



COST OF DEVELOPMENT

This section provides an overview of fiscal considerations relating to future growth in the Rio Verde Foothills planning area. The Cost of Development element is one of several new elements added to the Maricopa County comprehensive plan to comply with the Growing Smarter and Growing Smarter Plus Acts. Policies and strategies are identified that Maricopa County will use to require development to pay its fair share toward the cost of additional public facility needs generated by new development. In addition, existing techniques are identified that can be used to fund additional public services associated with new development, and policies to ensure that any funding mechanism(s) bear a reasonable relationship to the financial burden imposed on the County.

Cost of Development goals and policies will be integrated with other plan elements, particularly the Growth Areas element. The Cost of Development element as presented in this plan will provide the preliminary basis for more detailed future studies of funding techniques and public costs.

Existing and Future Conditions: Demographics

The Rio Verde Foothills planning area's population grew from 33 in 1990 to 778 in 2000. This represents an increase of over 2000% during the 1990s. This incredible growth rate can be attributed to the extremely low number of residents present in the planning area in 1990. Although the growth rate will continue to be high over the next decade, it will not likely be near 2000%. By comparison, the City of Scottsdale's population increase during the 1990s was approximately 56%, while the Town of Fountain Hills population increased approximately 102% during the same time. Further, Maricopa County's growth rate from 1990 to 2000 was 45%, and was the fastest growing county in the United States, adding over 950,000 people. Maricopa County's current population exceeds 3 million.

Significant population growth is expected to continue, and the Arizona Department of Economic Security projects the County population will top 4.5 million by the year 2020, and 6.2 million by 2040. Assuming a continuance of the recent growth rate, the planning area could increase to approximately 3,700 persons by the year 2020, which would be a 360% increase over the 2000 population.

Besides population growth, demographic characteristics is also an important consideration because it can affect public revenues from sales taxes, residential property taxes, vehicle taxes, and user fees, as well as public expenditures for services like health care, education, social services, and infrastructure. Based on data for Zip Code Tabulation Area 85262, the Rio Verde Foothills planning area population is 49.5% male and 50.5% female. The median age of Rio Verde Foothills



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residents, 54.6 years, is significantly higher than Maricopa County's median age of 33. In Maricopa County, by 2040 the percentage of persons under 50 is expected to decrease approximately 10%, while the percentage of population over the age of 50 is expected to increase by approximately 10%.

Over the next several decades Maricopa County's population will not only become older, it will become more diverse. This is likely to be reflected to a lesser degree in the Rio Verde Foothills planning area as well. Other than "Hispanic," no other races besides "White" were reported in 1990. In 2000, in addition to the 7% Hispanic category, approximately 91% identified themselves as "Non-Hispanic White," approximately 2% as "American Indian and Alaskan Native," less than 1% as "Asian," less than 1% as "Hawaiian or Other Pacific Islander," and less than 1% as "Black or African-American."

Existing and Future Conditions: Economics

Some highlights from the *Eye to the Future 2020* Cost of Development element are included in the following discussions, some which may pertain to the Rio Verde Foothills planning area. Information on employment, and construction and real estate is found in the Economic Development section of this area plan.

Issues and Considerations

- ◆ As growth occurs in Maricopa County—primarily at the urban fringe—the cost to service development in rural areas such as Rio Verde Foothills generally increases.
- ◆ Maricopa County's diversifying and aging population might affect County revenues and expenditures with respect to providing County services in unincorporated rural areas. New programs may be needed to serve the diversifying and aging population.
- ◆ Certain development costs are higher in rural areas like Rio Verde Foothills than in urban areas. For example, road maintenance, schools, busing, and emergency services are generally more expensive to develop and maintain in rural areas. Costs associated with growth are higher for development that is far from existing services and infrastructure.

Available Funding Techniques

It is important to identify all financial mechanisms available to local governments (including Maricopa County) to help fund the additional public service and infrastructure costs of new development. A listing of these techniques is provided in this section. An in depth discussion of these funding techniques is included in the Maricopa County comprehensive plan.



- ◆ Property tax
- ◆ Specialty/industry tax
- ◆ User fees
- ◆ Bonds
- ◆ Lease purchase finance
- ◆ Dedication
- ◆ Development agreement
- ◆ Intergovernmental agreement
- ◆ Development fee/exaction
- ◆ Special districts

Improvement District

An Improvement District is a program offered to residents of unincorporated Maricopa County to provide roadway maintenance or other improvements. To form an improvement district, residents must first submit a request for a petition to the MCDOT Office of the Superintendent of Streets outlining the improvements desired (e.g., street paving, water or sewer lines, street lights, etc.). A petition, which includes the district boundary and a cost estimate, would then be returned for signatures of either a majority of persons owning real property within the district or the owners of 51% or more of the real property within the district. Proceedings and hearings as required by state law are conducted with the Maricopa County Board of Supervisors serving as the district Board of Directors. All costs associated with Improvement Districts are paid for by those property owners through property assessments. The process of organizing an improvement district is provided by the Maricopa County Department of Transportation.

Current Cost Sharing Efforts

Although Maricopa County does not have an impact fee ordinance, there are ways in which new development is required to pay for and provide facilities and services associated with growth. A brief discussion of these efforts follows.

Urban Service Area

The Urban Service Area exists as part of the Maricopa County comprehensive plan, and helps guide decision making to coordinate future development with urbanizing areas. It is based on the necessity for services and infrastructure to establish and maintain a high quality of life. The Urban Service Area doesn't exist as a designation on a map. Rather, it is based on the ability of new development to provide infrastructure and appropriate urban services to future residents at a particular location. The type of new development referred to here includes higher intensity



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uses such as residential densities greater than 1 dwelling unit per acre, commercial, industrial, and mixed use development. The Rio Verde Foothills planning area is not expected to see these higher intensity uses for the current planning horizon of 10-15 years. However, if at some point such uses are proposed, they must demonstrate (at a minimum) that the following infrastructure and services exist or will be provided by the development:

- ◆ All necessary roads
- ◆ All necessary flood control structures
- ◆ Adequate utilities, including water, sewer, electric, and natural gas
- ◆ Adequate capacity and appropriate proximity to elementary, middle, and high schools
- ◆ Appropriate emergency service (police and fire) facilities and response time
- ◆ Adequate library facilities within appropriate proximity
- ◆ Adequate supply and proximity to parks
- ◆ Appropriate proximity to or supply of commercial and large-scale employment opportunities
- ◆ Appropriate proximity to hospital and emergency medical facilities
- ◆ Adequacy and proximity to multi-modal transportation facilities

Development Agreements

As identified earlier, development agreements are contractual arrangements between local governments and property owners regarding service and infrastructure funding. Maricopa County frequently uses development agreements, especially with respect to master planned communities, to ensure adequate infrastructure is available for future residents.

Stipulations

Stipulations are conditions or restrictions placed upon the approval of entitlements granted to landowners. Stipulations cover a wide range of issues, including requirements for services, infrastructure, and facilities. Stipulations frequently set conditions in order to begin or continue construction.

Voluntary Contributions

Developer donations and contributions are another way in which new development helps pay for infrastructure and service costs. Voluntary contributions are used for various services, including monetary donations for regional parks and libraries, as well as property and monetary donations for schools and emergency service facilities. Contributions are beneficial because they are usually amenable to both the public and private stakeholders.