matrix with +s and -s for a non quantitative assessment of impact.

Evaluation Criteria	Application of Evaluation Criteria to Hypothetical Annexation Areas				
	A-1	A-2	A-2+5	A-3	A-3+10
a. Ability to provide services in a timely manner with acceptable revenue-to-cost ratios					
o Ability to provide services now	+	-	+	-	+
o Ability to provide services in the future	+	+	+	-	+
o Acceptable revenue to cost ratio	-	-	+	-	-
b. Long term desirability for economic growth and preservation of revenue of likely future land uses					
o Acceptable existing uses	+	-	-	+	+
o Desirable future uses	+	+	+	+	+
c. Likelihood of annexation to another city, incorporation, or development without annexation	+	-	+	-	-
d. Loss of control of land use/infrastructure quality	-	-	+	-	+
e. Completed City planning for area					
o Adopted General Plan for the area	+	+	+	-	+
o Development fee ordinance in place	+	-	+	-	+
Recommendation on annexation	Yes/ maybe	No	Yes	No	Yes/ maybe
A-1	Hypothetical annexation area today				
A-3 + 10	Area 3 in ten years from today				
+	Positive answer to question				
-	Negative answer to question				

Staff would attempt to answer each question with a yes (+) or no (-) for each proposed annexation area. Under criterion "a" dealing with provision of services, all relevant departments would be asked for their service delivery capability to the area in the immediate and longer term future and associated costs in today's dollars for 5, 10, and 15 years based on projected development. An acceptable revenue to cost ratio would depend on long term revenue generation capability for the area and would be a subjective judgment based on answers to the other questions.

Assessment of the present and future land use would address both the area itself and its impact on and contribution to fulfilling the broader land use goals for the applicable village and city. The assumptions and rationale for the rating given would be provided and subjected to critique.

Question "c" would consider what realistic options the property owners had. The answer to "d" would be determined after consultation with County staff and a review of market conditions.

Questions in "e" are self-explanatory. The concluding recommendation would consider the answers to each question and determine the overall conclusion. Some areas would merit annexation at a future date, (such as A-2+5 and A-5+10) some today, (A-1) and some, possibly never.

15. If land is annexed, how can the timing of its development be controlled?

There are four methods which can be used to affect the timing of development. First, an adopted development fee ordinance provides a disincentive for leap frog or premature development because the fee per equivalent dwelling unit is higher when there are extraordinary costs to provide infrastructure. A differential water resource acquisition fee is proposed with the highest charge for those north of Jomax Road and the lowest for those within the Salt River Project service area. Second, Council can place time stipulations on zoning case approvals and revert the zoning to its original classification if development does not occur in an agreed-upon, reasonable time based on planning considerations. Third, Council can grant no rezoning or only very low density zoning if it is determined that higher density zoning is not appropriate at the time of the request even though the General Plan might indicate that a higher density is ultimately appropriate. This assumes that the existing or lower density zoning is economically feasible to use. Fourth, a preannexation development agreement can specify a plan for phasing and timing of development for a site.

16. Should a General Plan be prepared for all areas prior to annexation?

It is highly desirable for a General Plan to be adopted for areas prior to annexation although the Plan is not legally binding outside the City limits. Having a General Plan in place indicates the desired land use mix and is necessary in order to evaluate the desirability of annexing the area in accord with the four criteria proposed in Question 14.

After a General Plan for the area is adopted, it may be appropriate to prepare a specific plan for infrastructure financing. Such plans are already adopted for Areas A, C, and D, and one is to be prepared for Laveen. No General Plan has been adopted for any area north of Carefree Highway. Based on the conclusions of this study, Council may wish to direct staff to begin to prepare a General Plan for some area north of Area D. The City's Water Resource Planning Area already extends northward to the southern boundary of Tonto National Forest extended west to the eastern boundary of Lake Pleasant Regional Park. This means that it is included in long range water demand projections through 2040 and will be included in supply augmentation activities. Demand is now based on MAG population and employment projections prepared by Mountain West with input and review by the Maricopa Association of Governments Population Technical Advisory Committee. The City's water planning staff met with the Central Arizona Water Conservation District to begin planning for a water treatment plant in the vicinity of Lake Pleasant.

Thus, the ideal sequence for planning, annexing and zoning an area is the following:

1. General Plan preparation and adoption
2. Infrastructure Financing Specific Plan preparation and adoption
3. Annexation
4. City zoning establishment

After the City annexes an area, it must apply zoning with no greater densities than existed in the County within six months.

17. Should there be an ultimate City boundary or boundaries appropriate for certain dates or degrees of urbanization? What are our annexation options in each direction?

Maps #1 and #2 show the present City limits of Phoenix and adjacent cities plus potential annexation and study areas. Other than north of Carefree Highway, an area west of 67th Avenue from Dixileta to Carefree Highway and a small acreage in Area B, all potential annexation areas, as shown on the attached map, are within areas covered by our General Plan. Area B is within our MAG planning area, will have a General Plan in 1989, and only includes one-half square mile that has not been annexed to Phoenix. In 1987 the City expanded its Water Resources Planning Area and in 1987 requested that MAG expand the Phoenix Planning Area to the north to Jenny Lin Road which is the southern boundary of the Tonto National Forest. The new Phoenix Planning Area extends from I-17 to approximately 32nd Street up to Jenny Lin Road.

South of Jomax Road all potential annexation areas (numbered 6-11) are surrounded by land in Phoenix or a combination of Phoenix land and the Gila River Indian Reservation. Unless those strip annexations were to be rescinded by the State Legislature, no land in Areas 6-11 could be annexed by any other existing city. Therefore, in areas 6-11 land can be annexed when it is desirable to have it urbanize, when it is cost-effective and when the proposed configuration of the area is rationale (i.e. not too small or too irregular to be a nuisance to process and serve or drawn in a way that would hamper future annexations). However, this assumes some cooperation from the County with regard to their not granting premature zoning. Once development occurs in the County it is sometimes harder to annex and more costly to upgrade infrastructure.

Is there an optimum size city in terms of population or square miles? Any optimum size would depend on many variables and might be different for each one. The optimum size for treating and delivering water or providing police services would be different than the optimum size for direct public participation in decision-making. The transference of some service delivery from a city to a regional structure, such as rapid transit or solid waste disposal, also allows for economies of scale to be achieved by smaller cities.

Because of its size, Phoenix is able to support specialized research and training of staff in such areas as water, transportation, aviation, recreation, fire and police that smaller cities can't justify. In some cases, other cities contract with us to utilize these resources, such as our Police and Fire Academies.

From a quality of life stand-point, generally, the larger the metropolitan area the more choices of cultural events, housing types and prices, retail services, educational opportunities and job choices are available. This can be balanced off against possibly more air pollution and traffic congestion. From an individual's viewpoint what is too large for one citizen may be just right or too small for another.

The utilization of the urban village as a building block concept allows people to find identity and establish a sense of community in a smaller area of 100,000-200,000 people. Within that range, most services can be provided within the village, with each village establishing its own character, image and identity. The General Plan, as amended, has identified 14 villages, the original 9 plus Area A, B, and three in Areas C and D. If annexations occurred north of Carefree Highway, additional villages could be designated.

Eastern limits

To the east, Phoenix is generally constrained by Cave Creek and Carefree at the far northeastern edge, an unofficial agreement with Scottsdale on a line at 56th Street between Carefree Highway and Jomax Road, and the actual city limits of Scottsdale, Paradise Valley, Tempe, Guadalupe, and Chandler. Extension of the existing Cave Creek western alignment along 32nd Street extended up to the Tonto National Forest from Cave Creek's present northern limits at one-half mile north of Rockaway Hills Drive is the most logical boundary definition for Phoenix. However, Cave Creek has already filed petitions proposing annexation of areas west of their existing boundaries at 32nd Street.

Southern limits

The City's southern limits are set by the Gila River Indian Reservation and on the far western end by Avondale and Tolleson.

Western limits

The City's western limits are constrained by Avondale, Tolleson, Litchfield Park, Glendale, Peoria, and a 1988 decision by the State Land Department dividing its lands between Phoenix and Peoria, between Jomax and slightly north of Carefree Highway. No western boundary was determined by the State north of Carefree Highway. This report's map shows a western boundary north of Carefree Highway based on a physical feature and a political subdivision: Lake Pleasant's eastern alignment and the Yavapai County/Maricopa County border. Although it is legally possible to annex across a County line, the eastern boundary of Lake Pleasant is a logical physical boundary.

Northern limits

The northern edge is the least permanently constrained boundary. From the Agua Fria River on the west to approximately 32nd Street, there are no other cities above Phoenix. East of 32nd Street lie Cave Creek and Carefree, with Scottsdale and the County south of Carefree Highway. If the 56th Street agreement is followed, Phoenix has no northern expansion options south of Carefree Highway east of 32nd Street. At present, the State Land Department will not allow either Phoenix or Peoria to annex north of Carefree Highway and a line following the Lake Pleasant Road from 19th Avenue to the Agua Fria River. There is no requirement for signatures or permission to annex Federal or County lands. Approval must be obtained from the State Selection Board to annex State lands.

Should there be an ultimate city boundary? We see no reason to define an ultimate northern boundary at this time. Ultimate east, south, and western boundaries appear fairly well established south of the northern edge of our long term study area. Previous City attempts at establishing ultimate northern boundaries have proved unsuccessful as they have been extended many times which has resulted in annexations having occurred without adequate planning. However, establishing boundaries appropriate for certain time periods contingent upon the annexation evaluation criteria described in Question 14 and establishing periodic study areas seems more logical and realistic. The present northern study area boundary coincides with the water resources planning study area and avoids the community of New River, supposedly opposed to being annexed.

18. What are some of the advantages and disadvantages of annexing each of the 11 subareas delineated on the attached map #2 based on easily available data?

Area 1 is approximately 110 square miles and is bisected by the New River and Skunk Creek, Lake Pleasant Road, New River Road and I-17. The western half, west of I-17 contains the Black Canyon Shooting Range and the best proposed site for the Third Reliever Airport. There is little development. East of I-17 and north of Carefree Highway are scattered, low density single-family homes. Unless a water treatment plant is built somewhere adjacent to Lake Pleasant, to capture part of our Central Arizona Project allocation through Waddell Dam, it will be very expensive to pump water northwest from the Union Hills Treatment Plan to serve this area. This is an area whose natural and man-made environmental characteristics, existing and future land uses, and timing of marketability should be assessed before large pieces are annexed. It would be desirable to at least prepare a General Plan for the area prior to major annexations to determine the long term impacts and desirability of annexation. This should be done before Lake Pleasant is enlarged and pressure to build resorts and recreational oriented residential and commercial facilities becomes strong. Waddell Dam is scheduled for completion in 1994. Approximately 75% of this area is owned by the State, Federal or County governments as shown on map #3. State Land Department permission is required for any annexation of their land. The 1985 estimated population is 1,500 - 1,800.

Area 2, which is approximately 40 square miles, includes 16 square miles in the process of being annexed. John F. Long has proposed a "New Town" on State-owned land west of I-17. That area is generally vacant today. East of I-17 are wide flood plains, mountainous areas with long term potential for resorts. The Central Arizona Project cuts through the area near its southern edge. The 1985 population is estimated at 124 persons, most of whom are west of I-17 just north and south of the Central Arizona Project aqueduct. Although the area is covered by an adopted General Plan, its development should be phased in over many years to avoid leapfrogging.

Area 3 is slightly under 2 square miles, and lies south of Carefree Highway. It is surrounded by Phoenix on three sides. It is logical to annex it, the question is when. The 1985 population is estimated at 50.

Area 4 is approximately 5 square miles and includes some subdivided and developed residential areas. Less than a square mile is in the process of being annexed. The entire area should ultimately be annexed. The 1985 population is estimated at 1,140. The town of Cave Creek is currently engaged in an aggressive annexation strategy to add lands south of Carefree Highway in Subarea 4 into its borders. Members of their City Council have promised no property tax increases (Cave Creek has no property taxes), the same level of existing contracted services, whatever zoning is desired and a significant role in policy making. Phoenix is portrayed as a big, insensitive body whose decisions are made in a distant location and who forced Cave Creek north of Carefree Highway when their intention was always to go to the south.

Area 5 is approximately 2 square miles and is sparsely developed with single family homes and should ultimately be annexed. The 1985 population is estimated at 620.

Area 6 is approximately 8 square miles and is completely surrounded by Phoenix. The CAP aqueduct bisects it west to east. West of the CAP, the area lies in Deer Valley Village, contains a mix of residential and industrial uses. It is the subject of a proposed Special Study Area. The remainder of the area lies in Area C, is bisected northeast to southwest by Cave Creek Wash and flood plain, and requires further analysis. The area is partly developed, and some property owners are seeking annexation. It should ultimately be annexed. The 1985 population is estimated at 205.

Area 7 includes approximately two and one half square miles and part of it is currently in the process of being annexed. It is surrounded on three sides by Phoenix and on the east side by a strip. The State Land Department is master planning its site north of the CAP. It is near the proposed amphitheater site. It contained about 52 people in 1985. Particularly, the area south of the CAP, appears ready for development.

Area 8 is approximately 5 square miles and includes lands both west and east of the Agua Fria. The western portion lies between El Mirage Road and the Agua Fria River. The eastern portion is partly developed and contains an estimated 3,376 people including those living in the Villa de Paz development between 99th and 107th Avenues and John F. Long's home and vacant square mile to the east. This area will be bisected by the Agua Fria Freeway, approximately along 95th Avenue, to be completed in 1993. The area east of the Agua Fria River is probably appropriate for annexation in the near future, preferably before the freeway is completed if property owners are willing. The area west of the Agua Fria should be evaluated to determine if it would be cost effective to serve and beneficial from a land use and economic development standpoint.

Area 9 is approximately 15 square miles and is located in Area A for which a General Plan was adopted about nine months ago. It includes industrial and agricultural areas and could take many years to develop even with the South Mountain Freeway cutting through. All freeway construction should be completed by 2005. Annexations might precede in phases from east to west or south from I-10. Its 1985 population is estimated at 1,629.

Area 10 is approximately 28 square miles and lies in the Laveen Area of western South Mountain Village. This area will also be bisected by the South Mountain Freeway. The Laveen Plan, adopted earlier in 1988, further refined the South Mountain Village Plan. A Westside Economic Analysis will assess short and long term development demand and market absorptions (based on the adopted General Plan) and types of use in Laveen, Area A, and Maryvale Villages as input to freeway corridor planning and future General Plan refinements. Annexation Subareas 8, 9, and 10 are included in the study area. Large annexations in Areas 9 and 10 should await the results of those studies in late Spring 1989. Area 10 contains scattered low density residential and small scale retail. The 1985 population for Area 10 is estimated at 3,338.

Area 11 is a very small area in Ahwatukee, of approximately one-half square mile. It should be annexed whenever the property owners are willing. The 1985 population is estimated at 4,727.

ALTERNATIVES

19. What alternatives are there to annexation that would allow Phoenix to control its destiny?

There are five mechanisms that would allow Phoenix greater control of planning outside its boundaries in regard to land use in its future annexation area, the formation of other cities, its future revenues, and general regional growth. All have legal and political constraints.

- a. Extraterritorial jurisdiction - Extraterritorial jurisdiction is the legal ability of a governmental entity to exercise some portion of its powers in areas outside its boundaries. This can be direct, such as the City's power to condemn property for public use outside the City limits, or indirect as in laws requiring the County to conform to a City's General Plan in certain areas bordering some cities. In the context of annexation, there is currently no extraterritorial jurisdiction for Arizona municipalities in counties conducting planning activities. The only extraterritorial power Arizona municipalities have in regard to municipal boundaries is the power of Arizona cities and towns to influence the incorporation of new municipalities within the urbanized areas bordering the existing municipalities.

Since April 1986 State law has required that the County use a city's General Plan and zoning subdivision ordinances as a guideline for actions on rezonings and subdivision plats on land located in a County island. If the city objects to the County's proposed action, the County must give specific reasons why it is or is not following the guideline of the General Plan. Cities are also required to submit abutting zoning cases for review to the adjacent city. Cities are required to notify each contiguous municipality when adopting a General Plan or any amendments. However, in all of these cases the City's only power is to give advice to other jurisdictions.

Any system of extraterritorial annexation jurisdiction would have to be established by the State Legislature which has almost unlimited power to establish procedures for creating, expanding or abolishing municipalities. It would be most desirable for cities to be able to control annexations or incorporations within "zones of influence" automatically created in areas adjacent to their boundaries. The zones could be based on criteria such as proximity and size of the existing city, population of the zone, provision of services within the zone by the municipality, and proximity of other existing municipalities. The City of Phoenix would benefit most from zones of influence created automatically based on factors such as population, proximity and ability to provide basic services rather than a system with a board or commission with power to determine the boundaries of "zones of influence."

- b. Boundary Commissions and Local Area Formation Commissions (LAFCO). At least seven states have some form of administrative agency(s) to determine the boundaries of localities in heavily urbanized areas. In California and some other states, the commissions are local; in other states, the commissions or boards are State-wide. In 1967, LAFCOs were mandated in every California county but San Francisco which is a consolidated city-county. Most states' governors appoint the Commissions; California LAFCOs are comprised of local city and county officials.

These administrative bodies have powers to review petitions, initiate proposals, develop factual information and make final decisions on boundary changes. Funding can be from the State, from localities or a combination of both. In some states boundary commissions review extraterritorial extension of water or sewer services by cities and the formation of special districts.

One of the more useful functions of boundary commissions is their identification of "spheres of influence" - or expansion zones for cities. These spheres of influence, which are expected to be annexed eventually, eliminate competitive, preemptive and defensive annexations; identify the eventual limits of a city, allowing long term land use and infrastructure planning; and give fringe areas advance notice of city development standards.

The idea of boundary commissions was considered in 1985 by cities when the Arizona Legislature imposed the moratorium on most annexations. It was later dropped in favor of a tougher annexation law. Phoenix should consider supporting the idea of boundary commissions if major changes in annexation laws and methods are inevitable.

- c. Incorporation Reviews - When a community within six miles of one or more cities or towns (of over 5,000 population) wishes to incorporate, it must request approval from all cities or towns within six miles. Cities under 5,000 have a three mile review area. If they deny or ignore the request, the community must present legal petitions requesting to be annexed. Only when it has permission from all the cities and towns within six miles or has been refused annexation by each one can it request permission to incorporate by the County Board of Supervisors. Since 1977, the City of Phoenix has been requested to approve incorporations of communities in Deer Valley, Sun City, Ahwatukee, Carefree, Cave Creek and Litchfield. The City approved incorporation of Carefree, Cave Creek and Litchfield and took no action on the other requests. Deer Valley and most of Ahwatukee have now been annexed by Phoenix, and Sun City remains in the County.

Although refusal by a city to approve an incorporation within its urbanized area has been effective, there is concern that if cities arbitrarily refuse incorporations without very good reason, the legislature might weaken or repeal the requirement for city approval.

There is no known present interest in incorporation within any of the city's strip annexed areas or north of Jomax Road.

- d. Regional revenue sharing - Since Phoenix sales and franchise taxes comprise such a significant part of its General Fund revenue (44%), there is great competition to control lands on which regional shopping centers, auto malls, big discount stores and other large generators of these taxes might locate. Competition has reached the point where some of these users expect financial subsidies from a city in order to locate there. This pitting of one community against another bids up the price that each ultimately pays and is deducted in effect from future sales tax revenues.

An alternative proposed by some to the annexation land grab and subsidy war is a sharing of the future tax revenues. While no examples of regional sales tax sharing were found, a recent agreement was reached that allowed Aurora, Colorado to build a new shopping center on an island of land protruding into Denver. Aurora, in addition to dropping plans to annex land needed for a regional airport, agreed to share the shopping center's sales tax revenues. Current Arizona law would preclude a similar agreement among Phoenix area cities.

Potential benefits from a regional sales tax include 1) less competition and payment of subsidies to attract desired users, 2) the political feasibility of cooperative regional economic development policies that might have attracted such large companies as U.S. West to Phoenix rather than Denver, and 3) a greater equity in the fiscal condition of Valley cities.

The disadvantages to Phoenix would include 1) loss of autonomy in deciding how much sales tax and on which items to collect it. (Phoenix is the only city to exclude a tax on food, foregoing an estimated 15.6 million dollars, while it has a 1.2% instead of a 1% tax rate); 2) need for an independent auditor and a system to collect, process, and distribute the proceeds, and 3) loss of actual sales tax receipts. Phoenix' sales tax revenues for 1986-87 adjusted for a one percent sales tax rate (including tax on food but excluding utility, use and hotel/motel tax collections) would have decreased \$5,000,000 from \$115,000,000 to \$110,000,000.

At present based on fiscal year 1986-87 data with May 1988 collections, it would not be in Phoenix' interest, at least short term, to give up over \$5 million annually in revenue to participate in such a regional sales tax. A potential loss or gain in revenues from sharing of property taxes such as is done in Minnesota was not considered.

- e. Regional planning and growth management - If there were effective regional planning and management of the timing and location of growth, cities could annex land within their spheres of influence when urbanization was appropriate, not through fear of loss of the area and its future revenue potential. Lands within cities would develop faster as there would be little competition from planned communities in unincorporated areas on the edge or beyond urbanized areas.

If stronger regional planning were included with other cooperative efforts, more resources could be devoted to strengthening the Valley's competitive position with other Sunbelt cities, and the cost to deliver some basic services might be reduced.

The feasibility of obtaining extraterritorial jurisdiction should be explored as well as the delineation of spheres of influence if the latter could be based on some objective criteria. These alternatives, as well as stronger regional planning, will be considered as the State Legislature reviews the findings of the Morrison Institute's Report Urban Growth in Arizona: A Policy Analysis, presented to the "Joint Interim Committee on Urban Growth Issues" of the Arizona Legislature.

RECOMMENDATION

20. What should be the City's annexation policy?

Our study has concluded that annexation has provided positive long term economic benefits for Phoenix and other large cities around the Country whose economic health indicators were generally stronger than ones in cities which had stopped annexing. In return for the longer term economic benefits enabling it to be a strong core city, Phoenix has temporarily subsidized the operating costs of service delivery to areas with low density, scattered residential development and few commercial uses.

The State's annexation laws now require longer periods and increased public notice and approval of more than one-half of the property owners. Phoenix has used the State's requirement of proof of a 100 year supply of water before lands can be subdivided and sold to require annexation and other infrastructure commitments as a condition for providing water service. Preannexation agreements have been used four times with large land owners (1,200 - 4,140 ac.). Owners of small parcels are not required to sign agreements but must contribute their fair share of infrastructure capital costs at the time of building permit issuance if a developemnt fee ordinance has been adopted for the area.

Requiring development to occur within the City in order to receive water encourages annexation requests and avoids expensive replacement of substandard infrastructure later after development has occurred. However, it may mean a longer period of subsidizing the operating and maintenance costs to deliver City services depending on the population density, proximity to existing services, property values, and amount and type of nonresidential land use. In other words, there may be trade-offs of greater shorter term costs to obtain longer term benefits.

It should be the City's policy to minimize any short term subsidies and maximize long term benefits through careful determination of which areas should be annexed and the optimum timing for annexation. Annexation just for the sake of growing larger is not a rational policy. It should always be tied to specific long term land use and economic development goals. Whenever possible, preannexation agreements should specify that zoning approvals will include stipulations on phasing and timing of development to avoid premature zoning and lack of a critical mass of development which drives up operating costs.

This report proposed using five criteria for evaluating the impacts of annexing an area and determining whether it should be annexed now, in the future or not at all:

- a. Ability to provide services in a timely manner with acceptable revenue-to-cost ratios
 - o Ability to provide services now
 - o Ability to provide services in the future
 - o Acceptable revenue to cost ratio
- b. Long term desirability for economic growth and preservation of revenue of likely future land uses
 - o Acceptable existing uses
 - o Desirable future uses
- c. Likelihood of annexation to another city or incorporation, or development within County precluding future annexation
- d. Loss of control of land use/infrastructure quality
- e. Completed City planning for area
 - o Adopted General Plan for the area
 - o Development fee ordinance in place

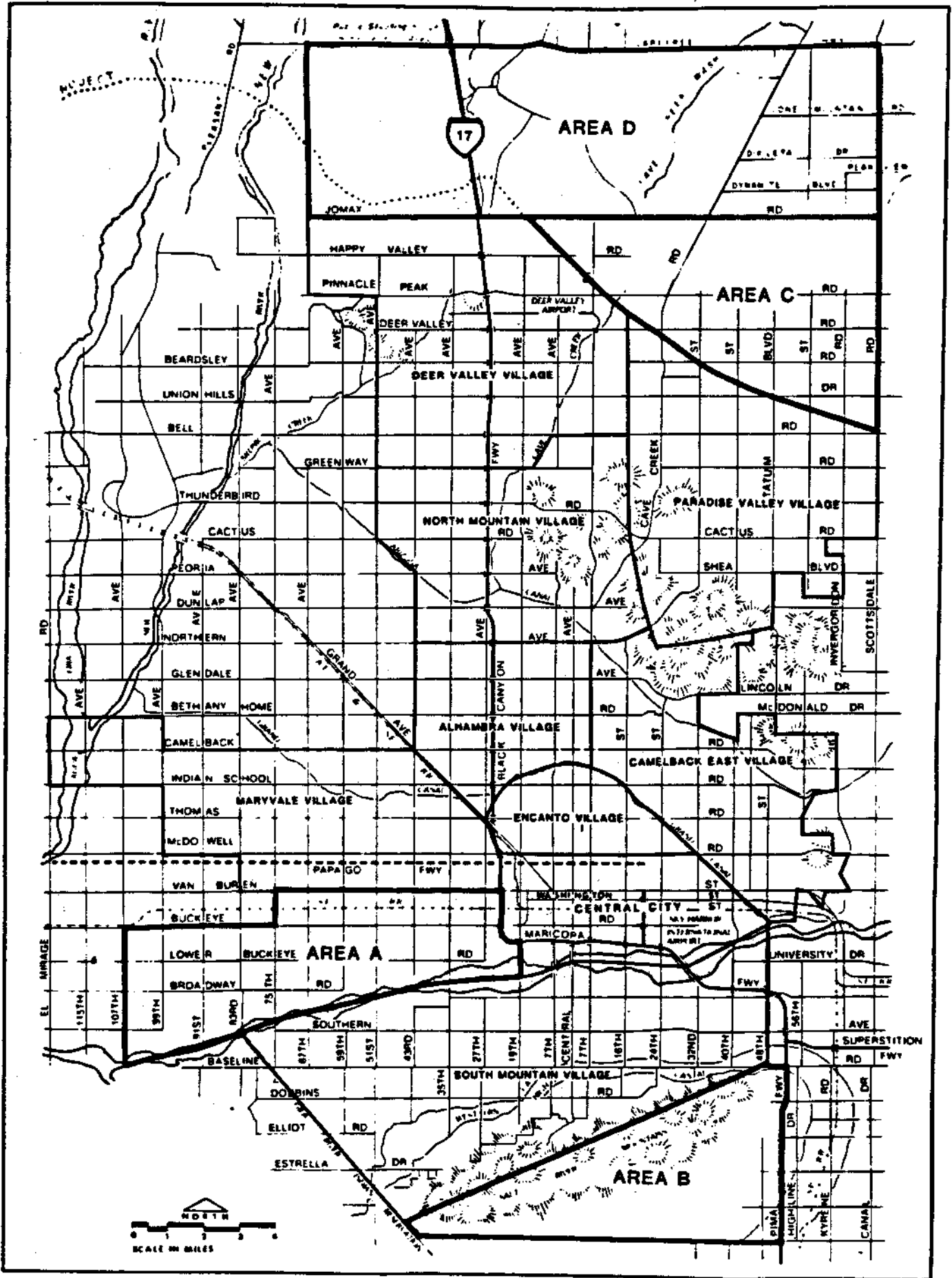
The more positive responses received to these questions, the more desirable the area is for annexation. The larger the area or the more remote the area from existing urbanization, the more critical and difficult the review. The review would conclude with a recommendation based on the analysis and answer to the questions. There is no single answer, for the characteristics of each of the study areas are quite different.

21. What actions are necessary to implement this annexation policy?

The following steps should be taken to implement an annexation policy in the larger context of the City's land use and economic development goals:

1. Direct staff to prepare a recommendation for each proposed annexation area based on the evaluation criteria proposed.
2. For proposed annexation areas not covered by any adopted General Plan, direct staff to work with appropriate citizen bodies to analyze existing and future land use and projected timing of development. Request the preparation of a General Plan for the area and, after adoption, an infrastructure financing specific plan.

3. Establish closer ties with County's Planning Department staff, Commissioners, and elected officials to request that their zoning approvals follow our adopted plan and that premature zoning is not granted. Encourage the County to put time stipulations on higher intensity zoning approvals and revert the zoning if development does not occur in a reasonable time. Avoiding premature development in the County will avoid costly replacement of substandard infrastructure after annexation.
4. Use individual preannexation agreements with owners of large acreages to secure contributions for infrastructure financing if no development fee ordinance is in place. Include provisions for phasing and timing of development to avoid extraordinary operating and maintenance costs resulting from small or very dispersed remote projects or require new development to pay the extraordinary costs.
5. Develop standard factors to compare the difference in costs to provide the same services to a project with different variables such as distance in miles from the nearest urbanized area in the City (ex. 1, 2, 3, 4, 5 miles, etc.) and at different density levels.
6. Avoid granting premature zoning by greater utilization of market statistics on demand and absorption and through the use of stipulations requiring development to commence within a specified time frame. Consider reversion of the zoning based on planning criteria if development does not commence in a reasonable time period.
7. Support adopted General Plans for proposed annexation areas in response to requests for more intense land uses in return for annexation to avoid undermining the confidence of surrounding land owners in the reliability of the plans.
8. Continue the present policy of avoiding very irregular, hopscotch annexation configurations which creates confusion and higher service delivery costs.
9. Continue the present policy of not providing water service in most cases to properties outside the City limits so that planned and orderly development occurs.



PERIPHERAL AREAS

Yavapai County

KEY:



Projected Annexation Areas



Long Term Study Area



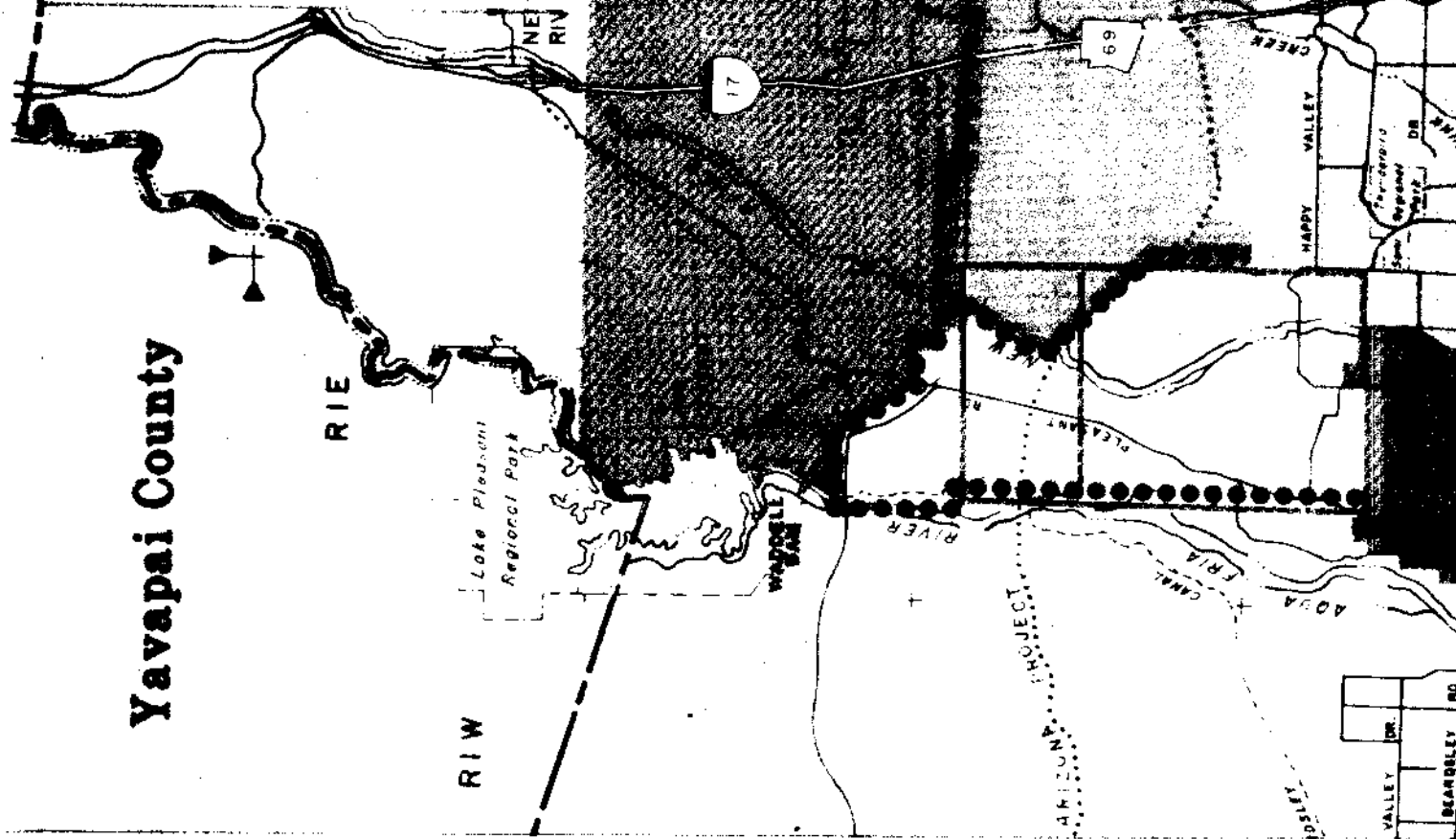
Limit of State Land Department Approval

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Scale: 3/8" = 1 Mile

MP
TEEM



SCOTTSDALE

SALT RIVER INDIAN RESERVATION

MESA

CHANDLER 87 93

TEMPE

PHOENIX

PHOENIX

PEORIA

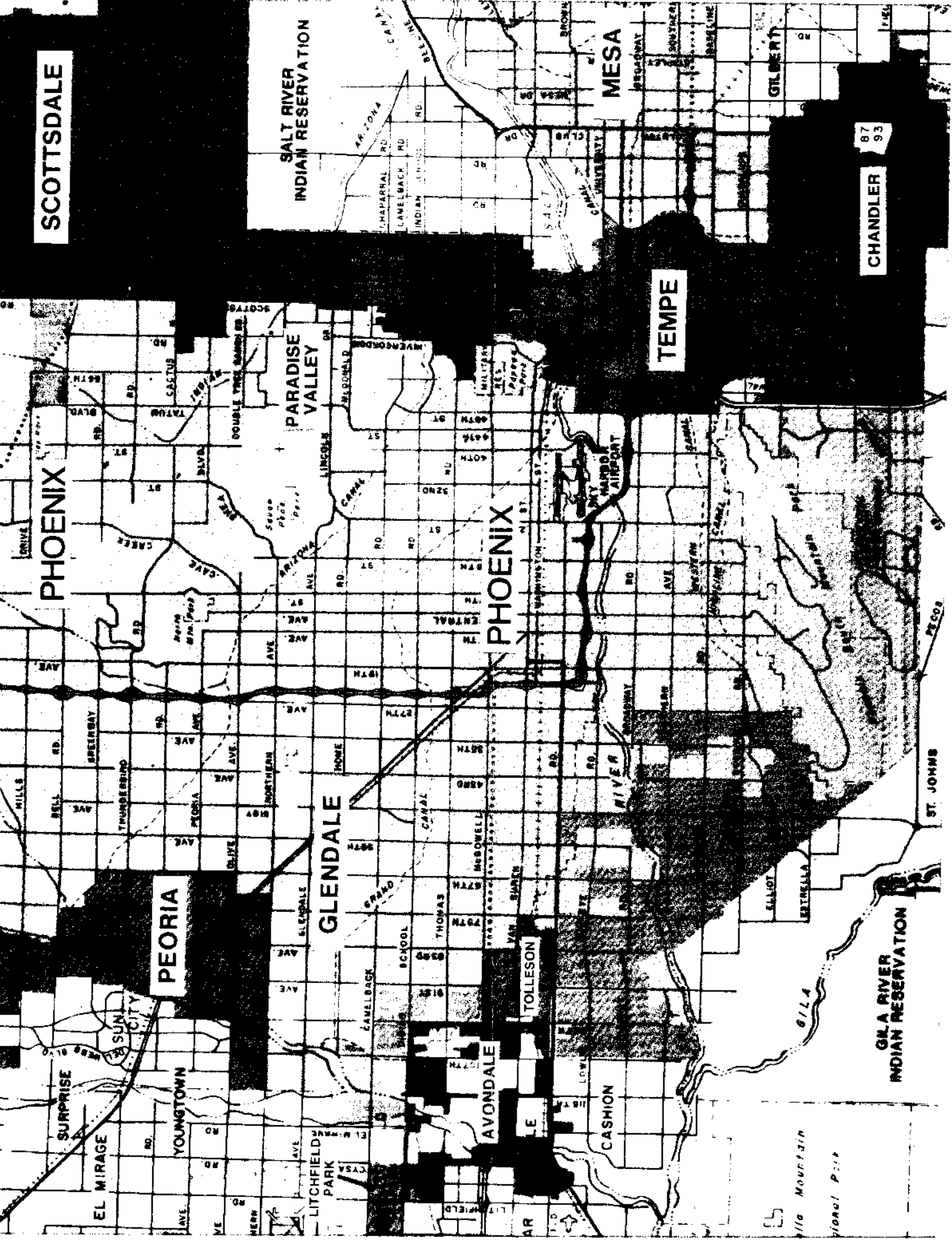
GLENDALE

AVONDALE

TOLLESON

CASHION

GILA RIVER INDIAN RESERVATION



R 3 E

Yavapai County

KEY:

* SEPARATE KEY MAPS AVAILABLE BY NUMBER

2



Projected Annexation Areas



Long Term Study Area



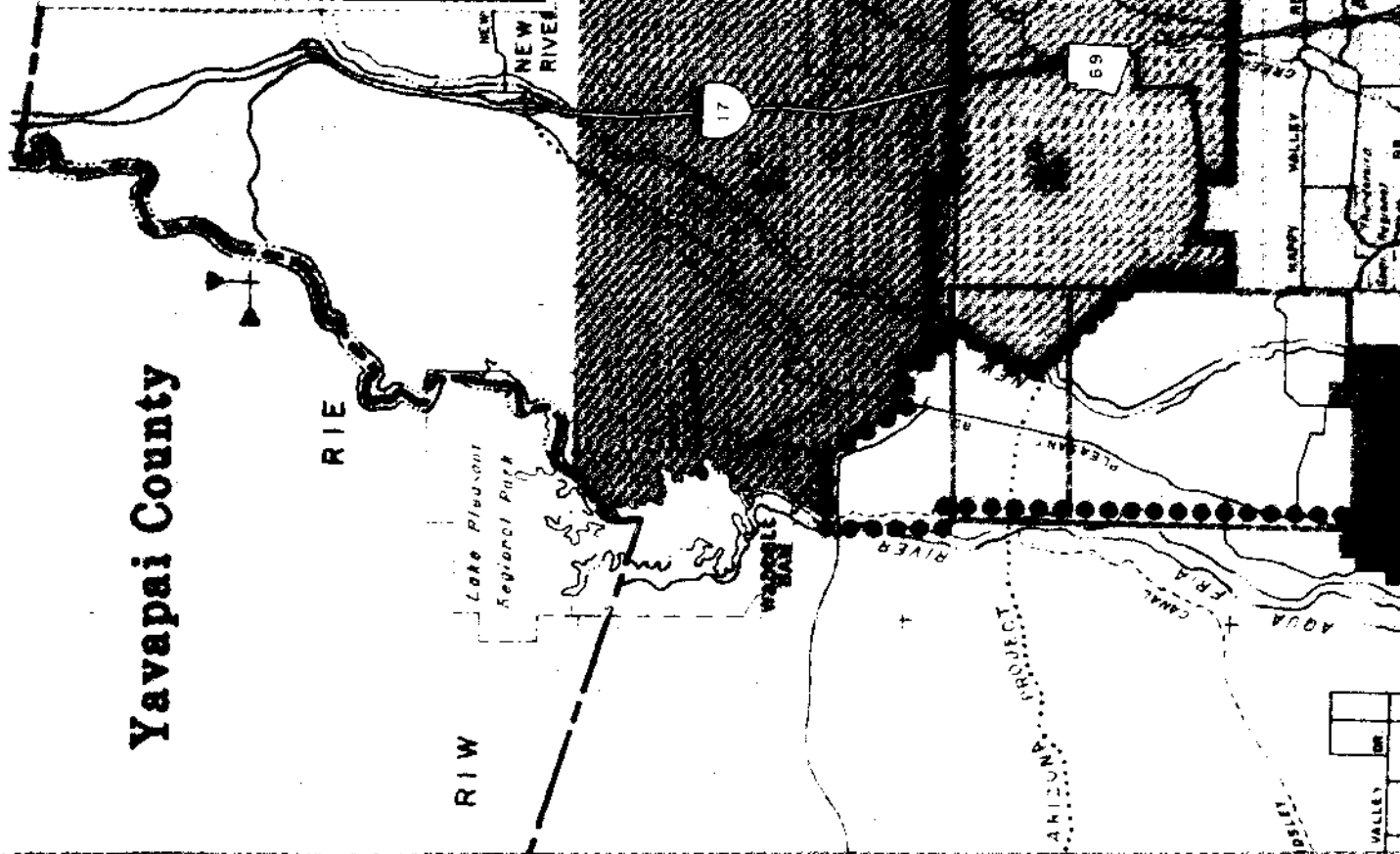
Annexations Under Petition



Limit of State Land Department Approval



Scale: 3/8" = 1 Mile



Yavapai County

R 1 E

R 1 W

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SCOTTSDALE

SALT RIVER INDIAN RESERVATION

MESA

GILBERT

CHANDLER 87 93

TEMPE

PHOENIX

PARADISE VALLEY

PHOENIX

PEORIA

GLENDALE

TOLLESON

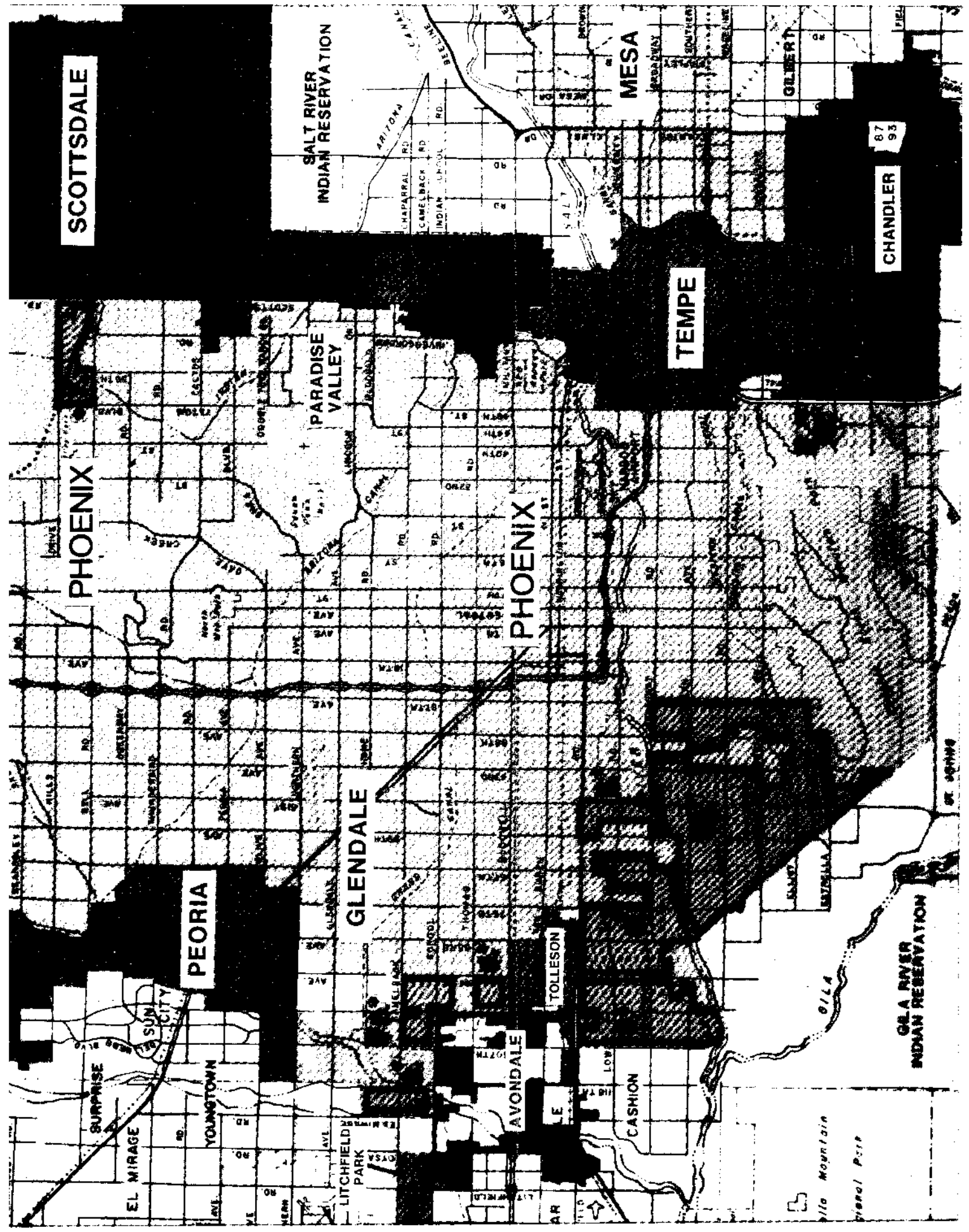
AVONDALE

CASHION

GILA RIVER INDIAN RESERVATION

Gila Mountain

General Post







Yavapai County

R 3 E

Limit of State Land
Department Approval

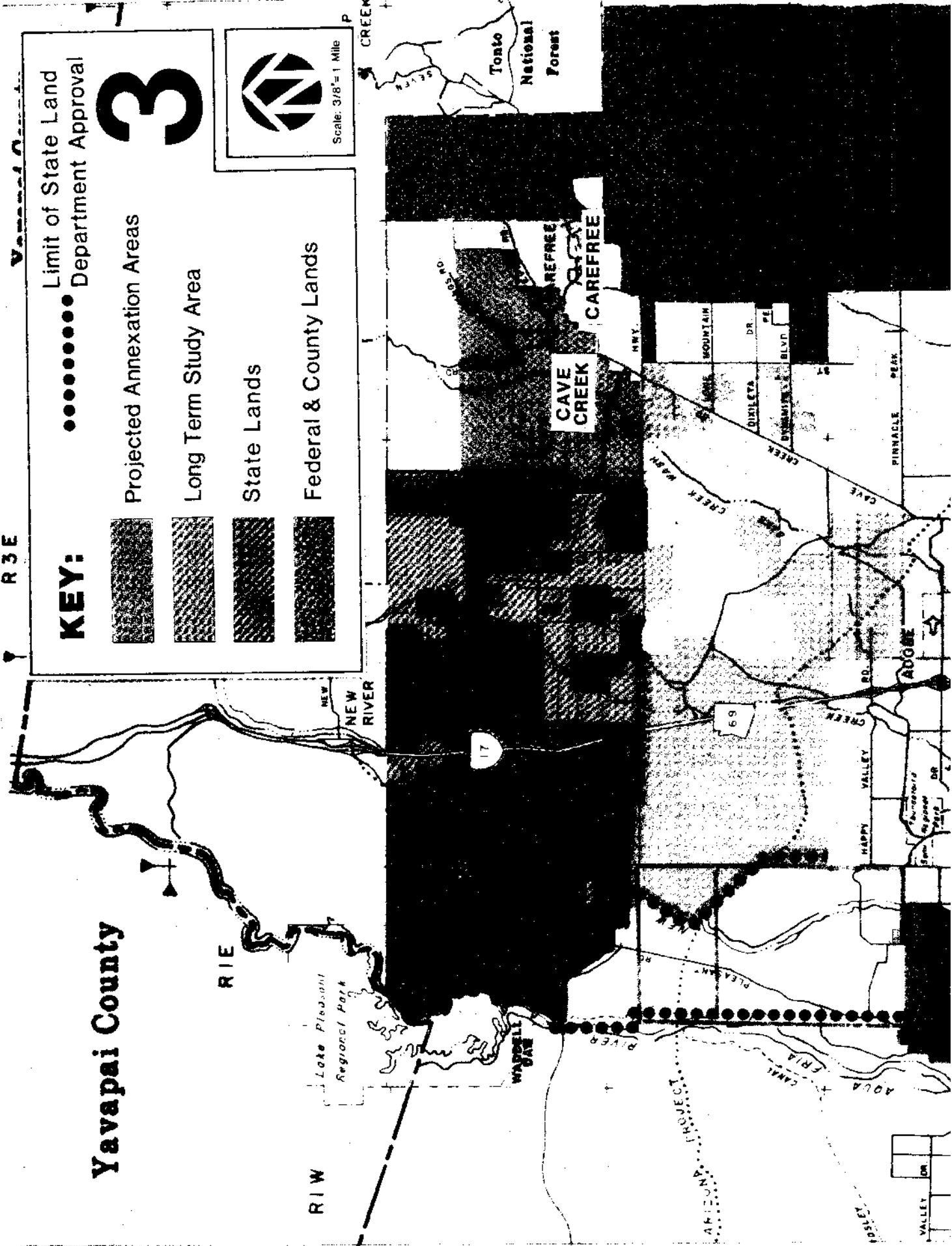
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KEY:

-  Projected Annexation Areas
-  Long Term Study Area
-  State Lands
-  Federal & County Lands



Scale: 3/8" = 1 Mile



SCOTTSDALE

SALT RIVER INDIAN RESERVATION

MESA

CHANDLER

87
93

TEMPE

PHOENIX

PARADISE VALLEY

PHOENIX

PEORIA

GLENDALE

AVONDALE

TOLLESON

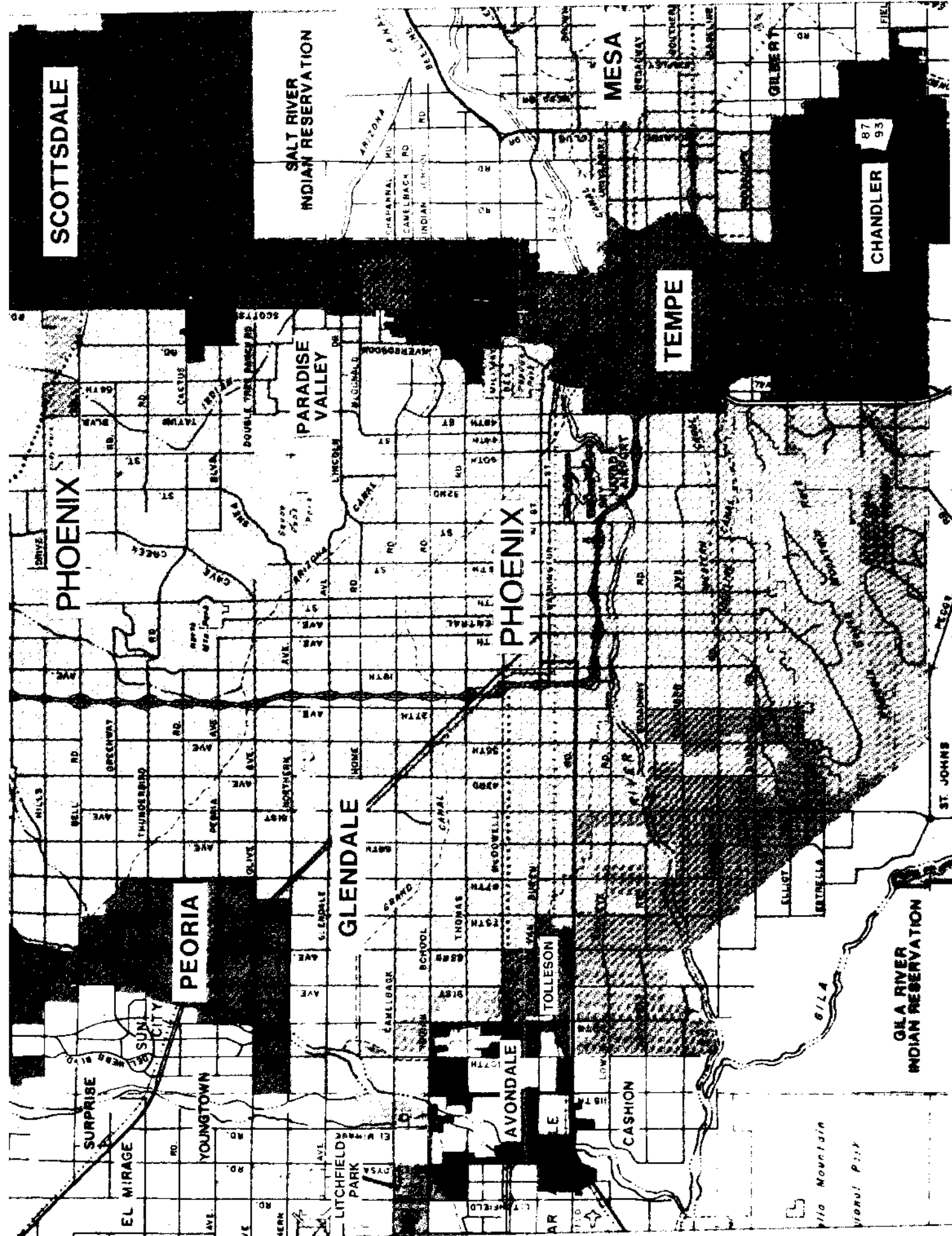
CASHION

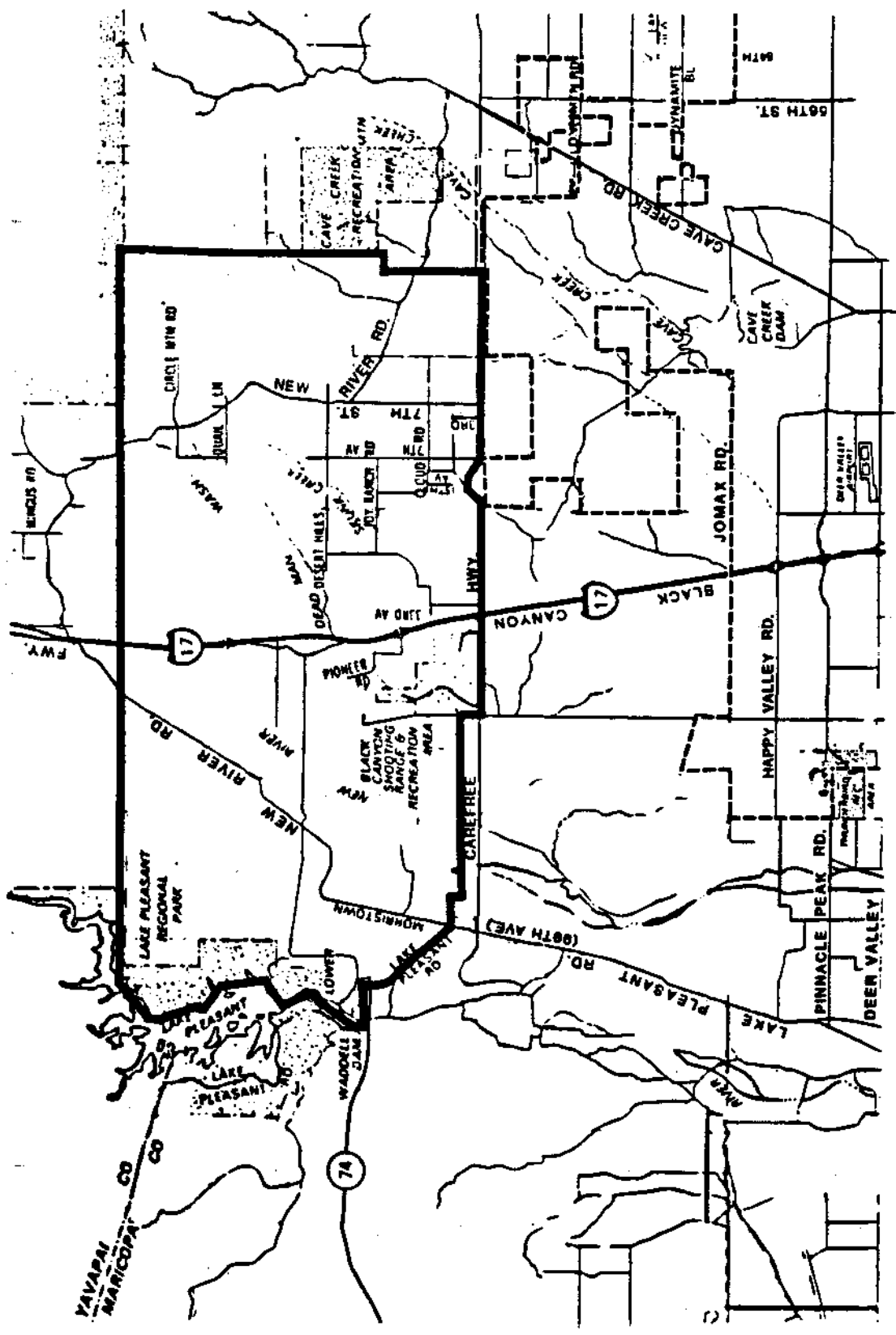
GILA RIVER INDIAN RESERVATION

ST. JOHNS



Via Mountain



Yonah Pitt

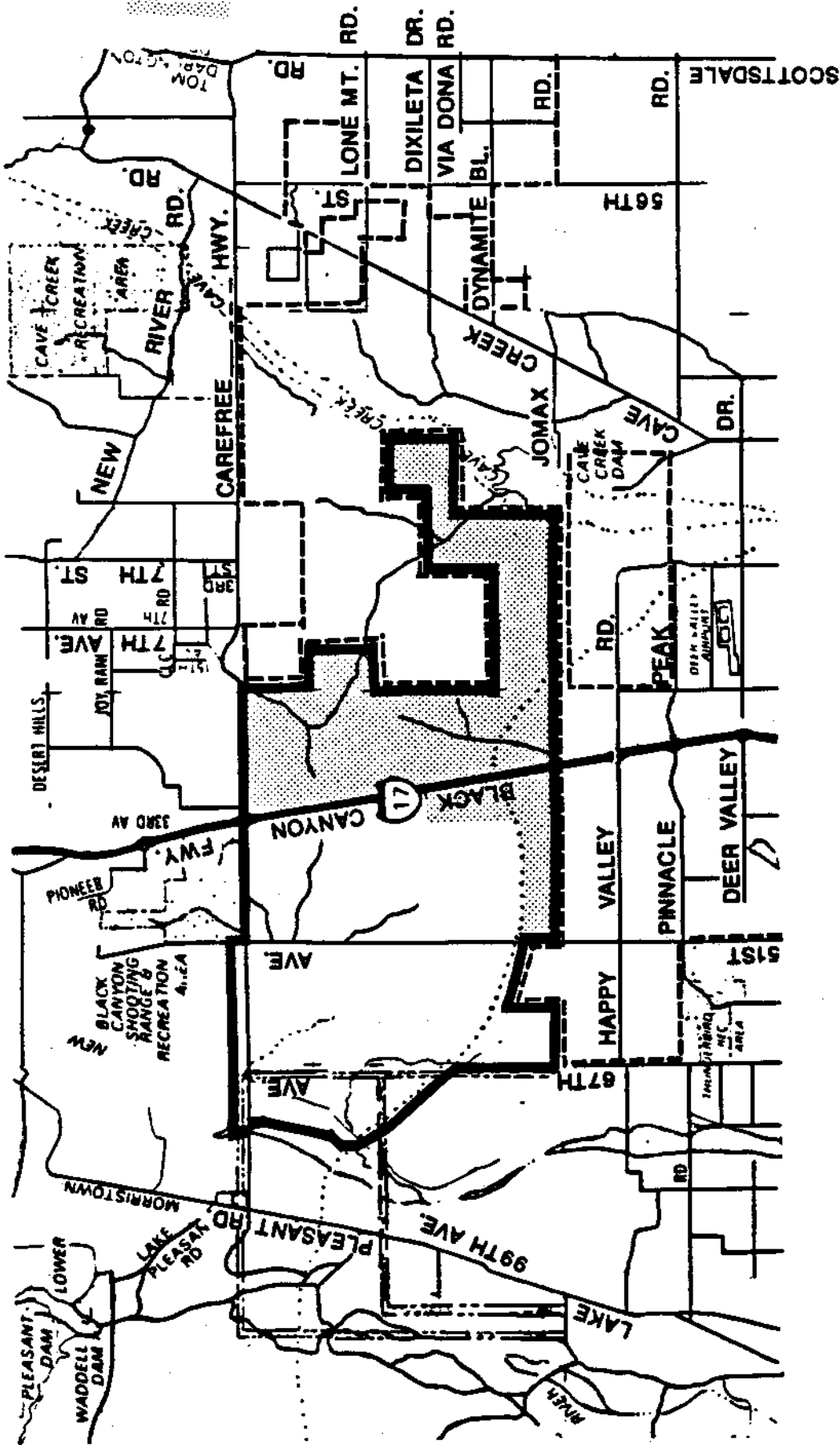




KEY: MAP 1




 Long Term Study Area Boundary
 City of Phoenix Boundary


 SCALE IN MILES


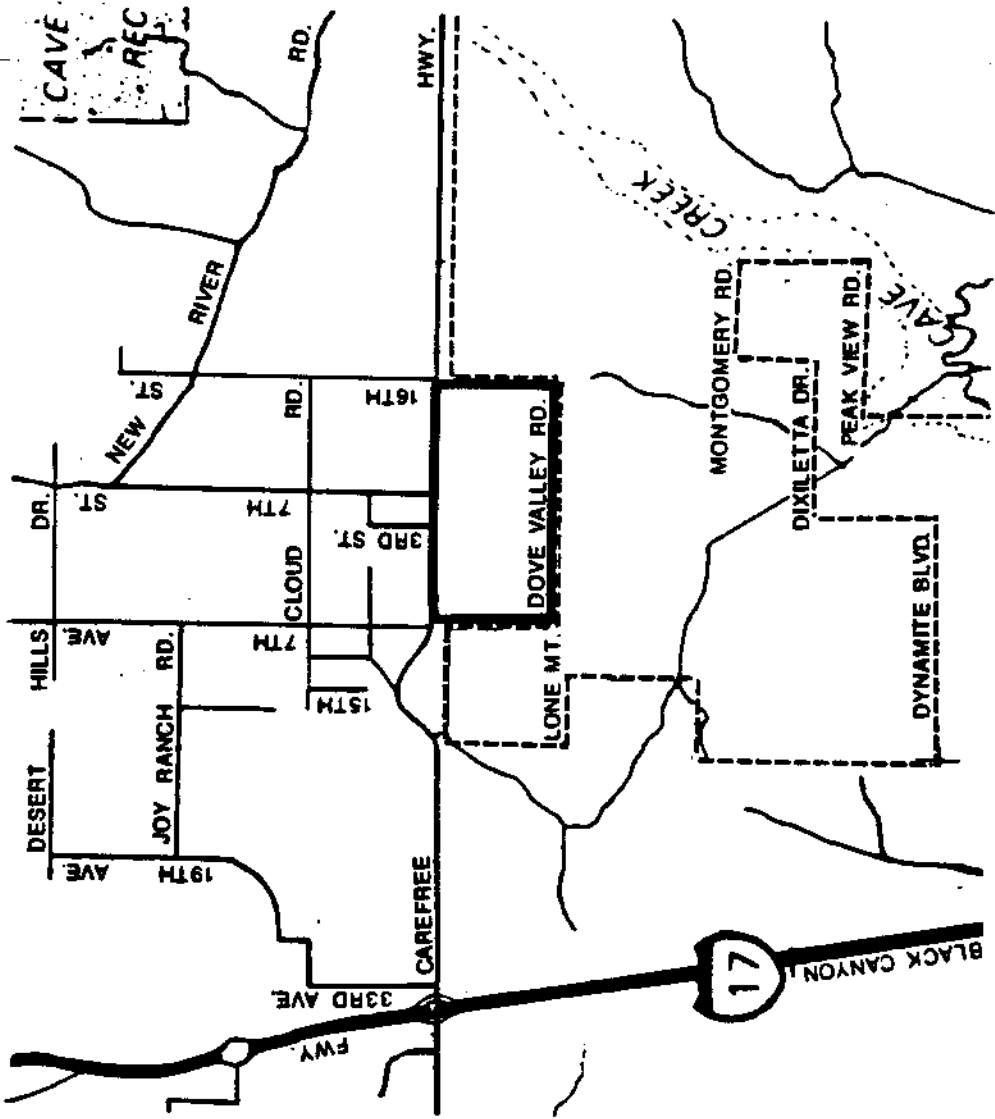


KEY: MAP 2

0 1/2 1 2
SCALE IN MILES

-  Projected Annexation Area Boundary
-  City of Phoenix Boundary
-  Area Under Petition






KEY: MAP 3

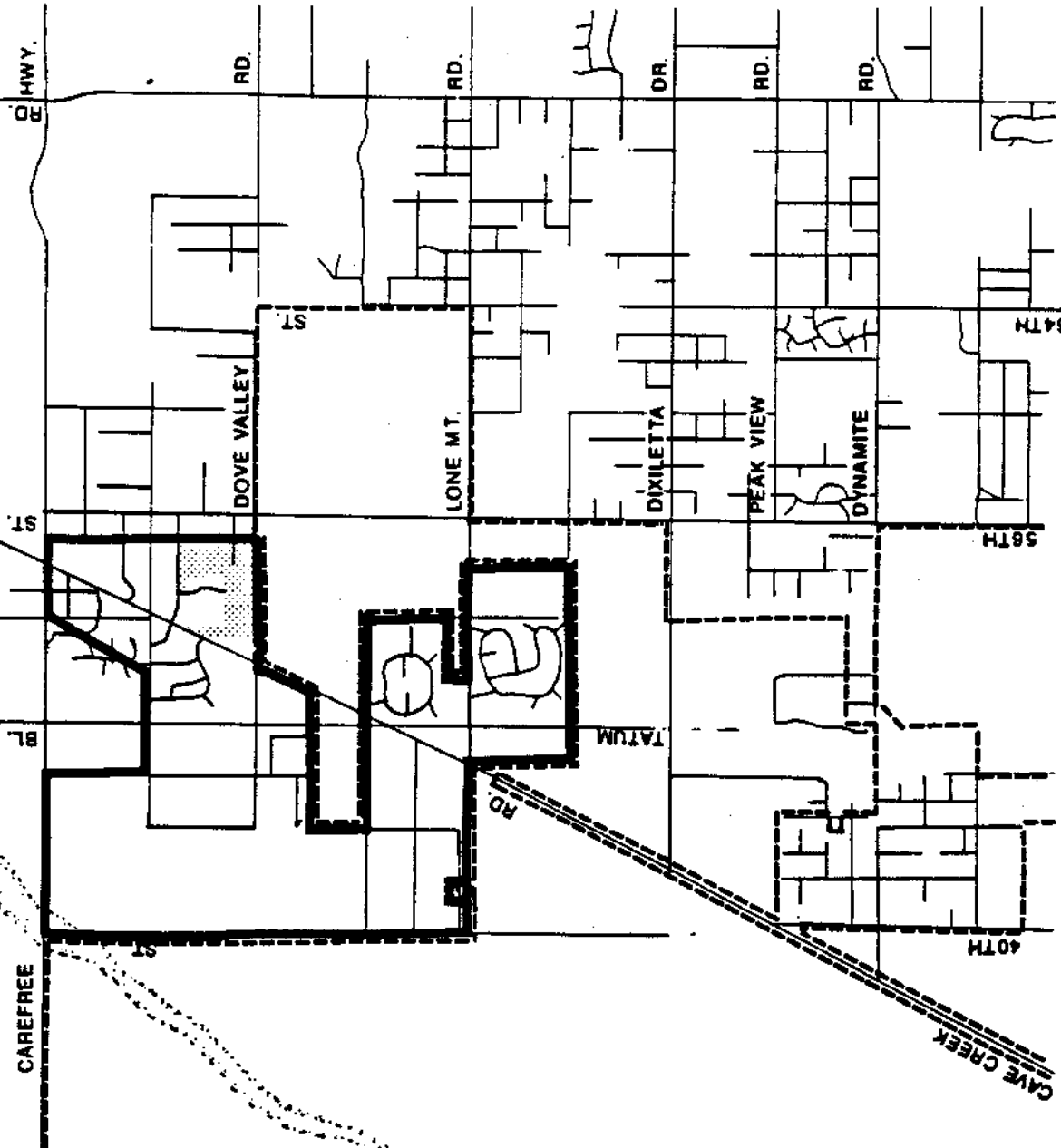
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SCALE IN MILES




— Projected Annexation Area Boundary

- - - City of Phoenix Boundary




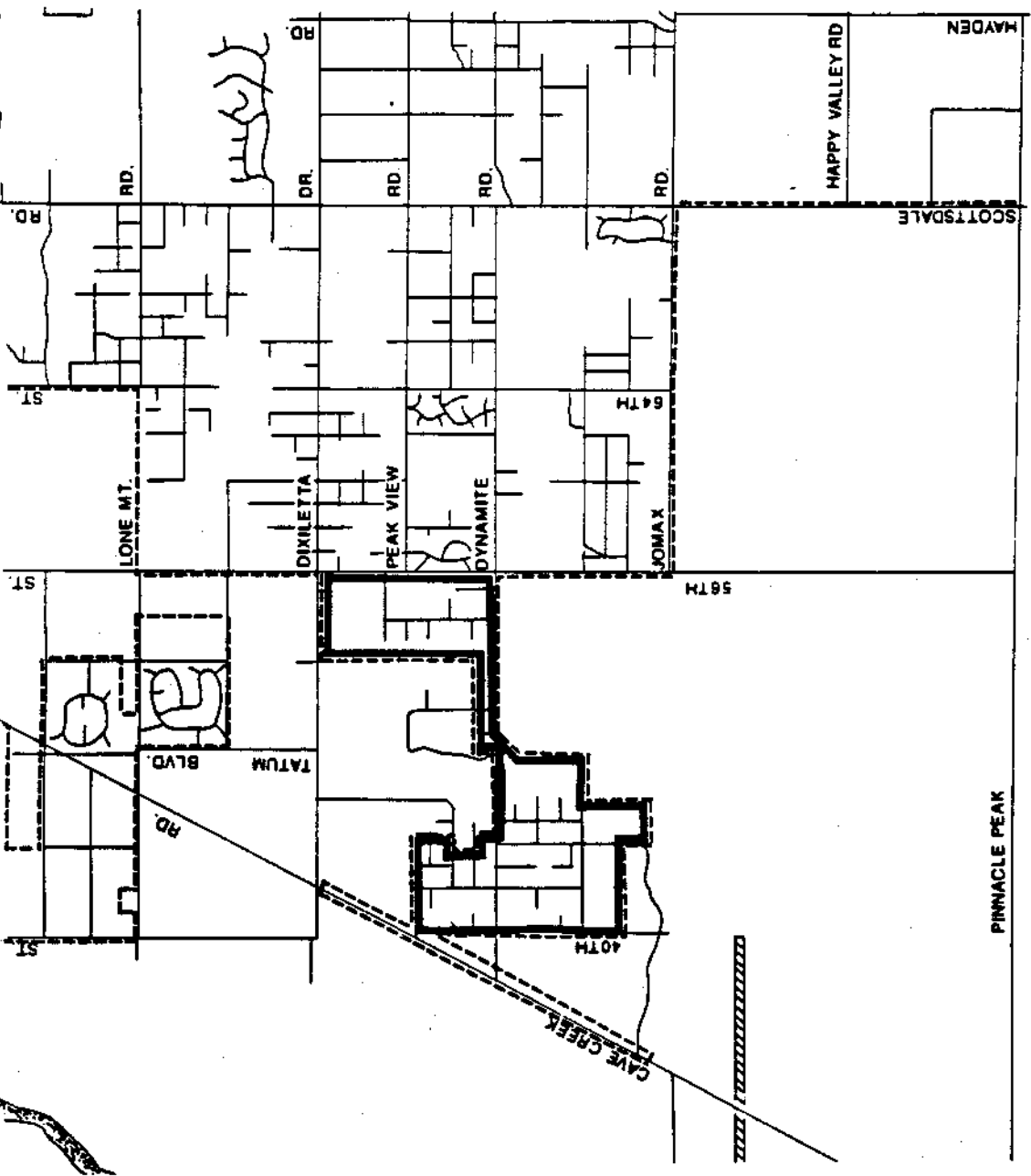


KEY: MAP 4

-  Projected Annexation Area Boundary
-  City of Phoenix Boundary
-  Area Under Petition

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SCALE IN MILES




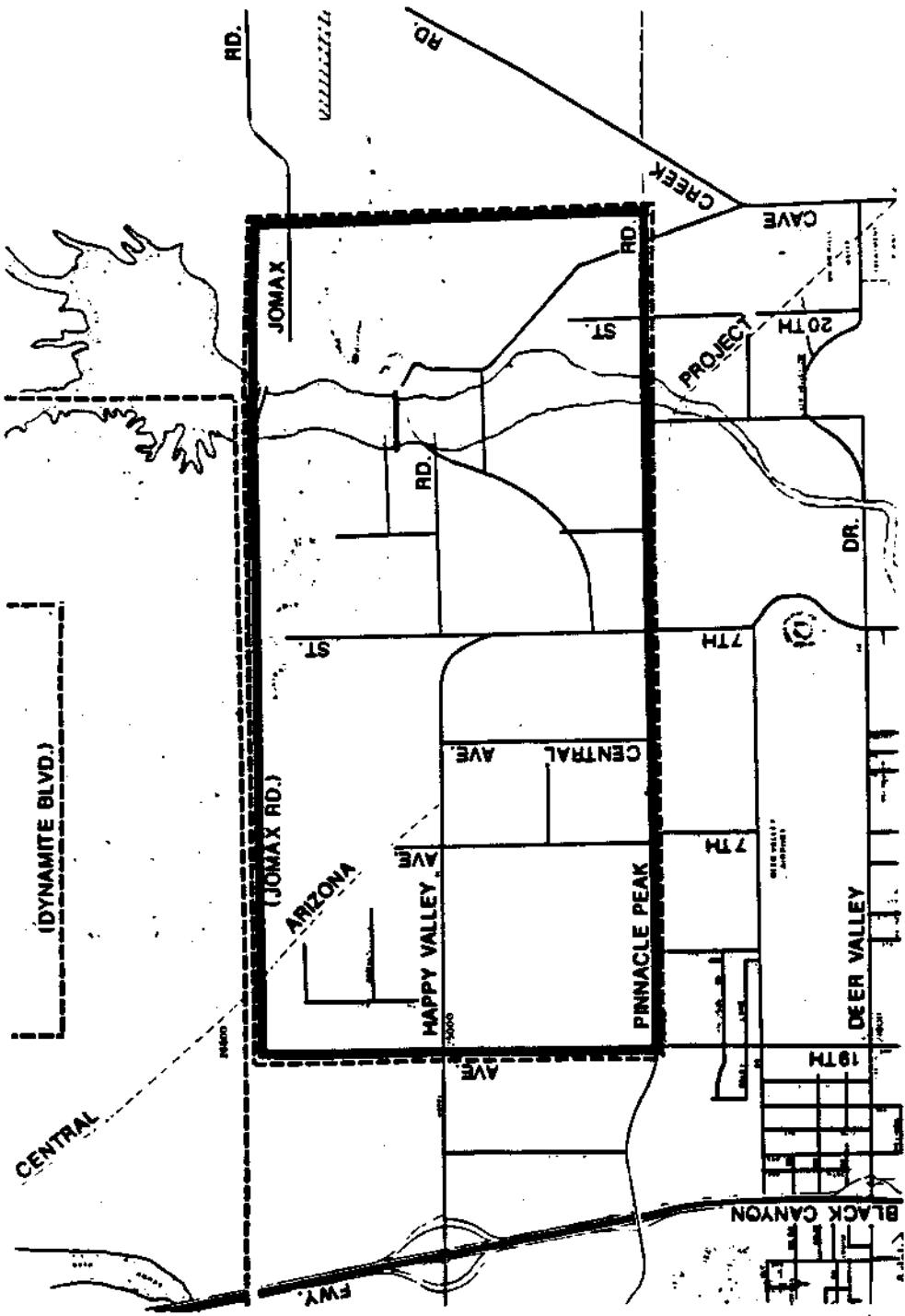


KEY: MAP 5



- Projected Annexation Area Boundary
- City of Phoenix Boundary

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SCALE IN MILES






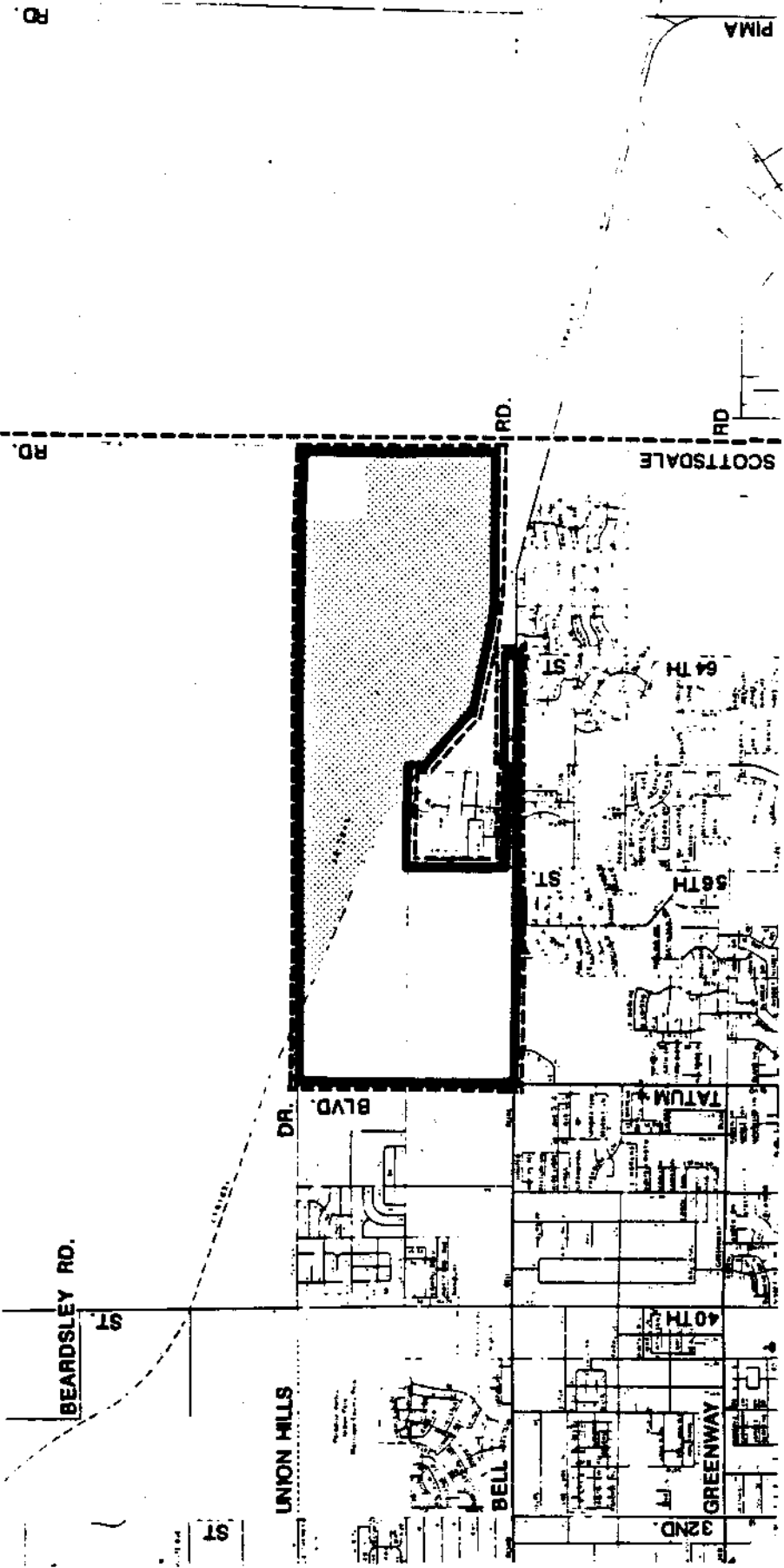
KEY: MAP 6

-  Projected Annexation Area Boundary
-  City of Phoenix Boundary




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SCALE IN MILES






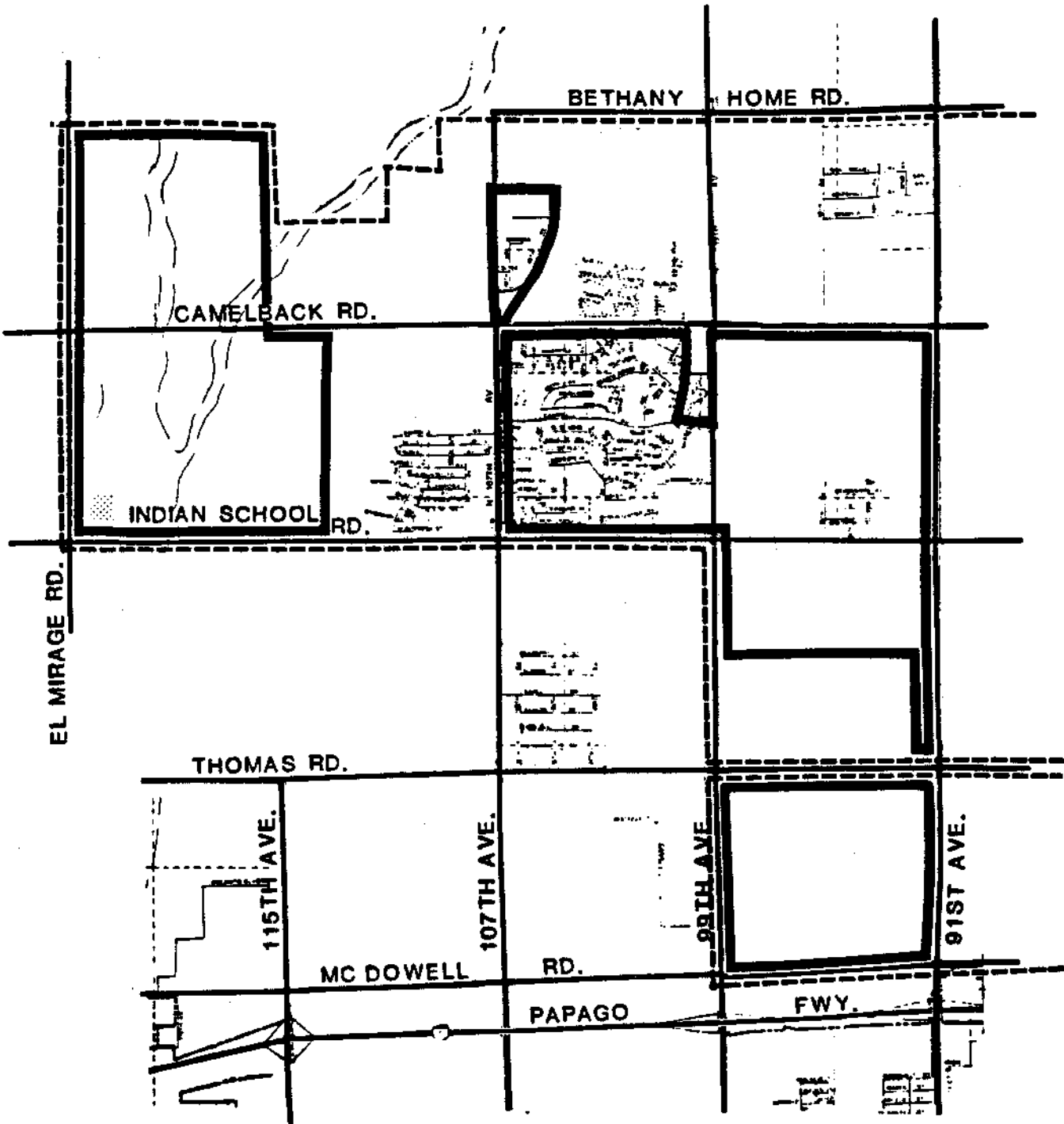
KEY: MAP 7

-  Projected Annexation Area Boundary
-  City of Phoenix Boundary
-  Area Under Petition




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SCALE IN MILES



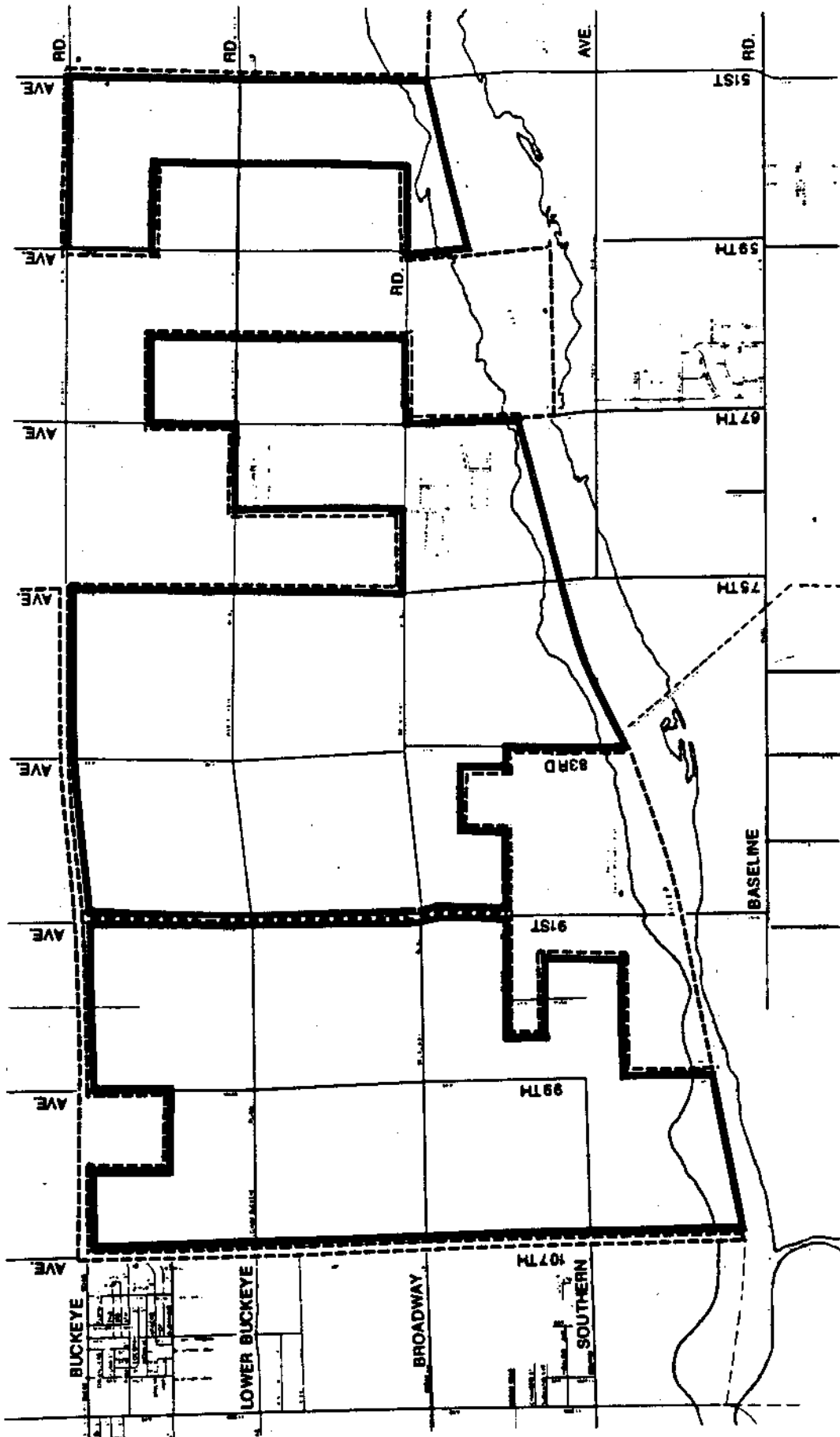


KEY: MAP 8



-  Projected Annexation Area Boundary
-  City of Phoenix Boundary
-  Area Under Petition









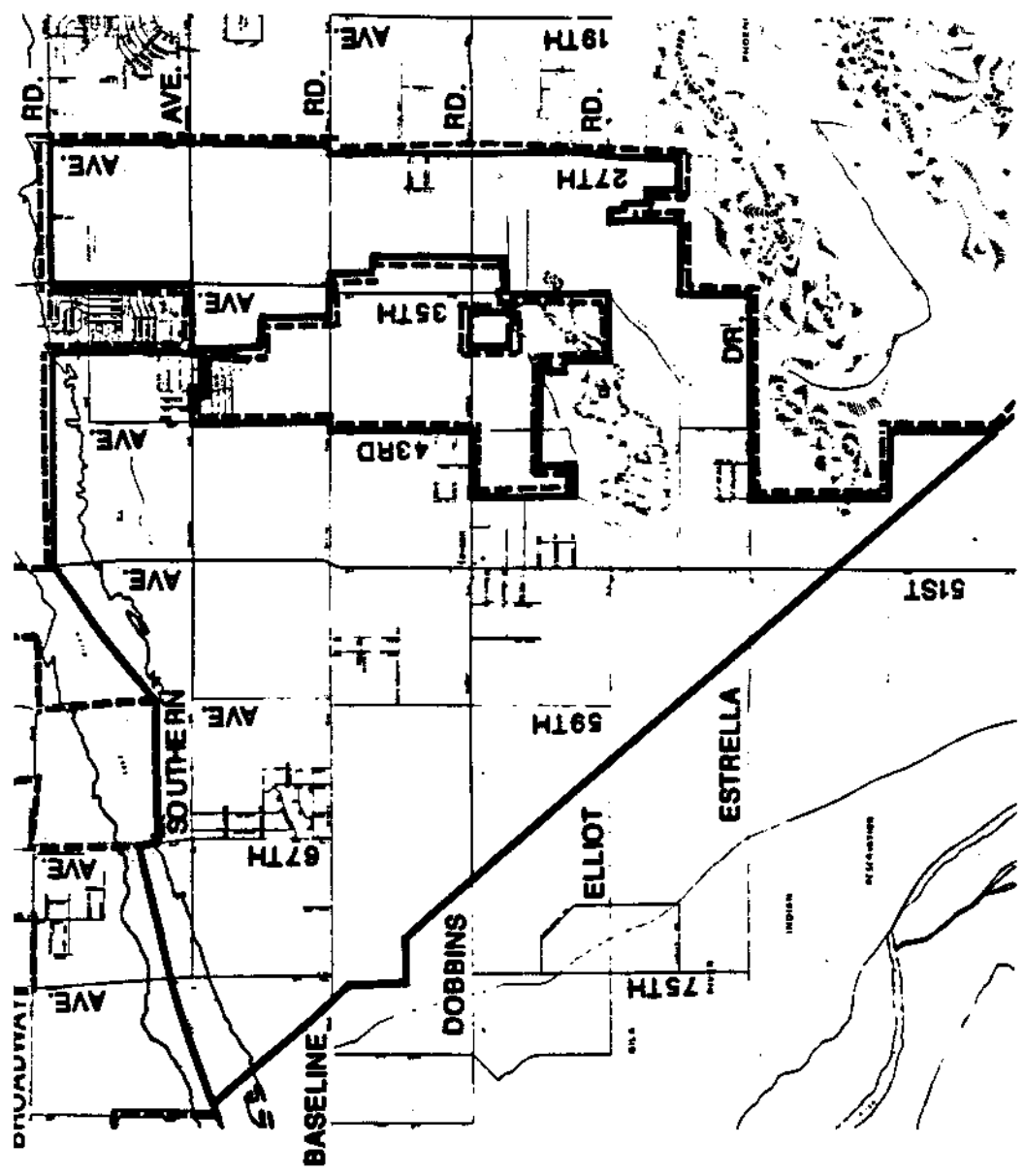
KEY: MAP 9

 Projected Annexation Area
 City of Phoenix Boundary








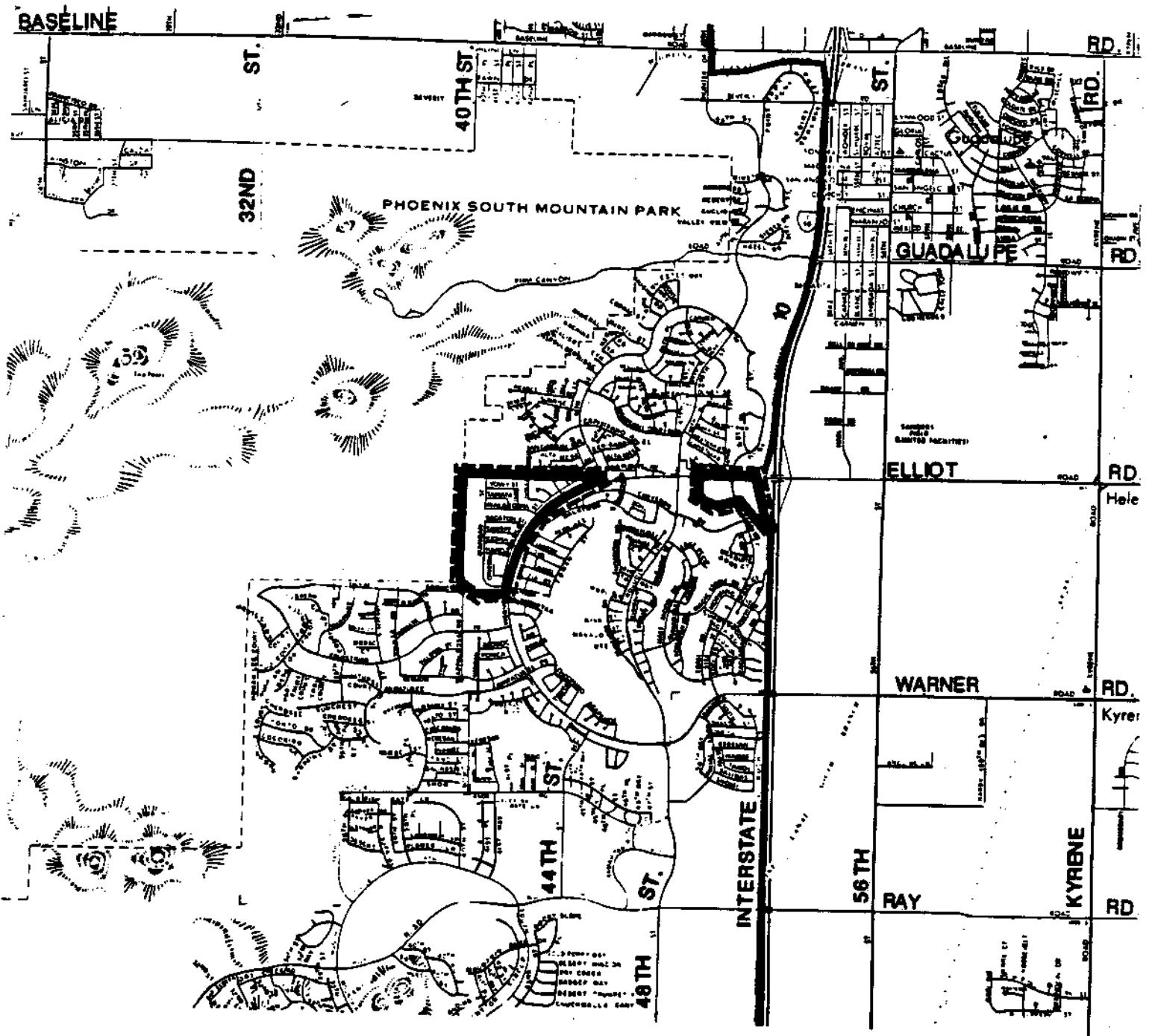
SCALE IN MILES



KEY: MAP 10

 Projected Annexation Area Boundary
 City of Phoenix Boundary



 0 1/2 1 2
SCALE IN MILES



KEY: MAP 11

————— Projected Annexation Area Boundary

----- City of Phoenix Boundary




SCALE IN MILES



CITY OF PHOENIX

TO Joy Mee
Assistant Planning Director

FROM Barbara Kokotilo
Management Assistant

SUBJECT PHOENIX'S ANNEXATION COSTS

DATE October 5, 1988

This report outlines the impact of annexation on the cost of providing governmental services in Phoenix. Operating expenditures, debt service, assessed valuation, and annexation information was collected for the period 1950 through 1980. The findings are outlined below. Related tables are attached.

Findings

- o The population of Phoenix in 1950 was 107,000 or 32% of the Phoenix SMSA; in 1980, the population was 789,704 or 52% of the SMSA.
- o The Phoenix land area increased from 17 square miles in 1950 to 324 square miles in 1980. (See Appendix A.)
- o The growth in land area was the result of an aggressive annexation policy. The City annexed an average of 100 square miles each decade from 1950 to 1980.
- o The greatest population growth from annexation occurred in the period 1957 to 1962.
- o Real per capita operating expenditures for the period 1957 through 1965, which includes the highest growth period, varied from a low of \$54.89 in 1960 to \$72.17 in 1965 representing a 24% increase.
- o Adjusted per capita operating expenses increased from an average of \$65.59 for the period 1950 to 1959 to an average of \$126.75 for the period 1970 through 1979. The number of federally funded programs also increased significantly during this period (see Appendix B).
- o A comparison of operating expenditures by function for the period 1950 to 1980 indicates most functions received the same share of the total operating budget (see Appendix C).
- o The total operating budget allocated to debt service increased about 5% in 1960 - 1970 as compared to 1950 - 1960 indicating more funds were required to fund capital improvements than other programs. Adjusted per capita debt service increased from an average of \$4.55 for the period 1950 through 1959 to an average of \$9.83 for the period 1970 through 1979 (see Appendix D).

Joy Mee
October 5, 1988
Page 2

- o The City's share of the total SMSA assessed valuation increased from 41.8% in 1950 to 61.2% in 1960. The share declined slightly in 1970 to 59% and declined again in 1980 to 55%.
- o The City's bond rating was upgraded through the 30-year period from Baa in 1950 to Aa in 1980.
- o In the future, the City will be using impact fees to finance original infrastructure needs in the peripheral planning areas which will reduce the financial impact of growth on existing taxpayers.

BK/cg/47751

Attachments

APPENDIX A

Management & Budget
Summary

Fiscal Year Ending	Fiscal Year	Fiscal Year	Annexation		Total City of Phoenix		Increased Valuation		Expenditures			Property Tax Revenue			Mileage Tax	CPD
			Area	Population	Area	Population	Primary	Secondary	Operating	Enterprise	Total	Primary	Secondary	Total		
1950	0	0.00	0	0	17.1	107,110	200,000,000	0	5,309,554	2,714,555	2,595,000	2,307,000	0	2,307,000	0	0.721
1951	1	0.00	0	41,535	17.1	106,150	110,420,015	0	5,085,491	3,425,122	2,410,015	1,940,100	0	1,940,100	0	0.710
1952	2	1.19	9,150	2,214,400	18.9	119,900	115,075,791	0	6,109,795	3,004,450	2,912,251	2,164,321	0	2,164,321	0	0.795
1953	3	2.00	9,800	6,785,445	21.0	130,000	123,403,452	0	6,970,002	4,201,750	4,129,650	2,377,624	0	2,377,624	0	0.901
1954	4	2.10	10,000	8,075,100	24.1	145,000	133,752,206	0	6,629,856	4,005,577	4,235,513	2,403,173	0	2,403,173	0	0.903
1955	5	4.02	11,600	11,426,244	29.0	162,331	145,229,094	0	6,654,700	4,759,039	4,912,000	2,609,000	0	2,609,000	0	0.902
1956	6	0.02	12,122	12,379,014	35.0	180,000	161,406,013	0	9,202,712	4,907,752	5,203,464	2,939,107	0	2,939,107	0	0.914
1957	7	0.02	1,500	1,120,000	36.4	187,071	170,193,535	0	10,582,000	5,100,357	5,079,257	3,151,722	0	3,151,722	0	0.913
1958	8	16.23	61,610	26,109,300	51.7	241,000	194,026,023	0	12,100,001	6,110,000	6,217,000	3,474,000	0	3,474,000	0	0.908
1959	9	57.40	100,000	100,000,000	110.3	300,000	241,203,737	0	14,100,522	7,506,175	7,200,707	4,200,245	0	4,200,245	0	0.913
1960	2	77.10	62,715	22,000,100	107.5	402,392	265,455,979	0	20,345,760	8,303,007	8,270,751	4,309,450	0	4,309,450	0	0.907
1961	4	3.09	7,700	6,120,100	101.2	451,000	450,154,500	0	22,582,117	9,273,227	9,255,204	4,661,000	0	4,661,000	0	0.906
1962	9	30.11	12,300	15,130,072	221.2	601,305	600,200,000	0	20,130,000	9,700,000	9,645,000	4,550,000	0	4,550,000	0	0.906
1963	1	2.73	3,000	4,000,000	223.5	601,301	597,450,000	0	27,400,000	10,700,000	10,100,000	4,800,000	0	4,800,000	0	0.917
1964	1	0.13	25	320,500	223.6	602,001	587,377,000	0	31,000,000	11,000,000	10,800,000	4,900,000	0	4,900,000	0	0.920
1965	2	23.00	0,000	10,200,000	246.6	611,400	601,900,000	0	30,000,000	12,000,000	11,800,000	5,000,000	0	5,000,000	0	0.915
1966	2	0.10	2,000	1,100,000	247.1	612,200	614,100,000	0	43,200,000	13,500,000	13,300,000	5,100,000	0	5,100,000	0	0.912
1967	3	1.90	551	644,074	247.2	612,000	610,000,000	0	45,700,000	15,000,000	14,800,000	5,200,000	0	5,200,000	0	0.910
1968	2	0.23	200	300,000	248.5	627,700	623,000,000	0	53,000,000	18,500,000	18,300,000	5,300,000	0	5,300,000	0	0.912
1969	1	0.07	200	94,700	248.5	628,000	627,000,000	0	57,000,000	20,000,000	19,800,000	5,400,000	0	5,400,000	0	0.910
1970	1	0.00	0	75	248.5	628,000	628,000,000	0	63,000,000	21,000,000	20,800,000	5,500,000	0	5,500,000	0	0.910
1971	2	7.00	1,731	2,775,000	249.5	628,000	628,000,000	0	74,000,000	23,500,000	23,300,000	5,600,000	0	5,600,000	0	0.913
1972	3	3.30	2,015	700,000	249.0	615,000	615,000,000	0	82,100,000	26,000,000	25,800,000	5,700,000	0	5,700,000	0	0.920
1973	4	11.10	3,000	3,270,000	260.0	630,000	630,000,000	0	100,000,000	31,000,000	30,800,000	5,800,000	0	5,800,000	0	0.920
1974	1	0.00	0	520	260.0	630,000	630,000,000	0	120,000,000	34,000,000	33,800,000	5,900,000	0	5,900,000	0	0.920
1975	1	0.25	0	12,000	270.2	644,712	644,712,000	0	140,000,000	38,000,000	37,800,000	6,000,000	0	6,000,000	0	0.922
1976	3	5.01	1,000	17,770	275.2	670,000	670,000,000	0	160,000,000	42,000,000	41,800,000	6,100,000	0	6,100,000	0	0.925
1977	3	1.20	0	70,000	278.4	674,000	674,000,000	0	180,000,000	46,000,000	45,800,000	6,200,000	0	6,200,000	0	0.925
1978	3	25.11	0	54,000	291.9	680,000	680,000,000	0	210,000,000	50,000,000	49,800,000	6,300,000	0	6,300,000	0	0.928
1979	5	23.07	24,437	20,724,000	304.8	722,471	722,471,000	0	231,000,000	54,000,000	53,800,000	6,400,000	0	6,400,000	0	0.934
1980	1	0.00	0	1,000	304.8	722,471	722,471,000	0	251,000,000	58,000,000	57,800,000	6,500,000	0	6,500,000	0	0.934
1981	4	5.40	305	600,000	310.0	801,000	801,000,000	1,000,000,000	281,000,000	63,000,000	62,800,000	6,600,000	0	6,600,000	0	0.934
1982	1	0.17	0	171,000	310.0	801,000	801,000,000	0	270,000,000	60,000,000	59,800,000	6,700,000	0	6,700,000	0	0.934
1983	3	12.00	315	2,000,000	310.0	801,000	801,000,000	0	290,000,000	64,000,000	63,800,000	6,800,000	0	6,800,000	0	0.934
1984	0	0.00	0	0	310.0	801,000	801,000,000	0	310,000,000	68,000,000	67,800,000	6,900,000	0	6,900,000	0	0.934
1985	4	22.21	102	1,000,000	310.0	801,000	801,000,000	0	330,000,000	72,000,000	71,800,000	7,000,000	0	7,000,000	0	0.934
1986	0	0.00	0	0	310.0	801,000	801,000,000	0	350,000,000	76,000,000	75,800,000	7,100,000	0	7,100,000	0	0.934
1987	14	10.30	4,000	15,000,000	310.0	801,000	801,000,000	0	370,000,000	80,000,000	79,800,000	7,200,000	0	7,200,000	0	0.934
1988	1	11.00	11,000	40,000,000	310.0	801,000	801,000,000	0	390,000,000	84,000,000	83,800,000	7,300,000	0	7,300,000	0	0.934

Source: Annexation information from City Clerk records; all other information from Annual Financial Reports.

PHOENIX PER
CAPITA OPERATING
EXPENDITURES
APPENDIX B

Year	Adjusted Per Capita Oper- ating Expense	10 Year Adjusted Average
1950	\$65.15	
1951	\$65.21	
1952	\$64.11	
1953	\$66.61	
1954	\$72.83	
1955	\$67.57	
1956	\$64.68	
1957	\$63.82	
1958	\$66.08	
1959	\$59.81	\$65.59
1960	\$54.89	
1961	\$56.59	
1962	\$58.38	
1963	\$60.77	
1964	\$61.75	
1965	\$72.17	
1966	\$77.81	
1967	\$79.13	
1968	\$87.86	
1969	\$89.00	\$69.84
1970	\$89.60	
1971	\$98.85	
1972	\$103.81	
1973	\$127.05	
1974	\$131.36	
1975	\$138.77	
1976	\$132.77	
1977	\$138.27	
1978	\$158.74	
1979	\$148.27	\$126.75
1980	\$134.88	

GENERAL GOVERNMENTAL OPERATING EXPENDITURES BY FUNCTION

	GENERAL GOVERNMENT	PUBLIC SAFETY	STREETS & HIGHWAYS	SANITATION	CULTURE & RECREATION	MISC
1950-51	838,651	14%	33%	9%	13%	9%
1951-52	764,224	12%	34%	11%	15%	10%
1952-53	765,703	11%	33%	10%	16%	11%
1953-54	975,294	11%	29%	15%	16%	9%
1954-55	1,016,021	12%	36%	16%	17%	11%
1955-56	955,686	10%	36%	15%	17%	11%
1956-57	1,105,340	9%	31%	16%	27%	9%
1957-58	1,553,949	13%	33%	11%	27%	12%
1958-59	1,698,952	11%	32%	11%	20%	10%
1959-60	3,223,524	16%	37%	10%	20%	10%
1950-1959	12,897,344	12%	35%	12%	19%	10%
			12,605,605	19,501,430	10,664,342	2,204,865
1960-61	4,117,426	17%	37%	10%	19%	10%
1961-62	4,613,865	17%	34%	11%	18%	10%
1962-63	4,656,874	16%	34%	11%	17%	11%
1963-64	4,997,600	16%	34%	12%	16%	10%
1964-65	5,430,941	14%	30%	19%	16%	9%
1965-66	6,448,895	15%	31%	17%	15%	10%
1966-67	6,103,262	14%	31%	15%	16%	11%
1967-68	6,708,054	14%	32%	15%	16%	12%
1968-69	6,943,757	13%	32%	13%	16%	16%
1969-70	7,732,042	13%	34%	13%	16%	12%
1960-1970	57,735,736	14%	33%	14%	16%	11%
			55,710,808	64,766,443	44,761,275	
1970-71	7,758,738	11%	35%	12%	16%	13%
1971-72	9,775,895	12%	34%	13%	14%	10%
1972-73	17,962,938	17%	32%	13%	12%	11%
1973-74	20,296,244	16%	32%	12%	12%	11%
1974-75	20,524,825	14%	32%	13%	13%	10%
1975-76	23,583,624	15%	34%	12%	10%	9%
1976-77	25,274,412	14%	34%	11%	11%	9%
1977-78	31,349,486	14%	30%	11%	9%	9%
1978-79	34,974,475	14%	32%	10%	9%	9%
1979-80	41,794,348	16%	32%	11%	10%	8%
1970-1980	233,225,025	14%	33%	12%	11%	9%
			188,523,683	177,773,497	150,069,435	

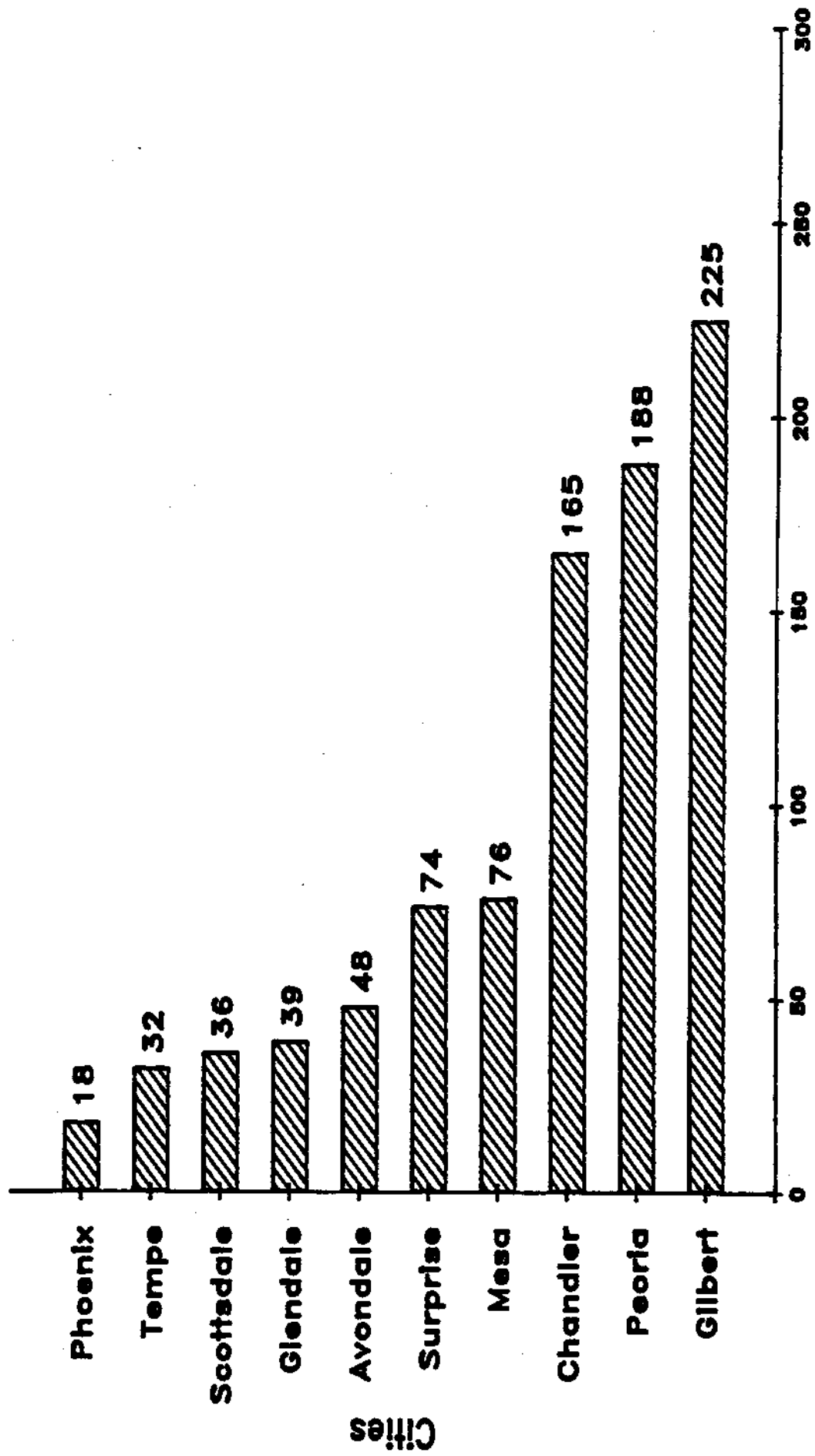
Source: Annual Financial Report

PHOENIX
GENERAL
FUND DEBT
SERVICE

APPendix D

Year	General Fund Debt	AdJusted Per CaPita Debt (1967\$)	10 Year AdJusted Average	Per CaPita Debt	10 Year Average
1950	\$509,856	\$6.81		\$4.91	
1951	\$516,152	\$6.16		\$4.79	
1952	\$374,275	\$4.19		\$3.33	
1953	\$414,079	\$4.21		\$3.37	
1954	\$564,919	\$5.11		\$4.11	
1955	\$437,988	\$3.60		\$2.89	
1956	\$527,219	\$3.85		\$3.13	
1957	\$594,960	\$3.81		\$3.21	
1958	\$808,883	\$4.60		\$3.98	
1959	\$757,443	\$3.18	\$4.55	\$2.78	\$3.65
1960	\$1,400,646	\$4.01		\$3.56	
1961	\$1,472,592	\$3.72		\$3.33	
1962	\$2,561,290	\$6.15		\$5.57	
1963	\$3,144,358	\$7.24		\$6.64	
1964	\$4,041,012	\$8.91		\$8.28	
1965	\$4,788,523	\$10.19		\$9.63	
1966	\$5,371,849	\$10.93		\$10.62	
1967	\$5,309,126	\$10.26		\$10.26	
1968	\$5,706,452	\$10.37		\$10.81	
1969	\$6,152,446	\$10.28	\$8.21	\$11.29	\$8.00
1970	\$6,148,987	\$9.18		\$10.68	
1971	\$6,176,658	\$8.54		\$10.36	
1972	\$6,763,828	\$8.76		\$10.98	
1973	\$7,389,718	\$8.69		\$11.57	
1974	\$8,484,308	\$8.77		\$12.96	
1975	\$9,728,041	\$9.08		\$14.63	
1976	\$11,440,978	\$10.02		\$17.08	
1977	\$17,896,627	\$11.79		\$21.40	
1978	\$18,044,463	\$12.87		\$25.14	
1979	\$16,953,096	\$10.55	\$9.83	\$22.93	\$15.77
1980	\$20,335,770	\$10.51		\$25.93	
1981	\$21,481,756	\$9.87		\$26.93	
1982	\$24,626,529	\$10.54		\$30.48	
1983	\$32,362,151	\$13.08		\$19.04	
1984	\$37,552,231	\$14.34		\$44.60	
1985	\$47,345,202	\$16.82		\$54.21	
1986	\$59,641,947	\$20.47	\$13.66	\$67.22	\$38.34

PERCENTAGE OF POPULATION GROWTH FOR VALLEY CITIES From 1980 To 1987



Source: US Census and Maricopa Association of Governments

Population
Survey Cities

City and Year	Population City	Percentage Growth by Decade	Percentage Growth 1950-1987
Phoenix			
1950	107,000		
1960	439,000	310%	
1970	582,000	33%	
1980	789,704	36%	
1987	929,029	18%	768%
Avondale			
1950	2,500		
1960	6,151	146%	
1970	6,626	8%	
1980	8,168	23%	
1987	12,061	48%	382%
Chandler			
1950	3,800		
1960	9,531	151%	
1970	13,763	44%	
1980	29,673	116%	
1987	78,602	165%	1968%
Gilbert			
1950	1,100		
1960	1,833	67%	
1970	1,971	8%	
1980	5,717	190%	
1987	18,580	225%	1589%
Glendale			
1950	8,200		
1960	15,893	94%	
1970	36,228	128%	
1980	97,172	168%	
1987	135,518	39%	1553%
Mesa			
1950	17,000		
1960	33,772	99%	
1970	63,049	87%	
1980	152,453	142%	
1987	259,782	70%	1428%

Peoria			
1950	2,000		
1960	2,593	30%	
1970	4,792	85%	
1980	12,000	150%	
1987	34,500	188%	1625%

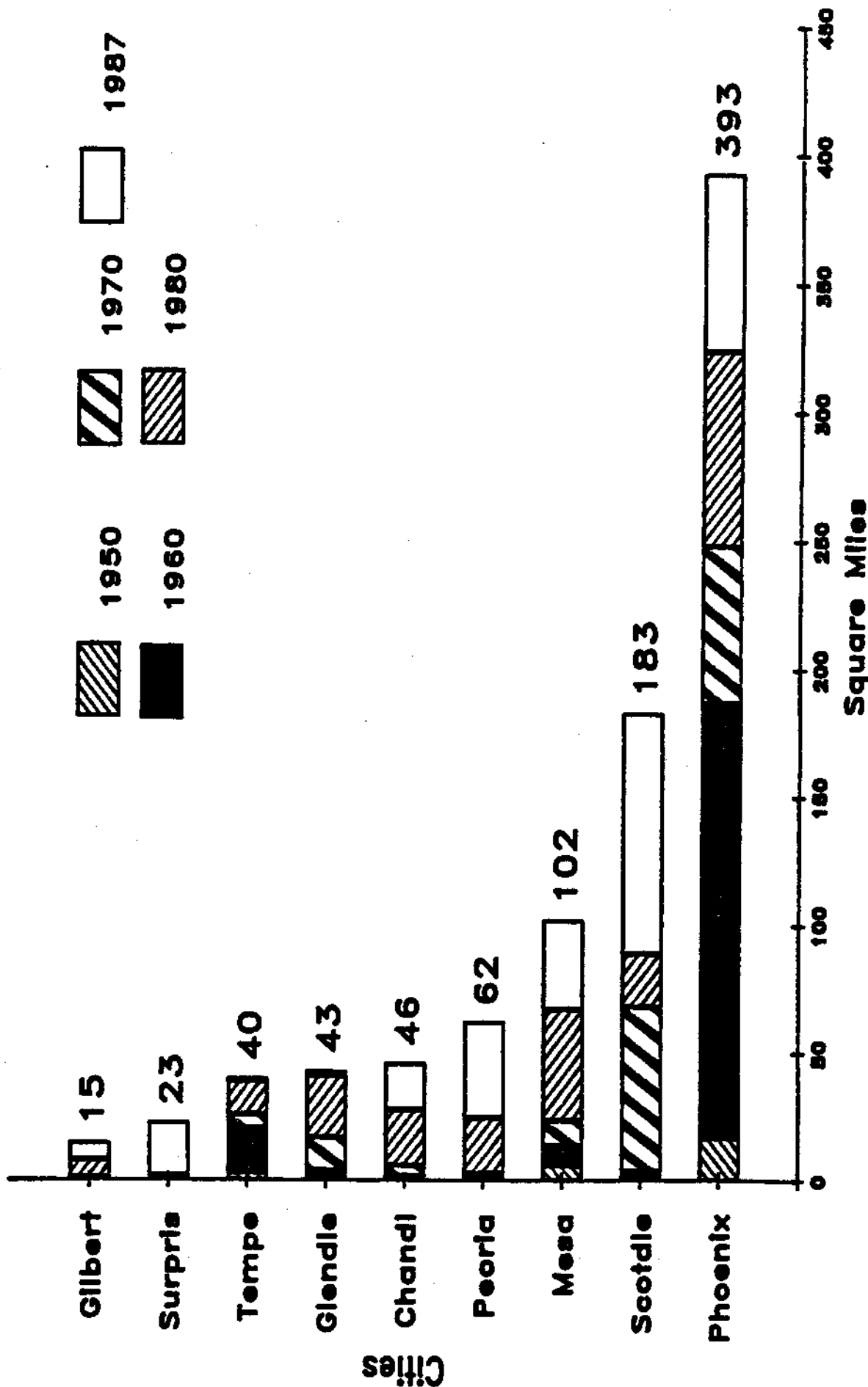
Scottsdale			
1950	2,000		
1960	10,026	401%	
1970	67,823	576%	
1980	88,412	30%	
1987	120,046	36%	5902%

Surprise			
1950	500		
1960	1,574	215%	
1970	2,427	54%	
1980	3,723	53%	
1987	6,460	74%	1192%

Tempe			
1950	7,700		
1960	24,879	223%	
1970	65,550	163%	
1980	106,920	63%	
1987	141,365	32%	1736%

Source: U.S. Census
 Maricopa County Planning Dept.

LAND GROWTH VALLEY CITIES



Source: Maricopa County Department of Planning

Growth (Land Area)
Survey Cities

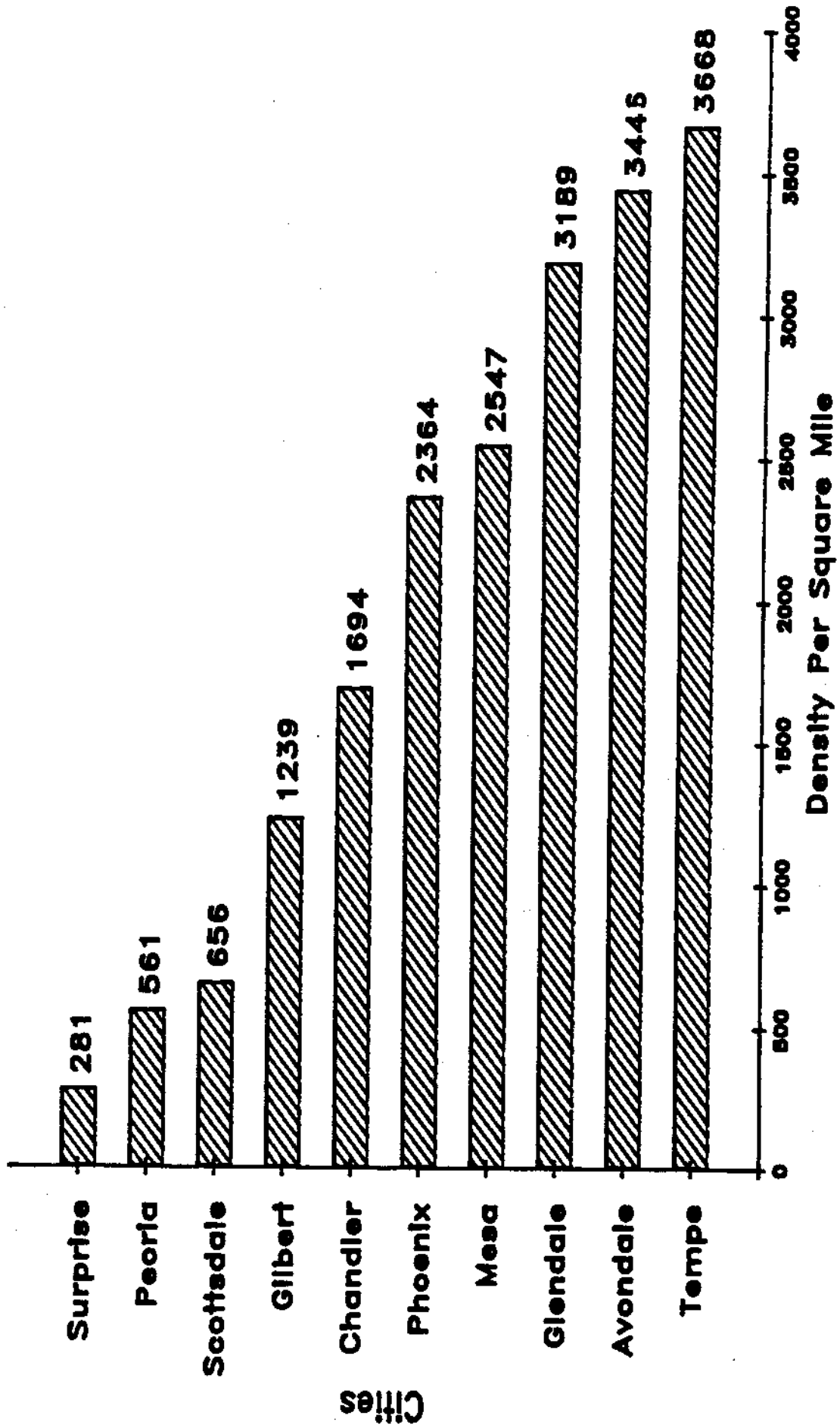
City and Year	Population City	Square Miles City	Percentage Growth by Decade	Percentage Growth 1950-1987
Phoenix				
1950	107,000	17.10		
1960	439,000	187.40	996%	
1970	582,000	247.90	32%	
1980	789,704	324.00	31%	
1987	929,029	393.00	21%	2198%
Avondale				
1950	2,500	0.50		
1960	6,151	1.22	142%	
1970	6,626	2.47	102%	
1980	8,168	4.65	88%	
1987	12,061	3.50	-25%	594%
Carefree				
1950	xxxx			
1960	xxxx			
1970	xxxx			
1980	xxxx			
1987	1,589	8.50		
Cave Creek				
1950	xxxx			
1960	xxxx			
1970	xxxx			
1980	1,589			
1987		26.50		
Chandler				
1950	3,800	0.82		
1960	9,531	2.15	163%	
1970	13,763	6.55	205%	
1980	29,673	28.48	335%	
1987	78,602	46.40	63%	5586%
Gilbert				
1950	1,100	0.98		
1960	1,833	1.03	6%	
1970	1,971	1.03	0%	
1980	5,717	7.58	636%	
1987	18,580	15.00	98%	1438%

Growth (Land Area)
Survey Cities

City and Year	Population City	Square Miles City	Percentage Growth by Decade	Percentage Growth 1950-1987
Glendale				
1950	8,200	1.19		
1960	15,893	3.80	220%	
1970	36,228	16.82	343%	
1980	97,172	40.72	142%	
1987	135,518	42.50	4%	3483%
Mesa				
1950	17,000	5.72		
1960	33,772	14.03	145%	
1970	63,049	24.15	72%	
1980	152,453	67.21	178%	
1987	259,782	102.00	52%	1683%
Peoria				
1950	2,000			
1960	2,593	1.02		
1970	4,792	2.79	174%	
1980	12,000	24.82	790%	
1987	34,500	61.50	148%	5929%
Scottsdale				
1950	2,000			
1960	10,026	3.80		
1970	67,823	67.30	1671%	
1980	88,412	88.60	32%	
1987	120,046	183.00	107%	4716%
Surprise				
1950	500			
1960	1,574			
1970	2,427	1.00		
1980	3,723	1.67	67%	
1987	6,460	23.00	1277%	2200%
Tempe				
1950	7,700	2.50		
1960	24,879	20.20	708%	
1970	65,550	25.34	25%	
1980	106,920	38.01	50%	
1987	141,365	38.54	1%	1442%

SOURCE: U. S Census
Maricopa County Planning Dept.

POPULATION DENSITY FOR VALLEY CITIES 1987



Source: Maricopa County Planning Department

Density Trends
Survey Cities

City and Year	Population City	Square Miles City	Density Population Per Square Mile	Change Population Density	Percent Change
Phoenix					
1950	107,000	17.10	6257		
1960	439,000	187.40	2343	-3915	-63%
1970	582,000	247.90	2348	5	0%
1980	789,704	324.00	2437	90	4%
1987	929,029	393.00	2364	-73	-3%
Avondale					
1950	2,500	0.50	4960		
1960	6,151	1.22	5042	81	2%
1970	6,626	2.47	2683	-2359	-47%
1980	8,168	4.65	1757	-926	-35%
1987	12,061	3.50	3446	1689	96%
Chandler					
1950	3,800	0.82	4657		
1960	9,531	2.15	4433	-224	-5%
1970	13,763	6.55	2101	-2332	-53%
1980	29,673	28.48	1042	-1059	-50%
1987	78,602	46.40	1694	652	63%
Gilbert					
1950	1,100	0.98	1128		
1960	1,833	1.03	1780	651	58%
1970	1,971	1.03	1914	134	8%
1980	5,717	7.58	754	-1159	-61%
1987	18,580	15.00	1239	484	64%
Glendale					
1950	8,200	1.19	6914		
1960	15,893	3.80	4182	-2732	-40%
1970	36,228	16.82	2154	-2029	-49%
1980	97,172	40.72	2386	232	11%
1987	135,518	42.50	3189	802	34%
Mesa					
1950	17,000	5.72	2972		
1960	33,772	14.03	2407	-565	-19%
1970	63,049	24.15	2611	204	8%
1980	152,453	67.21	2268	-342	-13%
1987	259,782	102.00	2547	279	12%

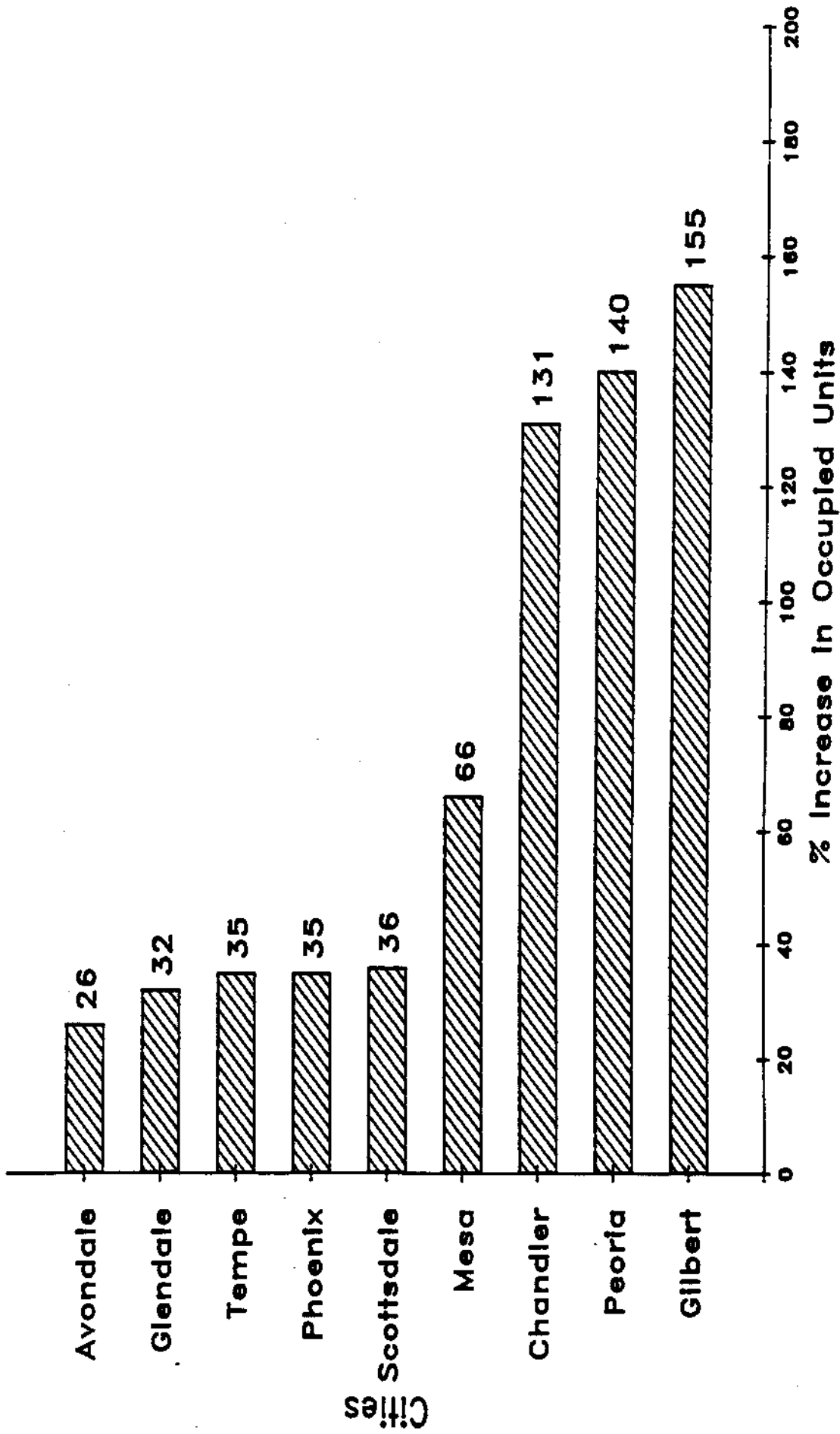
Density Trends
Survey Cities

Peoria						
1950	2,000					
1960	2,593	1.02	2542			
1970	4,792	2.79	1718	-825		-32%
1980	12,000	24.82	483	-1234		-72%
1987	34,500	61.50	561	77		16%
Scottsdale						
1950	2,000					
1960	10,026	3.80	2638			
1970	67,823	67.30	1008	-1531		-62%
1980	88,412	88.60	998	-10		-1%
1987	120,046	183.00	656	-342		-34%
Surprise						
1950	500					
1960	1,574					
1970	2,427	1.00	2427			
1980	3,723	1.67	2229	-198		-8%
1987	6,460	23.00	281	-1948		-87%
Tempe						
1950	7,700	2.50	3080			
1960	24,879	20.20	1232	-1848		-60%
1970	65,550	25.34	2587	1355		110%
1980	106,920	38.01	2813	226		9%
1987	141,365	38.54	3668	855		30%

Source: Maricopa County Planning Department

OCCUPIED HOUSING UNITS PERCENTAGE OF INCREASE

From 1980 To 1985



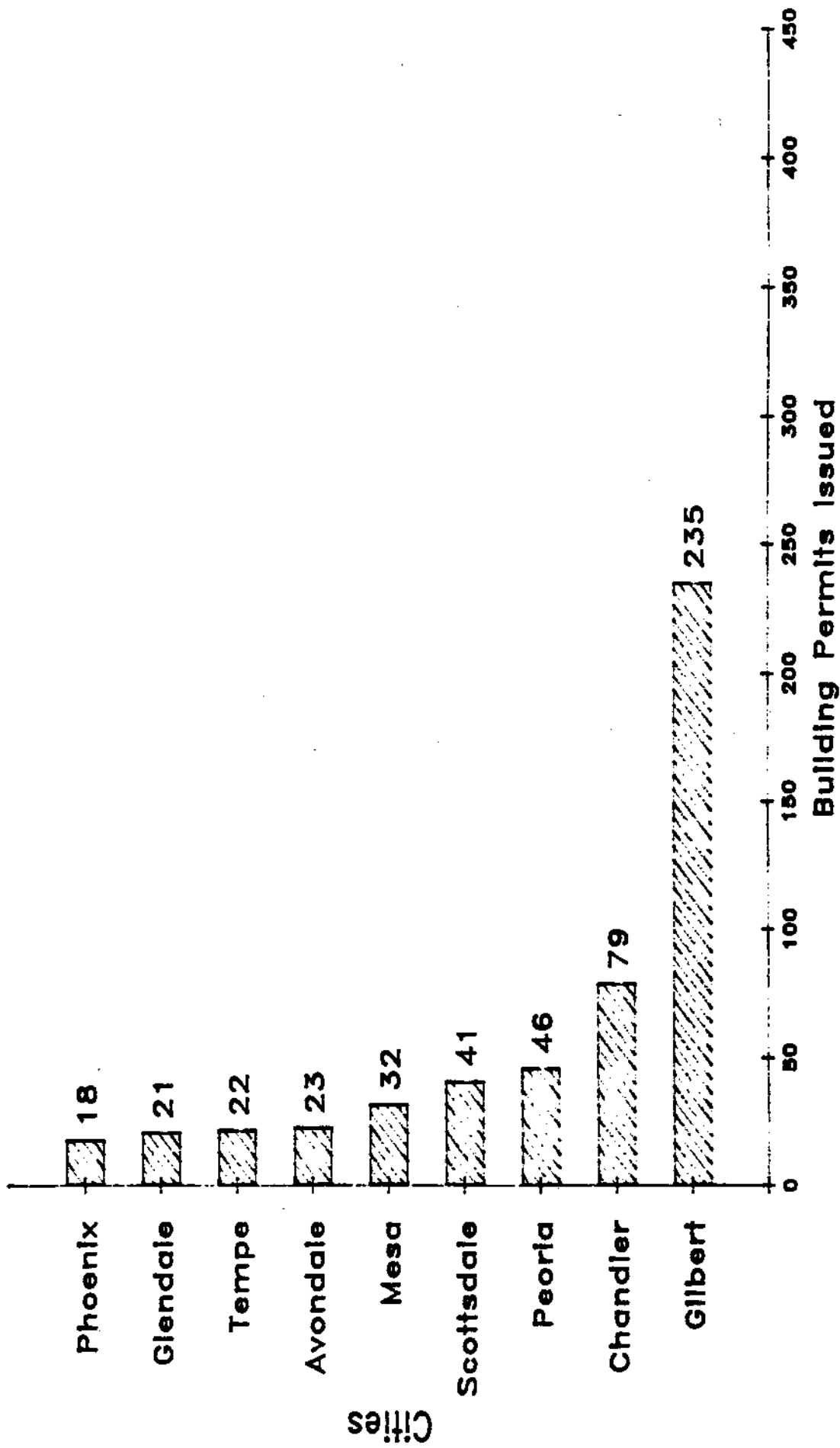
Source: Phoenix Metro Housing Study, National Housing Conference, We Report

Housing
Trends
Survey Cities

City and Population Year City	Total Occupied Units	Percent Change 1970-80 1980-85	Persons Per Household	Percent Change 1970-80 1980-85
Phoenix				
1970 584,383	186,882		3.20	
1980 789,704	248,780	34%	2.74	-14%
1985 881,640	335,950	35%	2.59	-5%
Avondale				
1970 6626	1,658		3.80	
1980 8,168	2,533	53%	3.22	-15%
1985 9,704	3,192	26%	2.98	-7%
Chandler				
1970 13,783	4,865		3.40	
1980 29,673	9,455	133%	3.13	-8%
1985 63,817	21,839	131%	2.91	-7%
Gilbert				
1970 1,971	n/a			
1980 5,717	1,521		3.76	
1985 12,182	3,883	155%	3.12	-17%
Glendale				
1970 36,228	10,486		3.50	
1980 97,172	32,772	214%	2.92	-17%
1985 122,392	43,462	32%	2.79	-4%
Mesa				
1970 63,049	19,183		3.30	
1980 152,453	54,148	182%	2.80	-15%
1985 239,587	90,069	66%	2.64	-6%
Peoria				
1970 4,792	1,347		3.60	
1980 12,387	4,264	217%	2.75	-24%
1985 27,598	10,252	140%	2.65	-4%
Scottsdale				
1970 67,823	20,143		3.30	
1980 88,412	34,310	70%	2.55	-23%
1985 108,447	46,733	36%	2.38	-10%
Tempe				
1970 63,550	17,557		3.30	
1980 106,743	37,277	112%	2.73	-17%
1985 132,942	50,494	35%	2.52	-8%

Source: Arizona Dept. of Economic Security

RESIDENTIAL BUILDING PERMITS PER 1000 RESIDENTS 1985

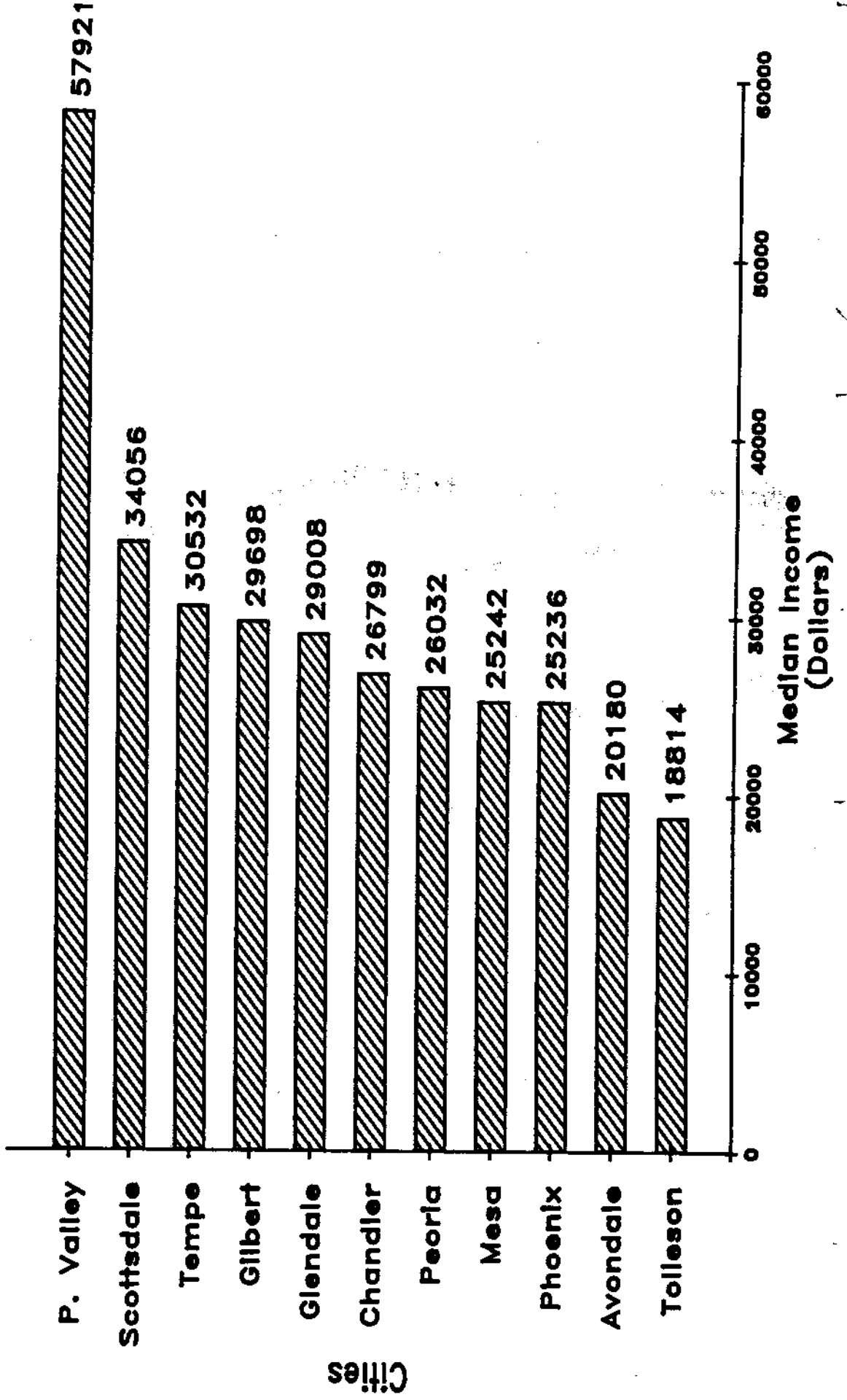


Source: City of Phoenix, Department of Planning and Economic Development, City of Phoenix, Arizona, 1986

City and Year	Population City	Residential Building Permits Authorized		Percent Change 1970-80 1980-85	Per Capita Residential Building Permits Authorized	Percent Change 1970-80 1980-85
		Residential Building Permits Authorized	Residential Building Permits Authorized			
Phoenix						
1970	584,303	9,948			0.017	
1980	789,704	8,101	-19%		0.010	-48%
1985	881,640	15,982	97%		0.018	77%
Avondale						
1970	6,626					
1980	8,168	26			0.003	
1985	9,704	224	762%		0.023	625%
Chandler						
1970	13,763	270			0.020	
1980	29,673	1,741	545%		0.059	199%
1985	63,817	5,034	189%		0.079	34%
Gilbert						
1970	1,971	19			0.010	
1980	5,717	940	4847%		0.164	1606%
1985	12,102	2,840	202%		0.235	43%
Glendale						
1970	36,228	946			0.026	
1980	97,172	877	-7%		0.009	-65%
1985	122,392	2,521	187%		0.021	128%
Mesa						
1970	63,049	2,119			0.034	
1980	152,453	3,299	56%		0.022	-36%
1985	239,587	7,645	132%		0.032	47%
Peoria						
1970	4,792	82			0.017	
1980	12,307	215	162%		0.017	
1985	27,598	1,257	485%		0.046	161%
Scottsdale						
1970	67,823	1,658			0.025	
1980	88,412	2,166	30%		0.024	0%
1985	108,447	4,473	107%		0.041	68%
Tempe						
1970	63,550	1,482			0.022	
1980	106,743	2,033	45%		0.019	-14%
1985	132,942	2,951	45%		0.022	17%

SOURCE: Phoenix Metropolitan Housing Study
Prepared for the Maricopa Housing Study Committee
Mountain West Research, Inc.

MEDIAN FAMILY INCOME VALLEY CITIES 1986



MEDIAN
FAMILY
INCOME

City and Year	Median Family Income City	Percent Change (1970-1980) and (1980-1986)
Phoenix		
1970	\$9,956	
1980	\$17,419	75%
1986	\$25,236	43%
Avondale		
1970	\$6,086	
1980	\$12,342	103%
1986	\$20,180	64%
Chandler		
1970	\$8,283	
1980	\$17,813	115%
1986	\$26,799	50%
Gilbert		
1970	n/a	
1980	\$18,408	
1986	\$29,698	61%
Glendale		
1970	\$9,233	
1980	\$18,936	105%
1986	\$29,008	53%
Mesa		
1970	\$9,633	
1980	\$17,840	85%
1986	\$25,242	41%
Paradise Valley		
1970	\$24,854	
1980	\$46,863	89%
1986	\$57,921	24%

City and Year	MEDIAN FAMILY INCOME	
	Median Family Income City	Percent Change (1970-1980) and (1980-1986)
Peoria		
1970	\$6,832	
1980	\$15,321	124%
1986	\$26,032	70%
Scottsdale		
1970	\$12,728	
1980	\$22,142	74%
1986	\$34,056	54%
Tempe		
1970	\$11,092	
1980	\$19,841	79%
1986	\$30,532	54%
Tolleson		
1970	\$6,260	
1980	\$12,025	92%
1986	\$18,814	56%

Source: Valley National Bank
U.S. Census

COMPUTING
WORKFORCE

City and Year	Workforce Over Age 16 Living in City	Workforce Living & Working in City	% City Work Force Residing in City	Total City Work Force	Nonresident Working in City	% of City Work Force Nonresident
Phoenix 1980	368,988	269,837	74.32%	361,993	92,956	25.68%
Chandler 1980	12,979	3,964	32.52%	7,547	3,583	47.48%
Glendale 1980	44,180	8,349	18.25%	28,742	12,393	59.75%
Mesa 1980	65,596	27,869	41.84%	45,866	17,197	38.16%
Scottsdale 1980	42,998	17,632	42.16%	41,863	24,213	57.84%
Tempe 1980	55,623	22,594	41.40%	58,885	28,291	55.60%

SOURCE: U.S. Census

SALES TAX
COLLECTIONS
SURVEY CITIES

<u>City and Year</u>	<u>Population</u>	<u>Sales Tax City</u>	<u>Percent Change 1980-1987</u>	<u>Per Capita Sales Tax</u>	<u>Percent Change 1980-1987</u>
Phoenix					
FY 1980-81	789,704	\$ 68,247,742		\$ 86	
FY 1986-87	929,029	136,909,000	100%	147	71%
Avondale					
FY 1980-81	8,168	203,500		25	
FY 1986-87	12,061	547,225	169%	45	82%
Carefree					
FY 1980-81					
FY 1986-87	1,518	320,187		211	
Cave Creek					
FY 1980-81					
FY 1986-87	2,301	35,295		15	
Chandler					
FY 1980-81	29,673	2,156,682		73	
FY 1986-87	78,602	7,423,426	244%	94	30%
Gilbert					
FY 1980-81	5,717	152,944		27	
FY 1986-87	18,580	1,548,461	912%	83	212%
Glendale					
FY 1980-81	97,172	6,200,000		64	
FY 1986-87	135,518	14,690,670	137%	108	70%
Mesa					
FY 1980-81	152,453	14,202,946		93	
FY 1986-87	259,782	32,954,893	132%	127	36%
Peoria					
FY 1980-81	12,000	936,711		78	
FY 1986-87	34,500	3,033,591	224%	88	13%
Scottsdale					
FY 1980-81	88,412	10,943,287		124	
FY 1986-87	120,046	22,718,346	108%	189	53%
Surprise					
FY 1980-81	3,723	22,358		6	
FY 1986-87	6,460	258,272	1,055%	40	566%
Tempe					
FY 1980-81	106,920	9,201,378		86	
FY 1986-87	141,365	19,005,307	107%	134	56%

Source: League of Arizona Cities and Towns

**BOND RATINGS
SURVEY CITIES**

<u>City</u>	<u>1950</u>	<u>1960</u>	<u>Year</u>	<u>1970</u>	<u>1980</u>	<u>Current</u>
Phoenix	BAA	A		A1	AA	AA1
Avondale	-	-		-	-	-
Chandler	-	BAA		BAA	A	BAA1
Gilbert	-	-		-	-	BAA1
Glendale	-	A		A	A1	A1
Mesa	A	A		A1	A1	A1
Peoria	-	-		-	-	A
Scottsdale	-	BAA		A	A1	AA1
Surprise	-	-		-	-	-
Tempe	-	-		A	A1	A1

Source: Moodys

49601

CITY COUNCIL REPORT

AGENDA

DATE: October 3, 1988 MB 89-20

DATE: October 21, 1988

TO: Jerry B. Coffman
 Deputy City Manager

ITEM: INFORMATION

FROM: Charles E. Hill
 Management and Budget Director

SUBJECT: 1987-88 AVERAGE ANNUAL HOMEOWNER COSTS IN MAJOR ARIZONA CITIES

PURPOSE

The purpose of this report is to compare the average annual cost of a homeowner receiving basic City services in major Arizona cities. The City of Phoenix is the lowest community in terms of cost to the resident for City services.

BACKGROUND

This report is an update of a report that was presented to the Mayor and City Council on April 1, 1987. A number of changes in rates and charges have occurred in all the cities surveyed. Please note the footnotes and attachments which reflect the data used to calculate the 1988 figures. The following chart provides a detailed summary of average annual homeowner costs:

<u>City</u>	<u>Property¹ Tax</u>	<u>Sales² Tax</u>	<u>Sanitation³ Charge</u>	<u>Water⁴ Charge</u>	<u>Sewer⁵ Charge</u>	<u>TOTAL</u>
<u>PHOENIX</u>						
o Rate	\$ 1.83	1.2%	\$ 7.00			
o Cost	\$140.73	No food \$71.69 ⁶	\$ 84.00	\$151.92	\$ 69.52 ⁷	<u>\$517.86</u>
<u>GLENDALE</u>						
o Rate	\$ 1.98	1.0%	\$ 7.75		\$ 10.74/mo.	
o Cost	\$152.26	\$121.17	\$ 93.00	\$197.76	\$128.88	<u>\$693.07</u>
<u>MESA</u>						
o Rate		1.0%	\$ 9.80/mo.		\$ 9.09	
o Cost		\$121.17	\$117.60	\$190.08	\$109.08	<u>\$537.93</u>
<u>SCOTTSDALE</u>						
o Rate	\$.76	1.0%	\$ 7.50/mo.		\$ 5.29	
o Cost	\$ 58.44	\$121.17	\$ 90.00	\$240.72	\$ 63.48	<u>\$573.81</u>

<u>City</u>	<u>Property¹ Tax</u>	<u>Sales² Tax</u>	<u>Sanitation³ Charge</u>	<u>Water⁴ Charge</u>	<u>Sewer⁵ Charge</u>	<u>TOTAL</u>
<u>TEMPE</u>						
o Rate	\$ 1.16	1.0%	\$ 6.95/mo.		\$ 6.30/mo.	
o Cost	\$ 89.20	\$121.17	\$ 83.40	\$166.20	\$ 75.60	<u>\$535.57</u>
<u>CHANDLER</u>						
o Rate	\$ 1.12	1.0%	\$ 7.35/mo.		\$ 10.86	
o Cost	\$ 86.13	\$121.17	\$ 88.20	\$181.80	\$130.32	<u>\$607.62</u>
<u>TUCSON</u>						
o Rate	\$ 1.07	2.0%	-		\$ 13.90	
o Cost	\$ 82.28	No food \$119.48	-	\$287.88	\$166.80	<u>\$656.44</u>

1. Costs were calculated based on a single family residential dwelling valued at \$76,900 and assuming a 10% assessment ratio. The property tax rates indicated included only each city's portion of the property tax and do not include school district, county, state, or special assessment district property taxes.
2. Based on an urban family of four, annual consumption figure of \$33,800. This represents \$12,117 in expenses where sales tax application includes food, \$5,974 without food. The amounts indicated include local sales taxes only and do not include applicable state and county sales taxes. (Source: Inside Metro Phoenix, 1988). See Appendix I.
3. Twice weekly contained garbage collection plus uncontained trash collection frequency as follows: Phoenix, quarterly; Glendale, monthly, Mesa, on appointment basis; Scottsdale, every three weeks; Tempe, every six weeks; Chandler, on appointment basis; and Tucson, annually.
4. 5/8" or 3/4" meter with 17.0 CCF per month (12,716 gallons) average annual consumption. 1 CCF = approximately 748 gallons. When applicable, winter rates were used. See Appendix II.
5. Average residential bill or flat rate.
6. Restoration of the tax on food in the City of Phoenix would increase the sales tax figure from \$71.69 to \$145.40.
7. The annual cost of \$69.52 was determined based on a rate of \$6.04 for eight months and \$5.30 for four months. These rates will go into effect on November 1, 1988.

GHR/cg/6237e/76831

Attachment

VALLEY-CITY SURVEY OF REVENUES & EXPENDITURES
Based on 1987-88 Budgeted Figures

	PHOENIX	Chandler	Glendale	Mesa	Scottsdale	Tempe
1 Population (July 1, 1987)	927,965	78,600	135,520	259,780	120,045	141,365
3 General Purpose Funds Revenue (per capita):						
4						
5 Primary Property Tax	34	12	20	0	35	24
6 City Sales & Franchise Taxes	160	121	115	143	194	138
7 State Shared Taxes	123	101	121	116	114	116
8 Licenses & Permits	2	1	2	2	4	2
9 Fines & Forfeitures	13	7	7	7	14	11
10 Service Charges	19	31	15	17	48	25
11 Other Revenue	9	35	9	27	62	37
12						
13 Total General Purpose Funds Revenue	\$360	\$307	\$289	\$312	\$471	\$352
14						
15 Secondary Property Tax (per capita)	\$51	\$41	\$18	\$0	\$40	\$44
16						
17						
18						
19						
20						
21 Selected Major Operating Budget Expenditures (per capita):						
22						
23 Police	129	84	65	103	111	106
24 Fire	63	38	39	57	36	41
25 Parks & Recreation	32	18	26	29	60	40
26 Library	11	9	21	18	27	12
27 Streets	33	55	40	62	35	34
28						
29						
30						
31						
32						
33 Operating Budget Expenditures by Fund (per capita):						
34						
35 Governmental Funds	412	297	443	463	591	455
36 Enterprise Funds	176	249	227	310	219	139
37 Federal Funds	45	65	48	25	0	25
38						
39 Total Operating Budget Expenditures	\$634	\$611	\$717	\$798	\$810	\$620

VALLEY-CITY SURVEY OF REVENUES & EXPENDITURES
Based on 1987-88 Budgeted Figures

	PHOENIX	Chandler	Glendale	Mesa	Scottsdale	Tempe
1 Population (July 1, 1987)	927,965	78,600	135,520	259,780	120,045	141,365
2 General Purpose Funds Revenue:						
3 Primary Property Tax	31,569,000	975,000	2,676,000	0	4,212,000	3,344,150
4 City Sales & Franchise Taxes	148,129,000	9,485,000	15,633,000	37,166,200	23,345,971	19,578,200
5 State Shared Taxes	113,913,000	7,918,741	16,465,000	30,118,200	13,644,000	16,446,376
6 Licenses & Permits	2,151,000	43,200	233,000	402,100	446,000	224,350
7 Fines & Forfeitures	12,217,000	541,500	901,000	1,936,200	1,689,000	1,532,000
8 Service Charges	17,999,000	2,449,800	2,089,000	4,488,600	5,791,000	3,471,825
9 Other Revenue	8,411,000	2,747,700	1,170,000	6,927,248	7,452,000	5,206,950
10 Total General Purpose Funds Revenue	\$334,389,000	\$24,160,941	\$39,167,000	\$81,038,548	\$56,579,971	\$49,803,851
11 Secondary Property Tax	\$47,386,000	\$3,250,000	\$2,450,000	\$0	\$4,812,000	\$6,250,000
12 Selected Major Operating Budget Expenditures:						
13 Police	119,424,000	6,565,998	11,540,000	26,803,091	13,375,839	14,939,306
14 Fire	58,856,000	3,007,014	5,237,000	14,881,760	4,332,571	5,735,037
15 Parks & Recreation	30,081,000	1,423,863	3,532,000	7,562,624	7,201,614	5,587,345
16 Library	10,616,000	736,962	2,903,000	4,614,993	3,286,068	1,630,860
17 Streets	30,585,000	4,306,587	5,367,000	16,342,257	4,249,818	4,841,093
18 Operating Budget Expenditures by Fund:						
19 Governmental Funds	382,785,000	23,367,386	59,996,000	120,355,139	70,957,869	64,378,749
20 Enterprise Funds	163,675,000	19,600,135	30,791,000	80,451,226	26,236,898	19,648,179
21 Federal Funds	41,819,000	5,087,004	6,447,000	6,439,695	0	3,552,450
22 Total Operating Budget Expenditures	\$588,279,000	\$48,054,525	\$97,234,000	\$207,246,260	\$97,194,767	\$87,579,378

ATTACHMENT C

VALLEY-CITY SURVEY OF REVENUES & EXPENDITURES
Accompanying Notes

- A. Excludes Intergovernmental Charges (\$6,018,380).
- B. Excludes Cable Franchise Fee (\$238,000).
- C. Includes Cemetery revenue (\$291,900). Excludes Miscellaneous Rents (\$88,900) and Parking Garage Rents (\$227,200) which are included in Other Revenue.
- D. Excludes CATV License revenue (\$455,100) and Federal and State Grants (\$3,496,300).
- E. Excludes Motor Pool Fund (\$4,603,000) and Risk Management Fund (\$2,284,000).
- F. Excludes Refuse Collection charges (\$4,891,000), Cable TV revenue (\$360,000), CIP Reimbursements (\$3,305,000), and Improvement District Fees (\$2,920,000).
- G. Excludes Secondary Property Tax Levy (\$6,250,000), Residential Development Tax (\$605,000), Cable TV Franchise Tax (\$184,000), Miscellaneous Intergovernmental Charges (\$318,169), and Uncontained Trash Service Charges (\$5,300).
- H. Excludes Community Services-Administration (\$619,934) which administers Library, Parks & Recreation, and Housing divisions.
- I. Excludes Public Works-Operations (\$236,549) which administers Airport, Building & Facilities, Mechanical Maintenance, Solid Waste, Streets, Street Sweeping, Water, Wastewater, and Wastewater Pretreatment divisions. Includes street light maintenance.
- J. Includes Leisure Services Administration (\$77,000) which administers Recreation and Cable divisions, but excludes Cable Communications (\$275,000).
- K. Includes Right-of-Way Maintenance (\$403,000) which maintains and landscapes right-of-ways, medians, and alleys.
- L. Includes administration of Sanitation program and street light maintenance.
- M. Excludes Community Services Administration (\$194,026) which administers Library, Recreation, Human Services, and Parks Maintenance divisions.
- N. Excludes Field Services Administration (\$262,854) which administers Traffic Signals, Signs & Markings, Street Cleaning, Asphalt Maintenance, Shoulders & Drainage, Mechanical Maintenance, General Building Maintenance, Grounds Support, and Medians & Right-of-Way sections. Includes Medians & Right-of-Way section (\$667,874) which maintains City-owned landscaped and unlandscaped properties.