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# **Sky Wash Regional Drainage Project Fiscal Impact and Benefits Analysis**

**Prepared for:**

**White Sky, LLC**

**April 23, 2012**

**Prepared By:**

**Development, Planning & Financing Group, Inc.**



**Sky Wash Regional Drainage Project  
Fiscal Impact and Benefit Analysis  
Town of Buckeye, Arizona**

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## I. Executive Summary

Phoenix Skyline West II, LLC; Westside 319, LLC; Skyline 62, LLC; the Flood Control District of Maricopa County (“FCDMC”), the Arizona Department of Transportation and the State of Arizona, (collectively the “Owners”), own 2,205 acres of land currently designated in a floodplain or floodway (“Flood Zone”). The Flood Zone is generally bounded by Watson Road to the west, the White Tank Mountains to the north, one-half mile east of Rainbow Road and the Buckeye Flood Retarding Structure #3 to the south and east, and I-10 to the south. As a result of the flood conditions, only 238 acres of the 2,205 acres within the Flood Zone are anticipated to be economically feasible for development (“Development Area) if the floodplain and floodway designations are not removed.

In an effort to remove the floodplain and floodway designation and to expand the Development Area, White Sky, LLC (“White Sky”), a member of Skyline 62, LLC, the Town of Buckeye (“Town”) and FCDMC are pursuing the construction of flood control facilities (“Flood Improvement”) to channelize the wash flows from the Sky Wash to the Buckeye Flood Retarding Structures. By constructing the Flood Improvement, it is estimated the Development Area could be expanded 636% to 1,513 acres, allowing the development of 2,271 homes by permanently removing the impacted land from the floodway and floodplain.

The estimated cost of the Flood Improvement, based upon its initial conceptual design as recommended by the FCDMC Advisory Board for funding consideration, is \$7.7 million. The project is estimated to generate a positive fiscal impact to the Town, Maricopa County, the FCDMC and the Maricopa County Department of Transportation (“MCDOT”) (collectively the “County”), Arizona State Land Department (“ASLD”) and the Arizona Department of Transportation (“ADOT”) (collectively the “State”), of approximately \$141.33 million over a 20 year period as detailed in Table 1.

**Table 1: Sky Wash Regional Drainage Project Fiscal Impact Summary**

Jurisdiction	A With Flood Improvement	B Without Flood Improvement	A-B=C Difference
Town of Buckeye (1)	\$ 82,011,994	\$ 14,818,096	\$ 67,193,898
Maricopa County (2)	\$ (45,978,794)	\$ (98,964,404)	\$ 52,985,611
State of Arizona (3)	\$ 29,769,000	\$ 8,616,000	\$ 21,153,000
<b>Total Benefit</b>	<b>\$ 65,802,201</b>	<b>\$ (75,530,308)</b>	<b>\$ 141,332,509</b>

**FOOTNOTES:**

(1) Assumes the entire annexation of the Flood Zone into the Town of Buckeye.  
 (2) Includes Maricopa County, Flood Control District of Maricopa County and cost related to the McDowell Road Parkway currently planned by the Maricopa County Department of Transportation  
 (3) Assumes the Arizona State Land Department and the Arizona Department of Transportation.

## **II. Introduction**

White Sky has requested the Development, Planning & Financing Group, Inc. (“DPFG”) to provide a fiscal impact and benefit analysis (“Report”) related to the proposed Flood Improvement to be located in the Town, and in the unincorporated area of the County, and to be implemented in conjunction with FCDMC. This Report has been based upon the estimated cost for the initial conceptual design for the Flood Improvement. This conceptual design is in the process of being refined in the Design Concept Report which will result in the selection of a final design for the project. The final design will impact the estimated cost used in this Report and the fiscal analysis will be updated accordingly.

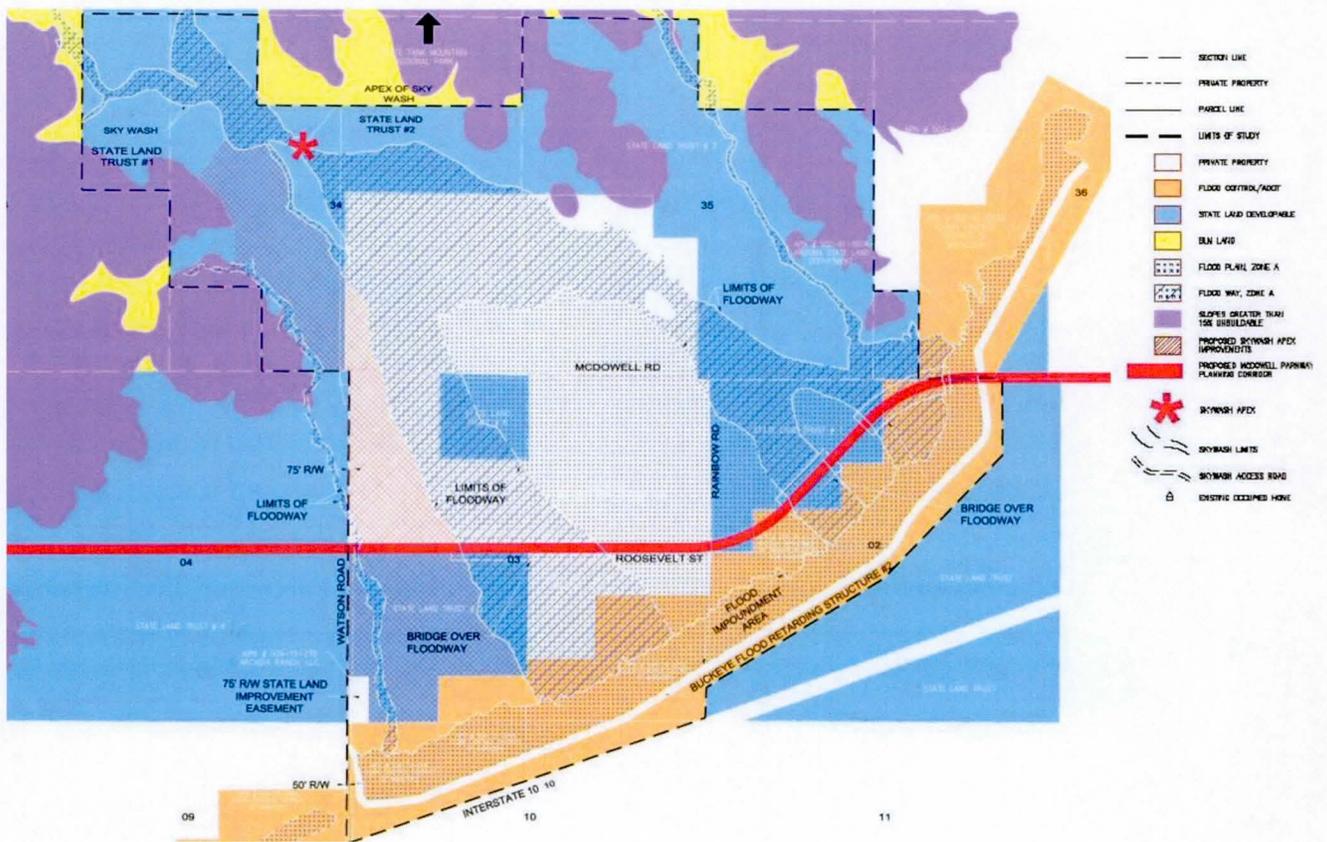
The purpose of this Report is to estimate the benefits received by the Town, County, and State within the Development Area as a result of the construction of the Flood Improvement. To this end, DPFG has completed the following tasks:

1. Reviewed information and assumptions provided by Sunrise Engineering (the “Engineer”) regarding the current characteristics of the Flood Zone, proposed Flood Improvement, MCDOT’s proposed McDowell Parkway improvements, estimated construction costs, and the anticipated land uses;
2. Reviewed information provided by White Sky regarding estimated land values, potential land uses, home values and anticipated absorption estimates within the Development Area;
3. Prepared a comparison of estimated Town, County, and State fiscal and economic benefits generated within the Development Area with and without the construction of the Flood Improvement, based upon the following factors:
  - a. Anticipated land use
  - b. Construction related impacts
    - 1) Construction sales taxes
    - 2) Development impact fees (“DIF”) and permit fees
    - 3) Full-time equivalent job creation
  - c. Recurring fiscal benefits including estimated:
    - 1) Retail sales tax revenues
    - 2) Property taxes
    - 3) State shared revenues
  - d. Comparative design and construction costs of the proposed McDowell Parkway

### III. Flood Improvement

The initially proposed conceptual Flood Improvement consists of the construction of a detention basin at the apex of Sky Wash and the channelizing of the Sky Wash to remediate flood conditions located in Flood Plain Zone A and Flood Way Zone A, the Flood Zone. The Flood Improvement will effectively remove both platted lots and other vacant land from being within floodway and floodplain designated areas. A map of the Flood Zone is shown below, a larger map and aerial can be found as Exhibit A and Exhibit B respectively.

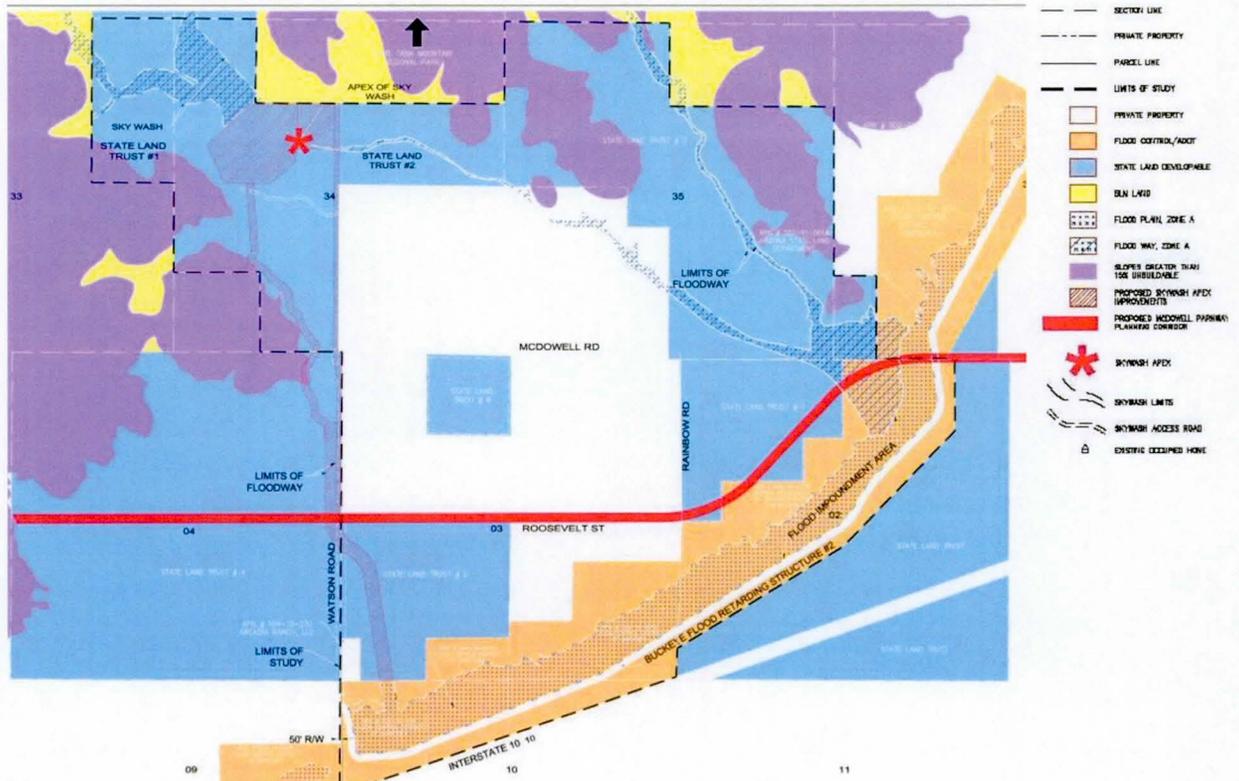
**Flood Zone Map  
Without Flood Improvement**



The Flood Improvement proposes to control alluvial fan flows and convey them to the Buckeye Flood Retarding Structures as shown in the following map. The detention facility is anticipated to consist of an approximately 150 ac-ft basin and outlets works comprised of a single 10x6 foot box culvert at the invert of the basin and overflow weir. The larger box culvert will significantly limit flow out of the basin in a 100-year event. The project has been recommended by the FCDMC Advisory Board for further capital improvement plan (“CIP”) funding consideration. Additional engineering and design work on the project is currently underway to determine the final design of project elements, which may modify the initial project concept and its estimated cost.

A larger map of the Flood Improvement and Owners map may be found hereto attached as Exhibit C.

### Flood Zone Map With Flood Improvement



The following section provides a summary of the estimated fiscal and economic benefits anticipated to accrue to the Town, County and State as a result of the construction of the Flood Improvement. The fiscal impacts are subject to further refinement as project costs are updated based on the final design.

#### **IV. Fiscal Impact and Benefit Analysis**

The currently estimated cost of the Flood Improvement is \$7.7 million, and it is anticipated to remove approximately 1,275 acres of land from the floodplain and floodway designated area increasing the Developable Area to 1,513 acres, and allowing the development of an additional 1,829 homes (See Table 3: Land Use on page 6). As a result, the Town, County and State are expected to receive an additional economic benefit totaling \$141.33 million or \$67.19 million, \$52.99 million and \$21.15 million respectively, in addition to the creation of an additional 4,819 jobs. Additionally, the construction of the Flood Improvement will allow the creation of a regional recreational amenity at the gateway into the White Tanks Mountain Regional Park and Bureau of Land Management (“BLM”) land recently annexed into the Town and under lease for management by the Town.

In summary, by constructing the Flood Improvement, the Town, County and State stand to benefit from:

- An increase in the number of homes which could be constructed in the Development Area;
- An increase in land values within the Development Area;
- An increase in sales tax and property tax revenue generation;
- An increase in impact fees collected;
- An increase in job creation;
- A reduction in the cost for the construction of the McDowell Parkway;
- The elimination of the potential need to acquire lots within floodprone areas and;
- The creation of community/regional recreational facilities including a gateway and trailhead into the White Tanks Mountain Regional Park and the recently annexed BLM land leased and managed by the Town.

Illustrated in **Table 2** is a comparison of the 20 year anticipated economic impact of the Development Area with and without the construction of the Flood Improvement:

**Table 2: Benefit Summary**

<b>Jurisdiction</b>	<b>A With Flood Improvement</b>	<b>B Without Flood Improvement</b>	<b>A-B=C Difference</b>
<b><u>Town of Buckeye</u></b>			
Fiscal Benefit (1)	\$ 82,011,994	\$ 14,818,096	\$ 67,193,898
<b><u>Maricopa County</u></b>			
Fiscal Benefit (1)	\$ 11,044,206	\$ 1,843,596	\$ 9,200,611
Flood Improvement (2)	\$ (7,700,000)	\$ -	\$ (7,700,000)
McDowell Rd Costs (2)	\$ (51,200,000)	\$ (101,200,000)	\$ 50,000,000
Subtotal	\$ (47,855,794)	\$ (99,356,404)	\$ 51,500,611
<b><u>FCDMC (3)</u></b>			
Land Value (4)	\$ 1,877,000	\$ 392,000	\$ 1,485,000
<b><u>County Total</u></b>			
	\$ (45,978,794)	\$ (98,964,404)	\$ 52,985,611
<b><u>ASLD and ADOT</u></b>			
Land Value (4)	\$ 29,769,000	\$ 8,616,000	\$ 21,153,000
<b>Total Benefit</b>	\$ 65,802,201	\$ (75,530,308)	\$ 141,332,509
<b>Number of Jobs Created</b>	<b>5,685</b>	<b>866</b>	<b>4,819</b>
<b><u>FOOTNOTE:</u></b>			
(1) Estimate includes one-time construction related impact and 20 year recurring fiscal impacts.			
(2) Estimate. Source: Sunrise Engineering.			
(3) Flood Control District of Maricopa County.			
(4) Estimate. Assumes and estimated land value of \$35,000 per acre. Source: White Sky.			
See Table 4 Fiscal Benefit.			

A detailed description of the process used to derive the anticipated fiscal and economic impacts is included in the following section of this Report.

## V. Detailed Description of Analysis

### A. Land Use Program

The majority of the property within the Development Area is currently either designated in a floodway where building is not permitted or is designated within a floodplain where development is restricted and subject to a Floodplain Use Permit. As a result of the flood restrictions, it is anticipated the value and type of homes which could be sold in Development Area would be greatly different than the type of homes which would be constructed with the removal of the flood conditions. Without the Flood Improvement it is anticipated that individual home lots would be sold at an estimated average home price of \$180,000. With the Flood Improvement and related amenities it is anticipated the Development Area would be developed at an estimated average home price of \$255,000.

The breakdown of the anticipated land use program based on the removal of land from the floodway and/or floodplain and the economic feasibility for development as a result of the construction of the Flood Improvement is illustrated in Table 3.

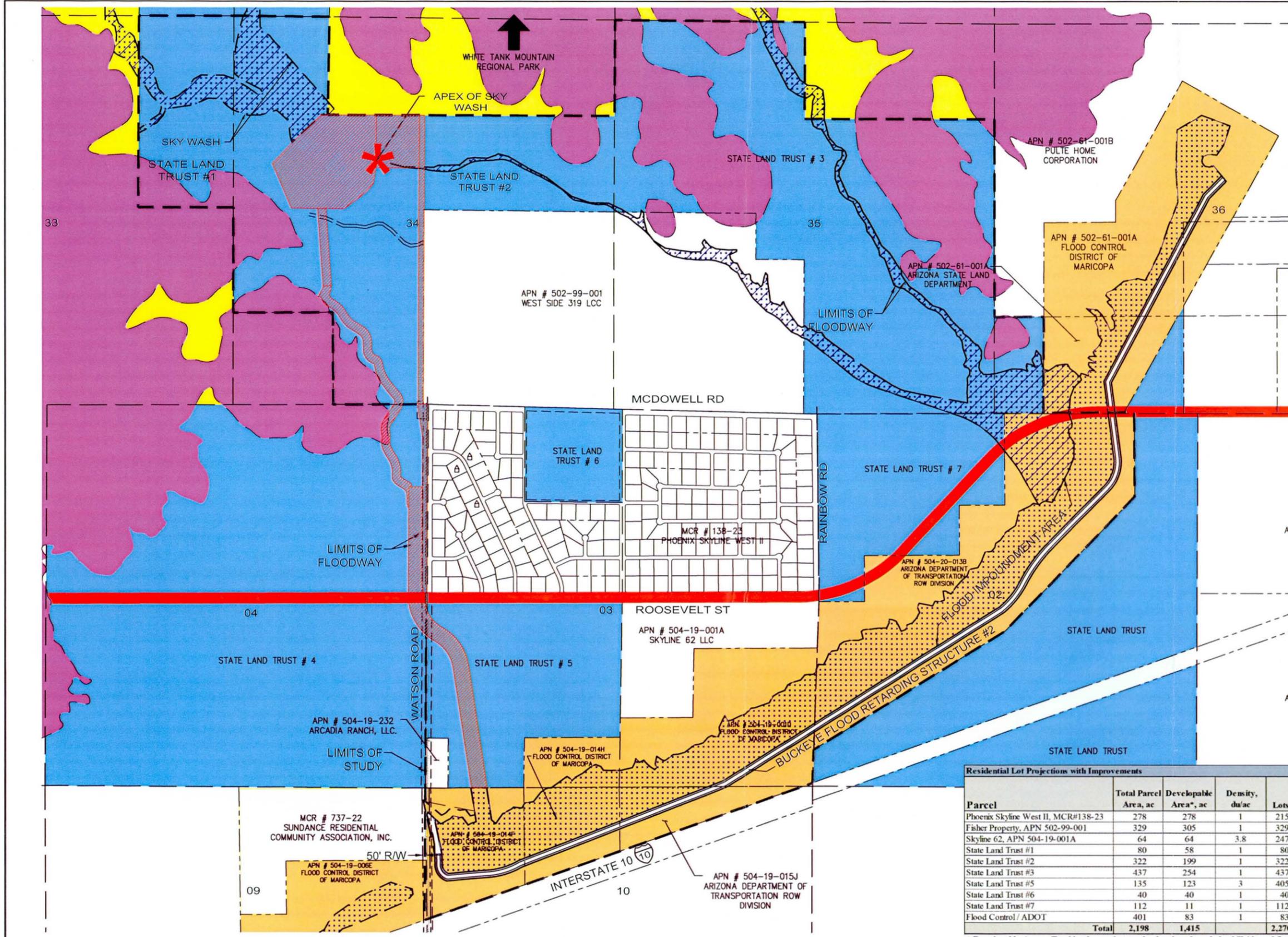
**Table 3: Land Use**

Land Owner	Total Parcel Acreage	Developable With Flood Improvement (1)		Developable Without Flood Improvement (1)	
		Acreage	Lots	Acreage	Lots
Phoenix Skyline West II	278	278	215	48	48
Fisher Property	329	305	329	10	10
Skyline 62	64	64	247	0	0
State Land Trust #1	80	58	80	0	0
State Land Trust #2	322	199	322	77	77
State Land Trust #3	437	254	437	0	0
State Land Trust #5	135	123	405	103	307
State Land Trust #6	40	40	40	0	0
State Land Trust #7	116	112	116	0	0
FCDMC (2)	196	45	45	0	0
ADOT (3)	<u>208</u>	<u>35</u>	<u>35</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>2,205</u></b>	<b><u>1,513</u></b>	<b><u>2,271</u></b>	<b><u>238</u></b>	<b><u>442</u></b>
<b>Average Home Price (4)</b>			<b>\$ 255,000</b>		<b>\$ 180,000</b>
<b>FOOTNOTE</b>					
(1) Estimate provided by Sunrise Engineering and White Sky. Developable Area assumes total land area that can be developed, excludes hillside and floodplain areas.					
(2) Flood Control District of Maricopa County.					
(3) Arizona Department of Transportation.					
(4) Assumes a \$255,000 average home price within a master planned development community. \$180,000 average home price assumes the sale of individual home lots.					



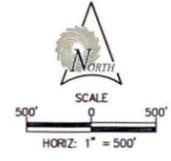
**LEGEND**

- SECTION LINE
- - - PRIVATE PROPERTY
- PARCEL LINE
- LIMITS OF STUDY
- PRIVATE PROPERTY
- FLOOD CONTROL/ADOT
- STATE LAND DEVELOPABLE
- BLM LAND
- FLOOD PLAIN, ZONE A
- FLOOD WAY, ZONE A
- SLOPES GREATER THAN 15% UNBUILDABLE
- PROPOSED SKYWASH APEX IMPROVEMENTS
- PROPOSED MCDOWELL PARKWAY PLANNING CORRIDOR
- ✳ SKYWASH APEX
- SKYWASH LIMITS
- SKYWASH ACCESS ROAD
- Ⓐ EXISTING OCCUPIED HOME



Residential Lot Projections with Improvements					
Parcel	Total Parcel Area, ac	Developable Area*, ac	Density, du/ac	Lots	Comments
Phoenix Skyline West II, MCR#138-23	278	278	1	215	Existing Platted Lots
Fisher Property, APN 502-99-001	329	305	1	329	Per Town of Buckeye General Plan
Skyline 62, APN 504-19-001A	64	64	3.8	247	Per PreAp submitted to Town of Buckeye
State Land Trust #1	80	58	1	80	Per Town of Buckeye General Plan
State Land Trust #2	322	199	1	322	Per Town of Buckeye General Plan
State Land Trust #3	437	254	1	437	Per Town of Buckeye General Plan
State Land Trust #5	135	123	3	405	Per Town of Buckeye General Plan
State Land Trust #6	40	40	1	40	Per Town of Buckeye General Plan
State Land Trust #7	112	11	1	112	Per Town of Buckeye General Plan
Flood Control/ADOT	401	83	1	83	Per Town of Buckeye General Plan
<b>Total</b>	<b>2,198</b>	<b>1,415</b>		<b>2,270</b>	

\* Developable Area = Total land area that can be developed, excludes hillside and floodplain areas

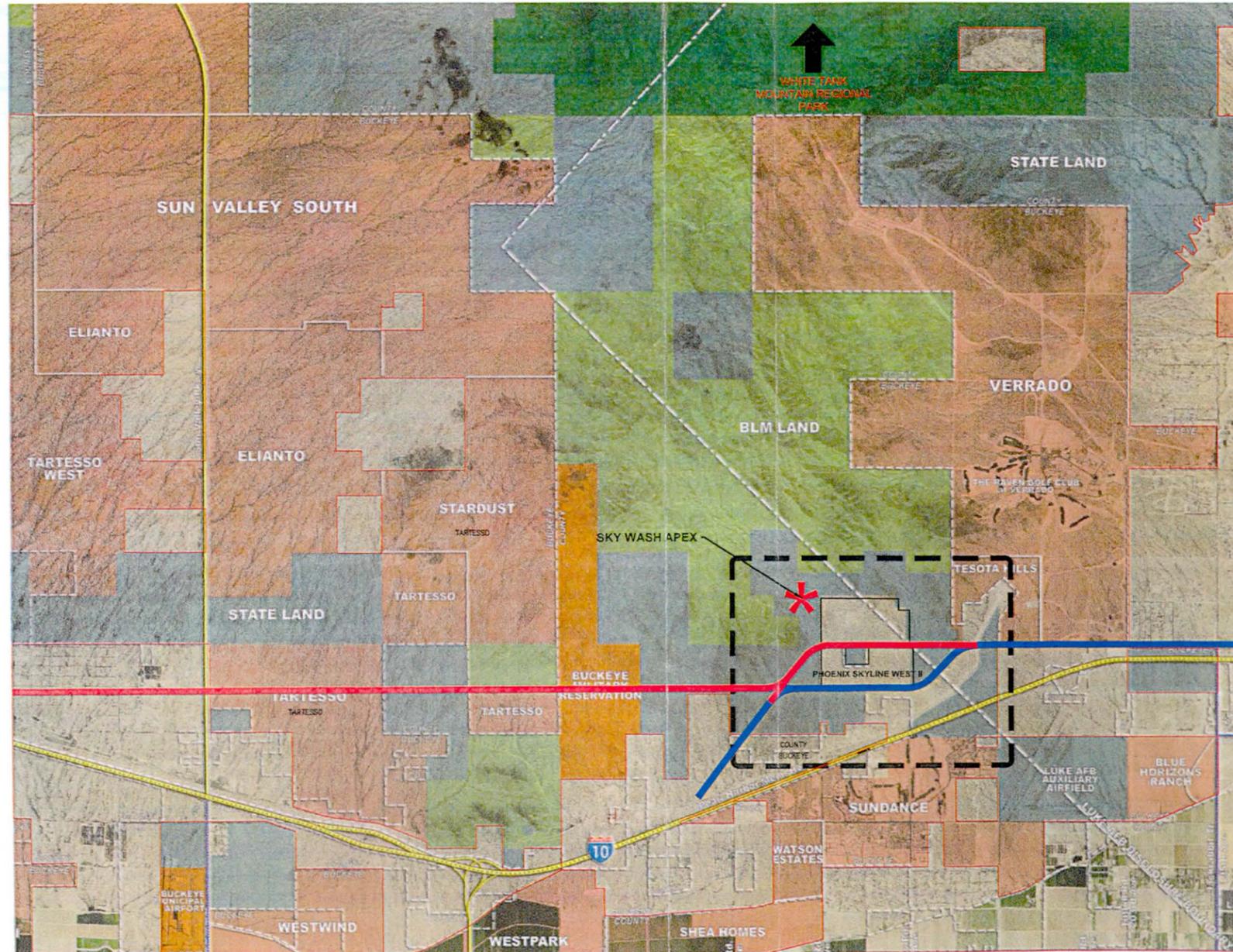


## SKY WASH REGIONAL DRAINAGE PROPOSAL ECONOMIC IMPACT ANALYSIS EXHIBIT C - WITH IMPROVEMENTS

P:\Users\j3379\Skywash\Area\Exhibit C - AP - ANALYSIS - IMPROVEMENTS.dwg May 02, 2011 10:12am muelton

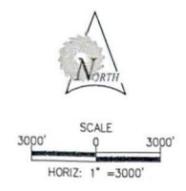
LEGEND

-  FIG 0.2 & 0.3 MAP LIMITS
-  SKYWASH APEX
-  PROPOSED McDOWELL ROAD PLANNING CORRIDOR OPTION A
-  PROPOSED McDOWELL ROAD PLANNING CORRIDOR OPTION B



SUN VALLEY PARKWAY  
 WILSON AVENUE  
 TURNER ROAD  
 SR 85  
 N. ROOKS ROAD  
 S. MILLER ROAD  
 APACHE ROAD  
 WATSON ROAD  
 RAINBOW ROAD

PROPOSED  
 McDOWELL ROAD  
 PLANNING CORRIDOR  
 VAN BUREN ALIGNMENT  
 YUMA ROAD



SKYWASH REGIONAL DRAINAGE PROPOSAL AERIAL CONTEXT MAP

FIGURE 0.1



2152 SOUTH VINEYARD, SUITE 123  
 MESA, ARIZONA 85210  
 TEL 480.768.8600 • FAX 480.768.8609  
 www.sunrise-eng.com

P:\mesa\03570 Skywash\mesa\skw\skw\regional\drainage\proposals\AERIAL CONTEXT MAP\Fig01.dwg Jun 23, 2010 3:20pm spzsh

**B. Fiscal and Economic Impacts**

It is anticipated homes will be constructed in the Development Area over a period of ten years. Over this time-frame the construction of homes within the Development Area will generate one-time construction related impacts and recurring annual fiscal benefits to the Town and County. The estimated fiscal benefits realized by the Town and County at the time periods of the first, fifth, and twentieth years after the ground breaking are illustrated in Table 4.

**Table 4: Fiscal Benefit**

Revenue Source	2013 (1)	2018 (1)	2032 (1)	20 Yr Total
<b>WITH IMPROVEMENT</b>				
<b>Town Fiscal Benefit</b>				
AZ State Shared Revenues	\$ -	\$ 303,870	\$ 1,460,505	\$ 14,948,795
Development Impact Fees	\$ 1,701,000	\$ 4,465,125	\$ -	\$ 32,191,425
Permit and Plan Review Fees	\$ 432,755	\$ 1,135,981	\$ -	\$ 8,189,883
Construction Sales Tax	\$ -	\$ 927,371	\$ -	\$ 11,292,548
Town Property Taxes	\$ -	\$ 117,404	\$ 564,283	\$ 6,868,430
Retail Sales Taxes	\$ -	\$ 187,717	\$ 646,898	\$ 8,520,914
<b>Total Town Fiscal Benefits</b>	<b>\$ 2,133,755</b>	<b>\$ 7,137,468</b>	<b>\$ 2,671,686</b>	<b>\$ 82,011,994</b>
<b>County Fiscal Benefit</b>				
County Property Taxes	\$ -	\$ 103,819	\$ 498,989	\$ 6,073,673
Retail Sales Taxes	\$ -	\$ 109,502	\$ 377,357	\$ 4,970,533
<b>Total County Fiscal Benefits</b>	<b>\$ -</b>	<b>\$ 213,321</b>	<b>\$ 876,347</b>	<b>\$ 11,044,206</b>
<b>Total Fiscal Benefit</b>	<b>\$ 2,133,755</b>	<b>\$ 7,350,789</b>	<b>\$ 3,548,033</b>	<b>\$ 93,056,201</b>
<b>WITHOUT IMPROVEMENT</b>				
<b>Town Fiscal Benefit</b>				
AZ State Shared Revenues	\$ -	\$ 58,202	\$ 284,255	\$ 2,991,466
Development Impact Fees	\$ -	\$ 1,020,600	\$ -	\$ 6,265,350
Permit and Plan Review Fees	\$ -	\$ 219,585	\$ -	\$ 1,348,007
Construction Sales Tax	\$ -	\$ 228,150	\$ -	\$ 1,551,420
Town Property Taxes	\$ -	\$ 15,873	\$ 77,524	\$ 966,416
Retail Sales Taxes	\$ -	\$ 44,294	\$ 125,904	\$ 1,695,438
<b>Total Town Fiscal Benefits</b>	<b>\$ -</b>	<b>\$ 1,586,704</b>	<b>\$ 487,683</b>	<b>\$ 14,818,096</b>
<b>County Fiscal Benefit</b>				
County Property Taxes	\$ -	\$ 14,036	\$ 68,553	\$ 854,590
Retail Sales Taxes	\$ -	\$ 25,838	\$ 73,444	\$ 989,005
<b>Total County Fiscal Benefits</b>	<b>\$ -</b>	<b>\$ 39,875</b>	<b>\$ 141,998</b>	<b>\$ 1,843,596</b>
<b>Total Fiscal Benefit</b>	<b>\$ -</b>	<b>\$ 1,626,579</b>	<b>\$ 629,681</b>	<b>\$ 16,661,692</b>
<b>Fiscal Benefit Difference</b>				
Town	\$ 2,133,755	\$ 5,550,764	\$ 2,184,003	\$ 67,193,898
County	\$ -	\$ 173,446	\$ 734,349	\$ 9,200,611
<b>Total</b>	<b>\$ 2,133,755</b>	<b>\$ 5,724,210</b>	<b>\$ 2,918,352</b>	<b>\$ 76,394,509</b>
<b>FOOTNOTE:</b>				
(1) Represents the anticipated fiscal benefit to be received for the specific year indicated.				

**C. One-time Construction Related Impacts**

**Construction Contracting Tax**

The Town imposes a tax rate of 3 percent on all construction related activities. The anticipated construction contracting taxes generated by the Project have been illustrated in Table 5.

**Table 5: Construction Sales Tax**

	A With Improvement	B Without Improvement	A-B=C Difference
Average Home Price (1)	\$ 255,000	180,000	\$ 75,000
Standard Deduction (2)	<u>35%</u>	<u>35%</u>	<u>35%</u>
Taxable Value	\$ 165,750	\$ 117,000	\$ 48,750
Number of Homes	<u>2,271</u>	<u>442</u>	<u>1829</u>
Total Taxable	\$ 376,418,250	\$ 51,714,000	\$ 324,704,250
Town Construction Tax Rate	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
<b>Total Tax</b>	<b><u>\$ 11,292,548</u></b>	<b><u>\$ 1,551,420</u></b>	<b><u>\$ 9,741,128</u></b>

**FOOTNOTE:**  
 (1) Estimate.  
 (2) Arizona Department of Revenue standard deduction.

**Full-Time Equivalent (“FTE”) job creation**

It is anticipated that the Development Area will create FTE jobs both on-site and regionally during the construction phase of the Development Area. The estimations and supporting assumptions for the FTE jobs created are presented in the following section.

Regional FTE Job Creation

The estimation of the Regional FTE jobs created within the Development Area during construction is derived from the cost of construction. Each construction job created is equivalent to employment for one construction worker for one year. The U.S. Bureau of Economic Analysis has developed a multiplier based system, known as the Regional Input-Output Modeling System (“RIMS II”), to provide estimates of the economic impacts that projects will have on metropolitan statistical areas. DPGF obtained the RIMS II analysis for the Phoenix MSA to estimate the impact the Development Area on the region.

The construction phase FTE job creation includes on-site and regional employment in a variety of industries and is not restricted to job creation in the construction industry. The total number of FTE jobs which are anticipated to be created as a result of the construction of the Flood Improvement and homes within the Development Area, is illustrated in Table 6.

**Table 6: FTE Job Creation**

<b>Job Creation</b>	<b>Calculation</b>	<b>Amount</b>
<b><u>WITH IMPROVEMENT</u></b>		
Number of Homes	A	2,271
Average Home Construction Cost (1)	B	\$ 150,000
Total Home Construction Costs	A*B=C	\$ 340,650,000
Flood Improvement Cost	D	\$ 7,700,000
Total Costs	C+D=E	\$ 348,350,000
Job Creation per \$1 Million Spent (2)	F	16.3186
<b>Total Direct Job Creation (Worker Years) (3)</b>	<b>(E /1,000,000) * F = G</b>	<b>5,685</b>
<b><u>WITHOUT IMPROVEMENT</u></b>		
Number of Homes	H	442
Average Home Construction Cost (1)	I	\$ 120,000
Total Home Construction Costs	H*I=J	\$ 53,040,000
Flood Improvement Cost	K	\$ -
Total Costs	J+K=L	\$ 53,040,000
Job Creation per \$1 Million Spent (2)	F	16.3186
<b>Total Direct Job Creation (Worker Years) (3)</b>	<b>(L /1,000,000) * F = M</b>	<b>866</b>
<b>Difference Job Creation</b>	<b>G-M=N</b>	<b>4,819</b>
<b><u>FOOTNOTES:</u></b>		
(1) Estimate.		
(2) Source: U.S. Bureau of Economic Analysis - RIMS II Multipliers Table 2.5.		
(3) A worker year represents the equivalent of one employee working full-time for a 1-year period.		
Note: Figures above may not sum exactly due to rounding.		

**D. Recurring Fiscal Benefits**

**Retail Sales Taxes**

The Town and County collect retail sales taxes of 3.0 percent and 0.7 percent respectively, on all retail purchases made within the Town and County. It is estimated that the 40 percent of retail sales transactions by residents residing in the Development Area will occur in the Town and 100 percent of retail sales transactions will occur in the County. The retail sales tax revenues that are anticipated to result from the Development Area are estimated in Table 7.

**Table 7: Retail Sales Tax**

Revenue Source	2013 (1)	2018 (1)	2032 (1)	20 Yr Total
<b>Assumptions</b>				
Median Household Income (2)	\$ 49,974	\$ 49,974	\$ 49,974	49,974
Average Retail Spending (3)	50%	50%	50%	50%
<b>Total Retail Spending</b>	<b>\$ 24,987</b>	<b>\$ 24,987</b>	<b>\$ 24,987</b>	<b>\$ 24,987</b>
Portion within Town (3)	40%	40%	40%	40%
Portion within County (3)	100%	100%	100%	100%
Town Tax Rate	3.0%	3.0%	3.0%	3.0%
County Tax Rate	0.70%	0.70%	0.70%	0.70%
<b>WITH IMPROVEMENT</b>				
Total Households (4)	0	626	2,157	2,157
Total Income	\$ -	\$ 31,286,223	\$ 107,816,406	\$ 1,420,152,387
<b>Retail Sales</b>	<b>\$ -</b>	<b>\$ 15,643,111</b>	<b>\$ 53,908,203</b>	<b>\$ 710,076,193</b>
<b>Town Sales Tax</b>				
Sales in Town	\$ -	\$ 6,257,245	\$ 21,563,281	\$ 284,030,477
<b>Total Town Sales Tax</b>	<b>\$ -</b>	<b>\$ 187,717</b>	<b>\$ 646,898</b>	<b>\$ 8,520,914</b>
<b>County Sales Tax</b>				
Sales in County	\$ -	\$ 15,643,111	\$ 53,908,203	\$ 710,076,193
<b>Total County Sales Tax</b>	<b>\$ -</b>	<b>\$ 109,502</b>	<b>\$ 377,357</b>	<b>\$ 4,970,533</b>
<b>WITHOUT IMPROVEMENT</b>				
Total Households (4)	0	148	420	420
Total Income	\$ -	\$ 7,382,409	\$ 20,984,083	\$ 282,572,986
<b>Retail Sales</b>	<b>\$ -</b>	<b>\$ 3,691,205</b>	<b>\$ 10,492,041</b>	<b>\$ 141,286,493</b>
<b>Town Sales Tax</b>				
Sales in Town	\$ -	\$ 1,476,482	\$ 4,196,817	\$ 56,514,597
<b>Total Town Sales Tax</b>	<b>\$ -</b>	<b>\$ 44,294</b>	<b>\$ 125,904</b>	<b>\$ 1,695,438</b>
<b>County Sales Tax</b>				
Sales in County	\$ -	\$ 3,691,205	\$ 10,492,041	\$ 141,286,493
<b>Total County Sales Tax</b>	<b>\$ -</b>	<b>\$ 25,838</b>	<b>\$ 73,444</b>	<b>\$ 989,005</b>
<b>Difference</b>				
Town Sales Tax	\$ -	\$ 143,423	\$ 520,994	\$ 6,825,476
County Sales Tax	\$ -	\$ 83,663	\$ 303,913	\$ 3,981,528
<b>Total</b>	<b>\$ -</b>	<b>\$ 227,086</b>	<b>\$ 824,907</b>	<b>\$ 10,807,004</b>
<b>FOOTNOTE:</b>				
(1) Represents the anticipated fiscal benefit to be received for the specific year indicated.				
(2) Claritas Marketplace data 2009.				
(3) Estimate.				
(4) Assumes 95% occupancy.				

**Property Taxes**

The Town and County levy property taxes of \$1.883 and \$1.0508 respectively, per \$100 of assessed valuation. By constructing the Flood Improvement, the Town and County will realize higher property tax collections through the increase in the number of homes built and their associated assessed valuation within the Development Area.

The property tax revenues that are anticipated to result from the Development Area are estimated in Table 8.

**Table 8: Property Tax**

<b>Revenue Source</b>	<b>2013 (1)</b>	<b>2018 (1)</b>	<b>2032 (1)</b>	<b>20 Yr Total</b>
<b><u>WITH IMPROVEMENT</u></b>				
Homes On Tax Roll	-	473	2,271	2,271
Average Home Price (2)	\$ 255,000	\$ 255,000	\$ 255,000	\$ 255,000
<b>Total Assessed Value (3)</b>	<b>\$ -</b>	<b>\$ 9,879,975</b>	<b>\$ 47,486,610</b>	<b>\$ 578,004,675</b>
<b>Town Property Tax</b>				
Tax Rate (4)	\$ 1.1883	\$ 1.1883	\$ 1.1883	\$ 1.1883
<b>Total Town Tax</b>	<b>\$ -</b>	<b>\$ 117,404</b>	<b>\$ 564,283</b>	<b>\$ 6,868,430</b>
<b>County Sales Tax</b>				
Tax Rate (4)	\$ 1.0508	\$ 1.0508	\$ 1.0508	\$ 1.0508
<b>Total County Tax</b>	<b>\$ -</b>	<b>\$ 103,819</b>	<b>\$ 498,989</b>	<b>\$ 6,073,673</b>
<b><u>WITHOUT IMPROVEMENT</u></b>				
Homes On Tax Roll	0	\$ 91	\$ 442	\$ 442
Average Home Price (2)	\$ -	\$ 180,000	\$ 180,000	\$ 180,000
<b>Total Assessed Value (3)</b>	<b>\$ -</b>	<b>\$ 1,335,780</b>	<b>\$ 6,523,920</b>	<b>\$ 81,327,600</b>
<b>Town Property Tax</b>				
Tax Rate (4)	\$ 1.1883	\$ 1.1883	\$ 1.1883	\$ 1.1883
<b>Total Town Tax</b>	<b>\$ -</b>	<b>\$ 15,873</b>	<b>\$ 77,524</b>	<b>\$ 966,416</b>
<b>County Sales Tax</b>				
Tax Rate (4)	\$ 1.0508	\$ 1.05080	\$ 1.05080	\$ 1.05080
<b>Total County Tax</b>	<b>\$ -</b>	<b>\$ 14,036</b>	<b>\$ 68,553</b>	<b>\$ 854,590</b>
<b>Difference</b>				
Town Tax	\$ -	\$ 101,531	\$ 486,760	\$ 5,902,014
County Tax	\$ -	\$ 89,782	\$ 430,436	\$ 5,219,083
<b>Total Difference</b>	<b>\$ -</b>	<b>\$ 191,313</b>	<b>\$ 917,196</b>	<b>\$ 11,121,096</b>
<b><u>FOOTNOTE:</u></b>				
(1) Represents the anticipated fiscal benefit to be received for the specific year indicated.				
(2) Estimate.				
(3) Assumes a full cash value of 82% of the market value and a 10% residential assessment ratio.				

**State Shared Revenues**

State shared revenues will be generated by the additional population created by the Project. The Town receives sales tax, income tax, highway user revenue funds, and vehicle license tax distributions to the General Fund from the State based on the Town's population. It is estimated the Town will receive approximately \$270.78 for each new resident.

Table 9 illustrates the estimating state shared revenues that will be generated by the Project.

**Table 9: State Shared Revenue**

	2013 (1)	2018 (1)	2032 (1)	20 Yr Total
<b><u>WITH IMPROVEMENT</u></b>				
Number of Homes(2)	0	449	2,157	2,157
Avg. Residents Per Home (3)	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
Total Residents	<u>0.0</u>	<u>1,122.2</u>	<u>5,393.6</u>	<u>5,393.6</u>
State Shared Revenue Per Resident (3)	\$ <u>270.78</u>	\$ <u>270.78</u>	\$ <u>270.78</u>	\$ <u>270.78</u>
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ 303,870</b>	<b>\$ 1,460,505</b>	<b>\$ 14,948,795</b>
<b><u>WITHOUT IMPROVEMENT</u></b>				
Number of Homes	0	148	420	420
Avg. Residents Per Home (3)	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
Total Residents	<u>0.0</u>	<u>369.3</u>	<u>1,049.8</u>	<u>1,049.8</u>
State Shared Revenue Per Resident (4)	\$ <u>270.78</u>	\$ <u>270.78</u>	\$ <u>270.78</u>	\$ <u>270.78</u>
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ 100,004</b>	<b>\$ 284,255</b>	<b>\$ 2,991,466</b>
<b>Difference</b>	<b>\$ -</b>	<b>\$ 203,866</b>	<b>\$ 1,176,250</b>	<b>\$ 11,957,329</b>
<b><u>FOOTNOTE:</u></b>				
(1) Represents the anticipated fiscal benefit to be received for the specific year indicated.				
(2) Assumes 95% occupancy.				
(3) Estimate				
(4) Estimate. State shared revenue distribution include local transportation assistance fund, State sales tax, and State income tax.				

### ***E. Additional Benefits to the Town***

As the local jurisdiction of the Skyline West subdivision, the Town has an interest in removing the platted lots of its residents and property owners from the floodway and floodplain. The expansion of the Developable Area for potentially upscale custom homes within a foothills setting would contribute to the quality of development and value of property within the Town. The Flood Improvement, together with the planned access to the White Tanks Regional Park, the park on BLM land, and the potential for community recreational facilities in the Buckeye Flood Retarding Structure area, will offer the opportunity for providing additional major recreational and quality of life amenities for Buckeye residents.

The Town recently leased and annexed 8675 acres of BLM land between the Town and the White Tanks Mountain Regional Park. The Town's future Skyline Regional Park is being planned for this area. Planned park amenities include hiking and equestrian trailhead facilities, interpretive gardens, picnic and camping areas, visitor center, amphitheater, zipline, stargazing/observatory and a lodge. Primary access to Skyline Regional Park will be from Watson Road. The proposed Flood Improvement will reduce drainage infrastructure and construction costs for the ultimate Watson Road improvements. Additionally, if the wash to the west of Watson is enhanced as part of the Flood Improvement, it will provide a scenic route with potential trails along Watson to the Park from the potential recreational area behind the Flood Retarding structure.

### ***F. Additional Benefits to the County***

#### **McDowell Parkway**

MCDOT is currently planning the design and construction of the McDowell Parkway, substantial segments of which are located in the Flood Zone. Depending on the construction of the Flood Improvement, MCDOT is contemplating two roadway alignment scenarios. Option A, located along the existing McDowell Road alignment, is preferred if the Flood Improvement IS NOT constructed. Option B, located along the existing Roosevelt Road alignment, is preferred if the Flood Improvement IS constructed. Option B is the recommended alignment in the June 2010 Final Report of the McDowell Parkway Corridor Feasibility Study: 339<sup>th</sup> Avenue and Dean Road. Both Option A and B plan for a typical Arizona parkway consisting of eight car lanes, bike lanes, a median, indirect left turn intersection design and a typical parkway section is 200-foot wide constructed at grade. The estimated cost savings for MCDOT for Option B with the construction of the Flood Improvement compared to Option A without the Flood Improvement is \$50.0 million.

Total costs for McDowell Parkway through the Development Area were calculated using the conceptual cost estimate and plan set that was provided by MCDOT in the *McDowell Parkway Corridor Feasibility Study 339<sup>th</sup> Avenue to Dean Road Final Report June 2010*, for the entire corridor and Option B. To find the total cost for the Development Area, the Engineer took the total conceptual cost and subtracted the bridge costs (These costs only apply to the Hassayampa River bridges). The total conceptual cost without bridges was divided by the total length to calculate a unit cost per linear foot. The unit cost per linear foot was then multiplied by the estimated length in the Development Area to calculate the cost within the Development Area.

The bridge cost estimate for Option A has been calculated based on the minimum roadway width for the eight lane configuration at 100-feet, making the minimum bridge width 100-feet. MCDOT's consulting engineer project manager verified this width assumption. If the actual bridge width is less the costs could be lower. These bridge cost estimates were calculated for purposes of this analysis because the MCDOT conceptual cost estimate did not include bridge costs for the Development Area.

A map of the current McDowell Parkway design and detailed Engineer's construction cost estimate has been attached as Exhibit D.

### **Floodprone Lots**

In May 1971, the Phoenix Skyline West II subdivision of 215 one-acre lots located in the Development Area were final platted and the final plat was recorded by the County. Subsequent to the final platting and recording by the County, the Federal Emergency Management Authority ("FEMA") mandated the mapping of the Flood Zone. As a result 51 lots are designated within the floodway, and 115 lots are in the floodplain (collectively "Floodprone Lots"), while 49 lots are considered unrestricted. Lots within floodways are prohibited from development, while the development of lots within the floodplain is restricted by requiring flood protection measures for these dwellings. Additionally higher flood insurance premiums averaging \$825 annually (\$150,000 home price) are required for homes within a floodplain. A map of the Floodprone Lots has been attached as Exhibit E.

### Floodprone Properties Program

The Floodprone Properties Program ("Floodprone Program") sponsored by the FCDMC purchase residences located in floodway and floodplain areas. Under the guidelines of the Floodprone Program, there is the potential that residences in these areas could be purchased by the FCDMC. By constructing the Flood Improvement and removing residences out of the floodplain, the FCDMC could eliminate potential cost to the Floodprone Program.

**Flood Control District of Maricopa County Land Value**

The FCDMC currently own 196 acres of land within the Flood Zone. Due to the current floodway and floodplain conditions the property is not economically feasible for development. By the construction of the Flood Improvement it is estimated that 45 acres of land would be made developable which could be auctioned by FCDMC at an estimated land value of \$35,000 per acre increasing the value and/or estimated sales price of the property owned by the County by an estimated \$1,485,000 (\$1,877,000-\$392,000).

**Table 10: Flood Control District Of Maricopa County Land Value**

	A With Improvement	B Without Improvement	A-B=C Difference
<b>County Ownership</b>			
Developable Acreage (1)	45	-	45
Land Value (2)	\$ 35,000	\$ 35,000	\$ 35,000
Subtotal	<u>\$ 1,575,000</u>	<u>\$ -</u>	<u>\$ 1,575,000</u>
Undevelopable Acreage (1)	151	196	(45)
Land Value (2)	\$ 2,000	\$ 2,000	\$ 2,000
Subtotal	<u>\$ 302,000</u>	<u>\$ 392,000</u>	<u>\$ (90,000)</u>
<b>Total</b>	<u>\$ 1,877,000</u>	<u>\$ 392,000</u>	<u>\$ 1,485,000</u>
<b>FOOTNOTE:</b>			
(1) Estimate. Source: Sunrise Engineering.			
(2) Estimated value. Source: White Sky, LLC.			

**G. Benefit to the State**

**Arizona State Land Department and Arizona Department of Transportation**

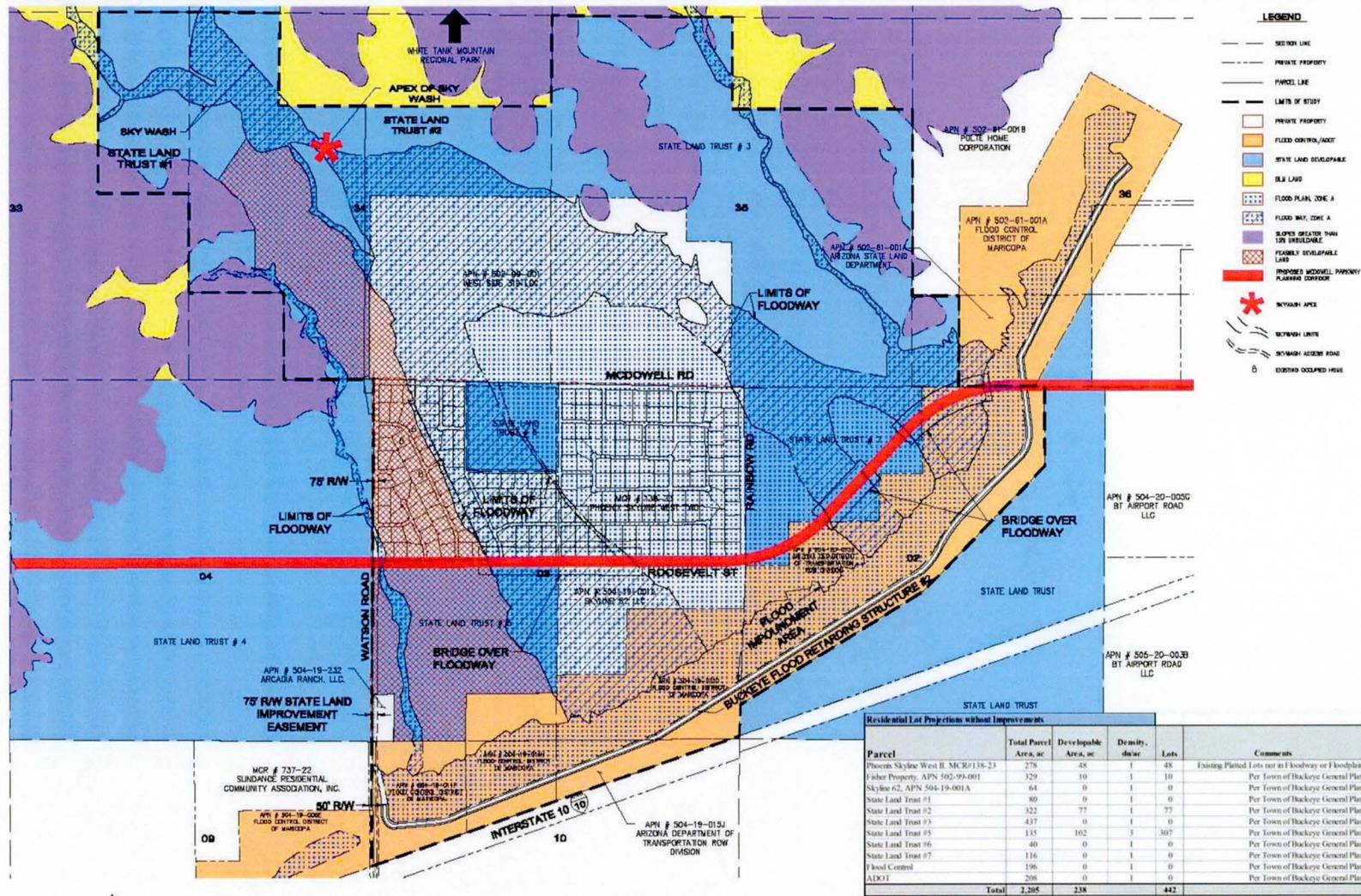
The State currently owns 1,338 acres of land within the Flood Zone. Due to the current floodway and floodplain conditions, only 180 acres of that land is economically feasible for development. Through the construction of the Flood Improvement it is estimated that an additional 641 acres of land could become developable and therefore increase the land value and/or sales price to the State by \$21.15 million (\$29.76 million -\$8.61 million).

**Table 11: State Land Value**

	A With Improvement	B Without Improvement	A-B=C Difference
<b>ASLD and ADOT Ownership</b>			
Developable Acreage (1)	821	180	641
Land Value (2)	\$ 35,000	\$ 35,000	\$ -
Subtotal	<b>\$ 28,735,000</b>	<b>\$ 6,300,000</b>	<b>\$ 22,435,000</b>
Undevelopable Acreage (1)	517	1,158	(641)
Land Value (2)	\$ 2,000	\$ 2,000	\$ 2,000
Subtotal	<b>\$ 1,034,000</b>	<b>\$ 2,316,000</b>	<b>\$ (1,282,000)</b>
Total	<b>\$ 29,769,000</b>	<b>\$ 8,616,000</b>	<b>\$ 21,153,000</b>
<b>FOOTNOTE:</b>			
(1) Estimate. Source: Sunrise Engineering.			
(2) Estimate. Source: White Sky, LLC.			

Additionally, the Skyline Regional Park, the scenic wash and trail amenities resulting from implementation of the Flood Improvement will contribute to the attractiveness and marketability of adjacent State lands for higher quality residential development, including custom homes. Access will also be created to other developable State land in the area.

Exhibit A- Land Area Map



*Exhibit B- Aerial View*



Exhibit C- Proposed Flood Improvement and Ownership Map

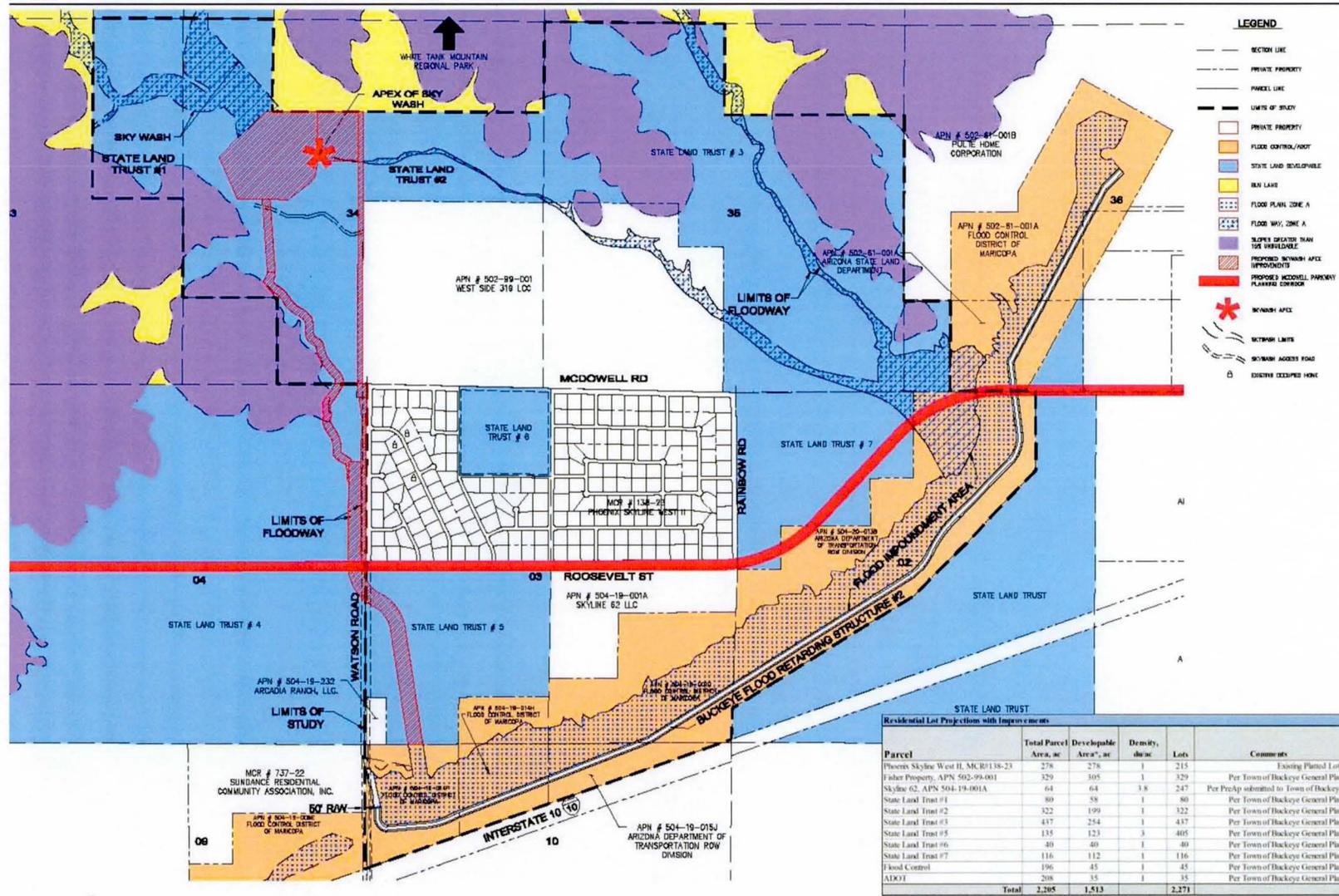


Exhibit D- McDowell Parkway Engineer Estimate



Sky Wash Apex Regional Drainage Solution  
 McDowell Parkway Options

Engineer's Opinion of Probable Cost \*

**FOR CONCEPTUAL USE ONLY**

Project: Sky Wash Apex Regional Drainage Solution 6/15/11  
 Prepared By: Ricky Holston, P.E.

Item Description	Quantity	Unit	Unit Price	Total
<b>MCDOT Conceptual Level Costs</b>				
Total McDowell Parkway	85,400	LF	\$3,400	\$292,686,000
Hassayampa River Bridge	210,000	SF	\$100	\$21,000,000
Total Cost without Hassayampa Bridge	85,400	LF	\$3,200	\$271,686,000

The Conceptual - Level Cost includes 20% contingency, and engineering, admin, etc, and 10% Drainage cost for misc culvert crossings.

**McDowell Parkway with Apex Solution**

McDowell Road - Sky Wash Development Area	16,000	LF	\$3,200	\$51,200,000
<b>Total with Apex Solution</b>				<b>\$51,200,000</b>

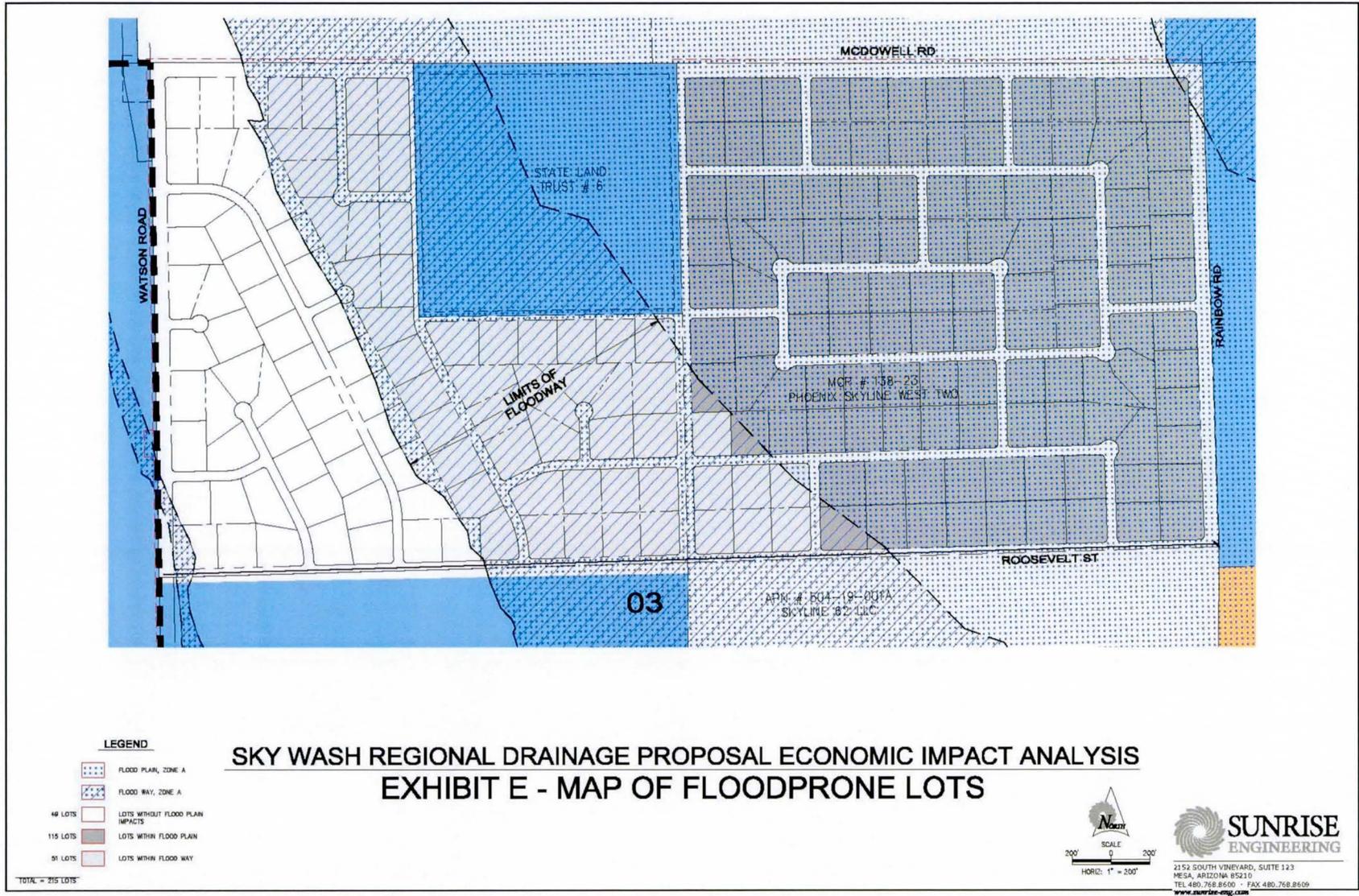
**McDowell Road without Apex Solution**

McDowell Road - Sky Wash Development Area	16,000	LF	\$3,200	\$51,200,000
Floodway Bridges (5000LF x 100ft wide)	500,000	SF	\$100	\$50,000,000
<b>Total without Apex Solution</b>				<b>\$101,200,000</b>

Total with Apex Solution	\$51,200,000
Total without Apex Solution	\$101,200,000
<b>Difference</b>	<b>\$50,000,000</b>

\*In providing opinions of probable construction cost the Client understands that the Engineer has no control over costs or the price of labor, equipment or materials, or over the Contractor's method of pricing, and that the opinion of probable construction cost provided herein is made on the basis of the Engineer's qualifications and experience. The Engineer makes no warranty, expressed or implied, as the accuracy if such opinions compared to bid or actual costs.

Exhibit E- Map of Floodprone Lots



P:\New\2010 Skywash\Map\Exhibit E\Map of Floodprone Lots.dwg, May 20, 2011, 3:30pm, gpc