Background

A group of property owners residing at Mountain View Estates Subdivision approached the City in the early months of 2014, to discuss the possibility of annexing their subdivision into the City of Casa Grande. The Mountain View Estates Subdivision is located west of I-10, south of I-8 and southeast of the Casa Grande Mountains. The subdivision was platted through Pinal County in the 70s. There were three portions of the subdivision approved, (Unit 1, 2 and 3) with about 639 total lots. Development of the subdivision was not completed by the developer. Per aerial map review by staff, there are currently 147 improved lots, see Exhibit 1.

The proposed annexation site is located west ½ of Section 24 and portions of Sections 23 and 13, of Township 7 South, Range 6 East, in Pinal County, Arizona. The project area is approximately 920 acres. The west boundary line of the proposed annexation area abuts the Eloy City Limits.

Mountain View Estates Subdivision is within the City of Eloy planning jurisdiction. As part of the annexation process, Mrs. Judith Smith who on behalf of some residents of the area, submitted a letter to the City of Eloy on October 8, 2014, requesting their area to be removed from Eloy planning boundary. The letter also expressed their intent to submit an annexation request to the City of Casa Grande, see Exhibit 2. On October 9, 2015, the City of Eloy responded to Mrs. Smith and provided the City of Casa Grande a copy of the letter. The letter stated Eloy will monitor the progress of the annexation, and will revise their planning boundary if the annexation of the area to the City of Casa Grande is successful, See Exhibit B.

Mountain View Estates is a single family residential development with a mix of custom built homes and manufactured homes. There are townhomes near the entrance of the subdivision. The annexation area has about 147 homes. Considering an average of three
(3) persons per dwelling unit, the site has approximately 441 residents.

The City of Casa Grande currently provides trash pick-up, Fire, Police and emergency services to five (5) property owners residing within the Casa Grande city limits just west and north of the annexation area as noted with blue stars on the site map below.

**Map of Existing Homes within the City of Casa Grande**

![Map of Existing Homes within the City of Casa Grande]

**Planning Jurisdiction**

Mountain View Estates is currently under the City of Eloy planning jurisdiction. However, Eloy in their letter to the City of Casa Grande dated October 9, 2014, stated their willingness to work with the Mountain View Estates residents and the City of Casa Grande. Eloy stated further that they will monitor the annexation process and will adjust their planning boundary once the annexation is approved in Casa Grande. Once annexed
to Casa Grande, the Mountain View Estates will be designated as Neighborhoods land use category, which will be compatible with the proposed residential development to the west and the existing residential land uses of the site.

City Casa Grande 2020 General Plan:

The following map is the City and County Zoning of the annexation site.
City Services

On January 9, 2015, various City departments conducted a site visit and assessed the impact of the proposed annexation to the City’s infrastructure and the ability of the City to provide current levels of service to the annexation area. This report will outline some of the estimated costs to the City for providing services to the annexation area based upon the existing development and population on the annexation site.

Upon annexation, the City will provide the same level of Fire and Police services to the area that are currently provided to five (5) existing homes located just north and west of the annexation site, see map above. The existing homes referred to are marked with a blue star on the map above. Emergency response to the site is via I-10 and Sunland Gin Road, east of the annexation site.
Upon successful annexation, the City will also take over the roadway maintenance and repair currently done by Pinal County. Pinal County recently resurfaced the streets in December 2014 with slurry coat. The proposed site has approximately 9.32 miles of local roadways.

**Roadway and Right-of-way Maintenance:**

The proposed annexation site can be accessed from Arica Road via Sunland Gin Road and I-10, east of the Mt. View Estate Subdivision. There is no additional access road available to the site.

City Staff contacted the County to inquire for any future plan to establish another access point to the proposed site from Sunland Gin Road. County informed City Staff that this is something the County has started investigating, but have since suspended their effort until the City makes a decision on proposed annexation.

Additional access to the proposed annexation site could be provided in the future via connection to the street network that will be constructed within the adjacent Casa Grande Mountain Planned Area Development. There is a possibility for a number of street connections along the north and western borders of Mountain View Estates to the future street network that will be constructed to support the development of the adjacent Casa Grande Mountain PAD. These future street connections will allow Mountain View Estate residents to have additional access and connectivity to I-8 and Henness Road. This future roadway connectivity will greatly enhance the ability to provide timely emergency response to Mountain View Estates.

Casa Grande Public Works Department (CGPWD) estimated the total paved road in Mountain View Estates subdivision to be approximately 7.64 miles and 1.68 miles of unpaved roadways, see table below. CGPWD estimated the maintenance cost of these roadways at $110,325. Maintenance will include: grading, mowing, street sweeping, sign maintenance, pothole patching, and drainage maintenance with occurrences shown on the Public Works Assessment table. Pavement maintenance does not have staff cost because it
is contracted out. One of the main concerns that Public Works Department has is that, streets were not built to City standards. This is usually the case when the annexation area involves an existing subdivision, designed and built in the 70s. It is anticipated that the substandard construction will result in higher than normal street maintenance costs.

In January 2015, Pinal County Public Works Department repaved the local roads within Mountain View subdivision.

The Mountain View Estates Subdivision has no shared subdivision level drainage basins, instead, drainage ditches or small individual retention areas have been constructed on each lot to retain the stormwater generated from the development of homes and streets. The adequacy of the stormwater management system constructed within Mountain View Estates is questionable based upon observed flooding of the streets during large storm events.

### Public Works Assessment of Mountain View Estates Annexation

<table>
<thead>
<tr>
<th>Name</th>
<th>Surface</th>
<th>Miles</th>
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<tbody>
<tr>
<td>Area 1 Residential Paved</td>
<td>Chip Seal</td>
<td>2.5</td>
</tr>
<tr>
<td>Area 1 Collector Paved</td>
<td>Chip Seal</td>
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<td>W Arica Rd Paved</td>
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<td>Area 2 Residential Paved</td>
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<td>Area 2 Residential Unpaved</td>
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<tr>
<td>Area 2 Collector Paved</td>
<td>Chip Seal</td>
<td>.50</td>
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<tr>
<td>Lamb Rd Paved /Unpaved</td>
<td>Chip Seal/Gravel</td>
<td>.55</td>
</tr>
<tr>
<td>Area 3 Residential Unpaved</td>
<td>Dirt</td>
<td>.59</td>
</tr>
<tr>
<td>W Arica Rd Unpaved</td>
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<td>.50</td>
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<tr>
<td>Function</td>
<td>Occurrences</td>
<td>Annual Cost</td>
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<td>Pothole patching</td>
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<td>Drainage Maintenance</td>
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</table>

**Total**  
$110,325.24 Estimated Annual Roadway Maintenance Costs – See Exhibit D

Note: **Pavement Maintenance cost is a yearly set aside cost to resurface the roadways on a 10 year cycle. The streets in Mountain View Estates may need resurfacing on a greater frequency due to their construction which does not meet City standards.

**Sewer Service:**

There is evidence that some areas in the development were intended to have a centralized wastewater treatment based upon the existence of manhole covers within some of the streets. However, based on staff’s inquiry with the City of Eloy and Pinal County, there is no existing sewer service at the site. All of the homes are on individual septic systems.
The nearest City sewer line is located north of the Jimmie Kerr Road and west of I-10, about 3 miles north of the proposed annexation area. Until such time as sewer mains are extended to serve this development new residential homes would have to be served through the use of individual septic systems. Any new individual septic systems would have to be approved by the Pinal County Environmental Services Office which has permitting jurisdiction.

**Trash Collection:**

The initial cost of Sanitation Services for Mountain View Estates is estimated by staff to be approximately $35,442 (See Exhibit E). The Trash Collection service however, is an enterprise of the City and thus the monthly fee is set at a level that allows all costs to be covered by the customer. Therefore, trash collection service to Mountain View Estates will result in no added costs to the City.

**Police Service:**

The Police Department (CGPD) does not see that this particular annexation will cause additional work load to the police department, since CGPD is already providing City service to five (5) existing units located north and west of the proposed annexation that are already located inside of the City limits. Any additional calls for service will be minimal and do not in themselves justify any additional resources. However, CGPD stressed the fact that since there is only one way in and out of the site through the Sunland Gin and I-10 intersection timely emergency response will be a challenge. Due to the fact that the I-10 and Sunland Gin area is a busy stretch of road response time will be slightly affected depending on the traffic situation at that intersection. It is estimated that it will cost $133,871 annually to provide police services to Mountain View Estates.

**Fire and Emergency Medical Services:**

Fire Department (CGFD) provided comments on the annexation request noting that they had various concerns, see Exhibit F for more details.
In general the CGFD concerns are as follows:

1. Distance from Fire Station 502/Response Time
2. Infrastructure Needs

CGFD indicated that the annexation area is located approximately 8 miles from the nearest fire station. Response time from Fire station 502 (located behind Lowes on Florence Blvd) would range between 13 to 15 minutes depending on traffic situation and time of the day. Ideally, CGFD would like to have a response time of four minutes or less especially for Emergency Medical Services. CGFD is also concern that the site has only one egress and ingress via Arica Road, and the traffic congestion at Sunland Gin close to the truck stop. In addition, there are only 3 fire hydrants installed by Arizona Water Company at the north end of the site, while the rest of the site has no fire hydrants. CDFD also expressed concerns that the houses were not built to code. The Fire Dept. estimates that it will cost approximately $133,871 per year to provide Fire and EMT service to the Mountain View Estates annexation area.

City Benefit:

It is estimated that the City will receive the following revenue if Mountain View Estates is annexed:

1. **Property Tax**: Based upon the City’s property tax of .9999 (primary only), and considering the latest total Net Limited Property Value (LPV) of the annexation site ($1.365 million), the property tax that will be generated annually is approximately **$13,650**.

2. **State Revenue Share**: Based upon a state revenue sharing of $311.38/person, the City will realize about **$137,318** based on the 441 estimated population of the proposed annexation site. This amount will increase over time as additional residences are constructed within the annexed area.

3. **Sales Tax**: On a city-wide basis sales tax revenue calculates at approximately
$394.37/year/person. Staff estimated an annual sales tax collection of $173,917 from the existing population (441 people) in the subject property. However, it is likely that the residents of Mountain View Estates are already shopping at stores in Casa Grande, therefore, staff did not consider sales tax into the benefit calculation.

4. **Construction Sales Tax:** After annexation is completed, future residential projects are subject to a one-time construction sales tax. With 492 undeveloped residential lots, and assuming that the average home size is 1800 sq. ft. size homes, an estimated $75/sq. cost to build the house, the City would collect a one-time construction sales tax of **$1.7 million** with the construction of new homes on all of the vacant lots over time.

5. **Impact Fees:** There are 492 remaining vacant lots in Mountain View Estates. With the current impact fee for a single family residential unit of $11,295/unit, the City will collect one-time revenue of **$5,557,140**.

Additional long term benefits of annexing Mountain View Estates other than fiscal considerations include:

1. Development of the site under City standards could improve air quality and drainage for City residents. Ensuring that all new residential development occurs within this area occurs on paved streets versus dirt roads will assist in achieving compliance with the PM-10 standards of the Clean Air Act. Requiring all new development with Mountain View Estates to appropriately address developed and historic stormwater flows may prevent existing city residents in the area from having to experience issues with flooding.

2. Having planning and development jurisdiction for an area that is a gateway to our Regional Casa Grande Mountain Park/Open Space and Casa Grande Mountain PAD could have a positive impact upon the City’s image. Having this development within the corporate limits would allow us to be able to control the appearance and character of an area that has the potential to be a high-end residential area that could make positive contributions to the image
and character of the City.

**City Costs**

The cost to provide city services (See Exhibit E)) to the residents of Mountain View Estates is estimated at **$371,689**.

Upon annexation, the City will realize additional revenue of **$137,318** from the State Shared Revenue program and additional property tax of **$13,650** for a total of **$150,968** in additional revenue.

Therefore, it is projected that it will cost the City **$220,721** annually to provide municipal services to the annexed area beyond the revenue that will be realized.

**Conclusion**

At this time staff does not recommend annexation of Mountain View Estates due to:

1. Cost of providing services is significantly greater that the revenue that will be realized.
2. The limited access will make it difficult to provide timely emergency response and efficient delivery of municipal services.
3. Potential for significant roadway and drainage maintenance costs due to the sub-standard construction of these facilities.

Annexation could be considered in the future when:

1. Additional access is provided via street connectivity to the adjacent Casa Grande Mountain PAD.
2. Provisions are made to bring the subdivision improvements, including: streets, drainage, water and wastewater infrastructure up to City standards.