DRAFT - Fiscal Impact Analysis of General Plan Amendment Applications

Prepared for:

Town of Queen Creek, Arizona

November 22, 2013

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EXECUTIVE SUMMARY

BACKGROUND

TischlerBise is under contract with the Town of Queen Creek, Arizona, to conduct a fiscal impact analysis to consider the implications of developing six individual sub-areas of Town identified in proposed General Plan Amendment applications. The fiscal impact analysis evaluates the impacts under the Current General Plan land use and under the Proposed Amendment. This evaluation has quantified the annual operating costs and one-time infrastructure costs for each sub-area and has revealed differing fiscal results, depending on the sub-area.

It is important to note that this fiscal impact report is the first of a three-phase assignment for the Town of Queen Creek. The second phase involves an analysis of two Townwide growth scenarios, reflecting current land use designations compared to proposed Plan Amendments in the aggregate. This is a "bigger picture" analysis intended to paint a realistic and understandable picture about the Town's financial issues and options and how they relate to the land use decisions the Council is being asked to make, both in the near term with these proposed General Plan amendments, but also for the upcoming General Plan revision that will essentially determine the "buildout" land use mix for the Town.

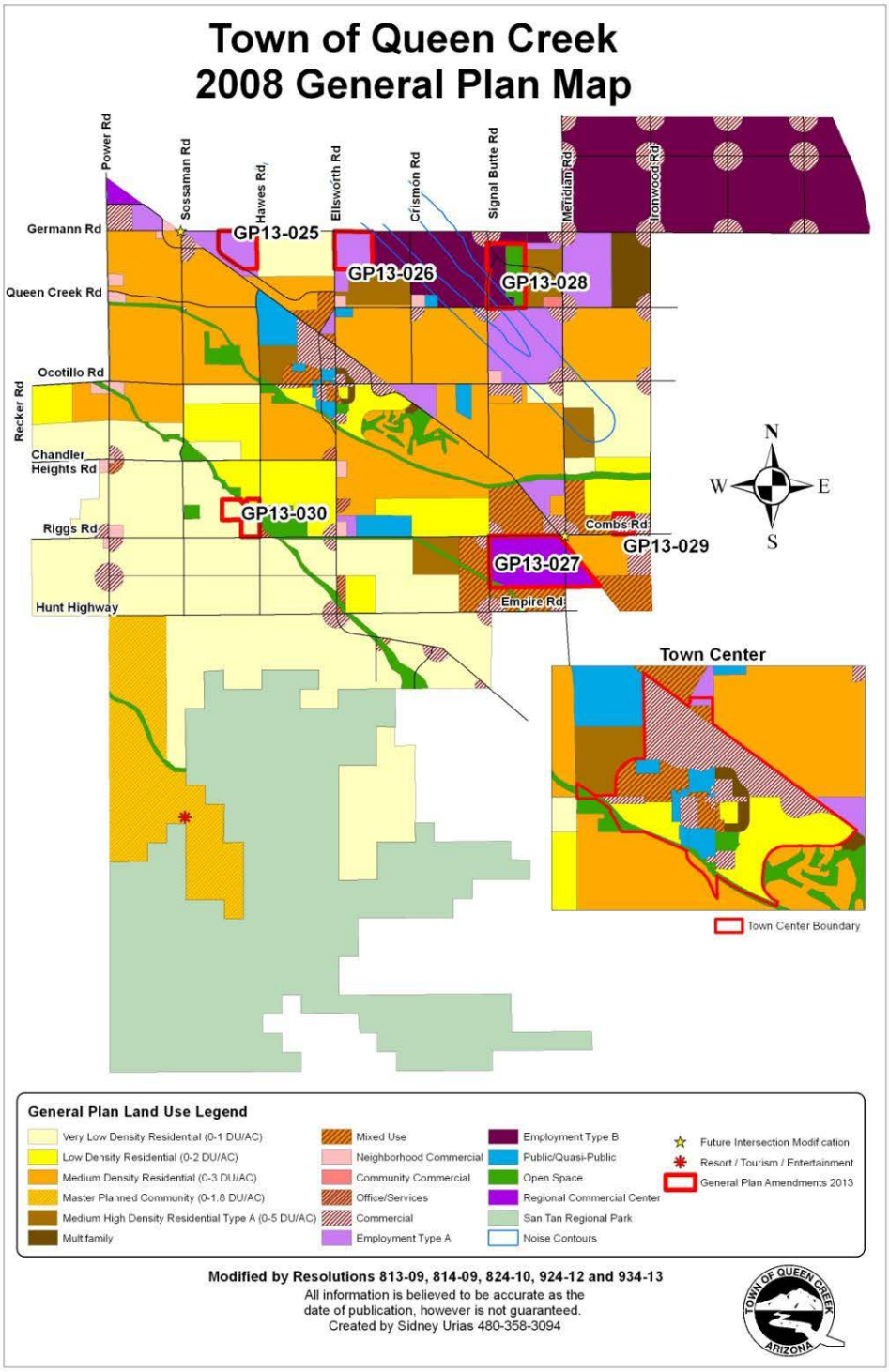
The third phase of our analysis is intended to develop meaningful findings and recommendations that can be considered with the update of the Town's General Plan. This Fiscal Sustainability Audit will contain relevant fiscal sustainability and implementation recommendations (based on the results of the findings from the previous phases) for consideration. This will include (1) specific revenue enhancement options; (2) suggested regulatory changes; and (3) recommendations related to optimizing land use mix, recognizing every community has contributors and recipients.

A fiscal impact evaluation analyzes revenue generation and operating and capital costs to a jurisdiction associated with the provision of public services and facilities to serve new development—residential, commercial, office, or industrial. It includes all direct revenues and costs associated with a specific development proposal. Unlike an economic impact analysis, it does not include spin-off, or indirect, impacts from development but rather identifies whether sufficient revenues will be generated from the new development to cover all related direct costs. For the Town of Queen Creek fiscal impact analysis, all General Fund, Emergency Services Fund, Debt Service and Capital Fund, and applicable departmental Special Revenue Fund (i.e., Development Fee Funds, Highway User Fund) services and facilities are included in the analysis.

GENERAL PLAN AMENDMENTS

The Town of Queen Creek has received six General Plan Amendment applications. Figure 1 on the following page shows the Town of Queen Creek planning area and the sub-areas identified in each of the six applications. This fiscal impact study examines the fiscal impacts of development, as discrete proposals, of the acres included in each of the sub-areas identified by an amendment application. The examinations seek to answer the question: ***What would be the fiscal implications to the Town should the sub-area develop under current General Plan allowances, or under the proposed General Plan Amendment?*** The annual impacts of each development scenario (twelve in all), each happening in isolation from each other, and excluding any existing development, were analyzed and are discussed in this report.

Figure 1: Town of Queen Creek Study Area



A brief summary of each application, as submitted by the applicants, follows.

- **GP13-025, La Jara Farms** is a proposal affecting 140 acres located at the southwest corner of German Road and Hawes Road. The application proposes a development consistent with current platting as Very Low Density Residential.

- **GP-13-026, The Estates at Queen Creek Station** is a proposal affecting 156 acres located at the southeast corner of Germann Road and Ellsworth Road. The application proposes changing from an Employment Type A land use that would host industrial, office, and commercial establishments, to allow development of Low Density Residential single unit homes.

- **GP13-027, Meridian Crossing** is a proposal affecting 500 acres located near the intersection of Meridian Road and Rittenhouse Road. The application proposes not pursuing the existing plan to develop over 3,000 multifamily residential units, and 252 acres to host approximately 450,000 square feet each of commercial and office space. The application seeks to change the General Plan to Medium Density Residential to host single unit homes, and to develop 20 acres of commercial and office space.

- **GP13-028, Barney Farms** is a proposal affecting 241 acres at the northeast corner of Signal Butte Road and Queen Creek Road. The application proposes changing the current land use plan for industrial development under Employment Type B, to a mix of land uses including Medium Density Residential A and Medium Density Residential B, and 151 acres of office and commercial space.

- **GP13-029, The Vineyards** is a proposal affecting 55 acres just beyond the northwest corner of Gantzel Road and Combs Road. The application proposes changing the current land use plan to develop single unit residential and approximately 100,000 square feet of commercial and office space, to develop only single residential units under Medium Density Residential A.

- **GP13-030, Sonoqui Creek Village** is a proposal affecting 89.32 acres located at the northwest corner of Hawes Road and Riggs Road. The application proposes changing the current land use from Very Low Density Residential to Low Density Residential.

Figure 2 presents a summary of the development proposed in each of the six General Plan Amendment applications.

Figure 2: Summary of General Plan Amendment Applications

General Plan Amendment Application	Housing Units	Nonresidential Acres
GP13-025, La Jara Farms	96 HU	
GP13-026, Estates at Queen Creek Station	324 HU	
GP13-027, Meridian Crossings	1,117 HU	20 Acres
GP13-028, Barney Farms	564 HU	151 Acres
GP13-029, The Vineyards	162 HU	
GP13-030, Sonoqui Creek Village	140 HU	

Land Use Assumptions for the General Plan Amendment Applications

To ensure a uniform analysis of all sub-areas, TischlerBise worked with Town staff to develop a consistent methodology to convert gross acreage of each sub-area to actual allowable development based on the Town's current land use plan and development patterns. The scenarios analyzed by TischlerBise may differ from the applications as submitted due to the methodology developed to ensure a uniform analysis. Both the General Plan and Proposed Amendment development scenarios assume maximum densities allowable per land use category.

Additional explanation of the assumptions used to develop the uniform analysis of the applications is provided in the body of this report. A summary of the development scenarios evaluated in this fiscal impact analysis is provided in Figure 3.

Figure 3: Current and Proposed Net New Development Absorbed for Six Proposed General Plan Amendment Areas

	GP-13-025, La Jara Farms		GP13-026, Estates at Queen Creek Station		GP13-027, Meridian Crossing	
	General Plan	*Proposed Amendment**	*General Plan*	*Proposed Amendment**	*General Plan*	*Proposed Amendment**
Absorption Period (Years)	**3**	**3**	**4**	**4**	**18**	**18**
Total Population	**298**	**298**	**0**	**664**	**7,135**	**3,065**
Residential Units						
Single Family	96	96	0	214	0	987
Multi-Family	0	0	0	0	3,109	0
TOTAL Units	**96**	**96**	**0**	**214**	**3,109**	**987**
Nonresidential Floor Area (KSF)						
Retail/Comm/Service KSF	0	0	108	0	453	49
Office/Institutional KSF	0	0	208	0	438	3
Industrial/Manufacturing KSF	0	0	316	0	0	0
TOTAL KSF	**0**	**0**	**632**	**0**	**891**	**52**
Employment						
Retail/Comm/Service Jobs	0	0	216	0	907	98
Office/Institutional Jobs	0	0	691	0	1,456	10
Industrial/Manufacturing Jobs	0	0	567	0	0	0
TOTAL Jobs	**0**	**0**	**1,474**	**0**	**2,363**	**108**

	GP13-028, Barney Farms		GP13-029, The Vineyards		GP13-030, Sonoqui Creek Village	
	General Plan	*Proposed Amendment**	*General Plan*	*Proposed Amendment**	*General Plan*	*Proposed Amendment**
Absorption Period (Years)	**18**	**18**	**14**	**14**	**8**	**8**
Total Population	**0**	**957**	**124**	**587**	**189**	**379**
Residential Units						
Single Family	0	162	40	189	61	122
Multi-Family	0	198	0	0	0	0
TOTAL Units	**0**	**360**	**40**	**189**	**61**	**122**
Nonresidential Floor Area (KSF)						
Retail/Comm/Service KSF	0	400	97	0	0	0
Office/Institutional KSF	0	600	5	0	0	0
Industrial/Manufacturing KSF	630	0	0	0	0	0
TOTAL KSF	**630**	**1,000**	**102**	**0**	**0**	**0**
Employment						
Retail/Comm/Service Jobs	0	800	194	0	0	0
Office/Institutional Jobs	0	1,993	17	0	0	0
Industrial/Manufacturing Jobs	1,130	0	0	0	0	0
TOTAL Jobs	**1,130**	**2,793**	**211**	**0**	**0**	**0**

** Analyzed scenarios may differ from the applications as submitted, due to the methodology developed by TischlerBise and Town staff to ensure a uniform analysis of all sub-areas as described in the ANALYSIS OF GENERAL PLAN AMENDMENT APPLICATIONS section of this report.*

Source: Town of Queen Creek; TischlerBise; The Chesapeake Group

SUMMARY OF APPROACH MAJOR ASSUMPTIONS

A fiscal impact analysis determines whether revenues generated by new growth are sufficient to cover the resulting costs for service and facility demands placed on the Town. It is based on cost and revenue assumptions that reflect a community's current level of service. TischlerBise analyzed the fiscal implications of developing each of the six sub-areas under the current General Plan and the proposed General Plan Amendment. A projection timeline of 30 years is used to show long-term trends.

The fiscal impact analysis conducted by TischlerBise incorporates a marginal/average cost hybrid approach. While the case study-marginal methodology is the most realistic method for evaluating fiscal impacts of Townwide scenarios, to evaluate discrete land use changes as is done here, an average cost is warranted. This reflects the annual operating impact of staffing needs and other operations as well as allocates each development's share of capital expenditures. This is different from a Townwide analysis where facilities and other infrastructure needs will be triggered and "built" once a threshold is reached, resulting in "lumpier" fiscal impact results.

The assumptions outlined below are utilized along with the development projections discussed elsewhere to calculate the potential fiscal impact on the Town over the 30-year projection period. Calculations are performed using a customized fiscal impact model designed specifically for this assignment.

Marginal, Growth-Related Costs and Revenues

For this analysis, costs that are directly attributable to new growth are included. Both operating and capital costs are taken into consideration. Some costs are not expected to be impacted by demographic changes, and may be fixed in this analysis. For example, this is true for some functions included under the Town Council budget. Other items to note:

- Operating costs are generally projected on an average basis with adjustments for personnel costs to reflect the impact to line staff from growth as opposed to supervisors or department heads.

- Capital costs are projected based on the pro-rata share of infrastructure needed to serve each development proposal. For example, a new Fire Station in the Town is anticipated to be constructed with 8,000 square feet. However, each scenario modeled in this analysis of General Plan Amendments would not trigger that threshold. Therefore, to show each amendment's fair share of the cost, the amount of square footage is pro-rated and modeled as such. (For example, the La Jara Farms development generates a need for only an additional 91 square feet of Fire Station space, based on current levels of service. The capital cost for this amount of space is included in the results.)

  - An exception to this is the additional road improvement cost associated with Meridian Crossing General Plan Amendment (GP13-027) described in the Meridian Road Design Concept Report. However, this additional cost is not included in the model due to the preliminary stage of the road improvement project.

- Capital facilities are projected for purposes of this analysis based on the methodology set forth in TischlerBise's Draft Development Fee Study.[1] Debt financing is assumed for a portion of capital improvements that are projected on an incremental basis to serve growth. For some capital facilities that have existing capacity (Town Building, Library Building, and Open Space) where debt has already been issued, the costs projected already capture financing costs. Further discussion on capital assumptions is provided in the body of this report.

Levels of Service

Cost projections are based on the "snapshot approach" in which it is assumed the current level of service, as funded in the Town's FY2014 budget, will continue through the projection period. Current demand base data was used to calculate unit costs and service level thresholds. Examples of demand base data include population, dwelling units, employment by industry type, and jobs. In summary, the "snapshot" approach does not attempt to speculate about how levels of service, costs, revenues and other factors will change over 30 years. Instead, it evaluates the fiscal impact to the Town as it currently conducts business under the present budget. Operating and capital costs are projected. Further detail is provided in the *Approach and Major Assumptions* chapter.

Revenues are projected assuming that the current revenue structure and tax rates, as defined by the FY14 budget, will not change during the analysis period. Of particular note are the following:

- Retail sales tax revenue is projected attributing some additional retail sales tax revenues to residential development. Because these Plan Amendments are stand-alone and often single-use developments, one could argue that residential development will generate additional retail sales tax revenues. In other words, if the Town only experienced future residential development, retail sales tax revenue would likely increase regardless of whether new retail was developed.

  Therefore, retail sales tax revenue is projected from both future residential and retail development. Retail sales tax revenues from residential development are projected based on the assumption that Town retail will capture a portion of residents' discretionary spending on retail goods. Sales tax revenues from retail development are projected based on estimated average sales per square foot captured from nonresidents.

[1] The Town's Development Fee Study is currently being updated. The capital assumptions included in the Fiscal Impact Analysis are from the Draft Development Fee Study (Oct. 31, 2013).

- Construction sales tax is projected from all new development at an estimated average construction value assumed at 65 percent of market values.

- The Town's primary property tax is modeled based on average assessed values for residential and nonresidential development. These revenues are used to fund the Emergency Services Fund.

- Development impact fee revenues are projected based on the TischlerBise *Draft Development Fee Study* as of October 31, 2013, by type of land use in each Plan Amendment. (Costs for capacity infrastructure improvements are also modeled.)

Enterprise operations such as the Town's water and wastewater utilities are *not* included in this analysis since it is assumed that these services continue to be self-funded; that is, revenues generated from fees and rates are sufficient to cover related expenses.

Specific assumptions pertaining to any unique treatment of revenue and cost factors are discussed wherever relevant throughout the body of this report.

Inflation Rate

The rate of inflation is assumed to be zero throughout the projection period, and cost and revenue projections are in constant 2013 dollars. This assumption is in accord with current budget data and avoids the difficulty of forecasting as well as interpreting results expressed in inflated dollars. In general, including inflation is very complicated and unpredictable. This is particularly the case given that some costs, such as salaries, increase at different rates than other operating and capital costs such as contractual and building construction costs. And these costs, in turn, almost always increase in variation to the appreciation of real estate. Using constant 2013 dollars reinforces the snapshot approach and avoids these problems.

Non-Fiscal Evaluations

It should be noted that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. In addition, economic development goals such as the ability to provide suitable locations for future employment growth should be taken into consideration when making land use decisions. The above notwithstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

Projection Factors

Details on projection methodologies and factors are provided in the body of this report. All variable costs and revenues are projected, including operating and capital revenues and expenditures.

FISCAL IMPACT RESULTS

Each General Plan Amendment is addressed separately and discussed in turn. The fiscal impact results for each proposed amendment are compared to allowable land uses and intensities under the Current General Plan. The *Scenarios* chapter provides detail on the approach used to identify appropriate land use assumptions. In this section, we present the results of our fiscal analysis with further detail in the *Fiscal Impact Analysis Results* chapter. Please note the scale on each chart—the dollar values vary by scenario and the scale is in thousands ($1,000s).

Annual Net Fiscal Impacts

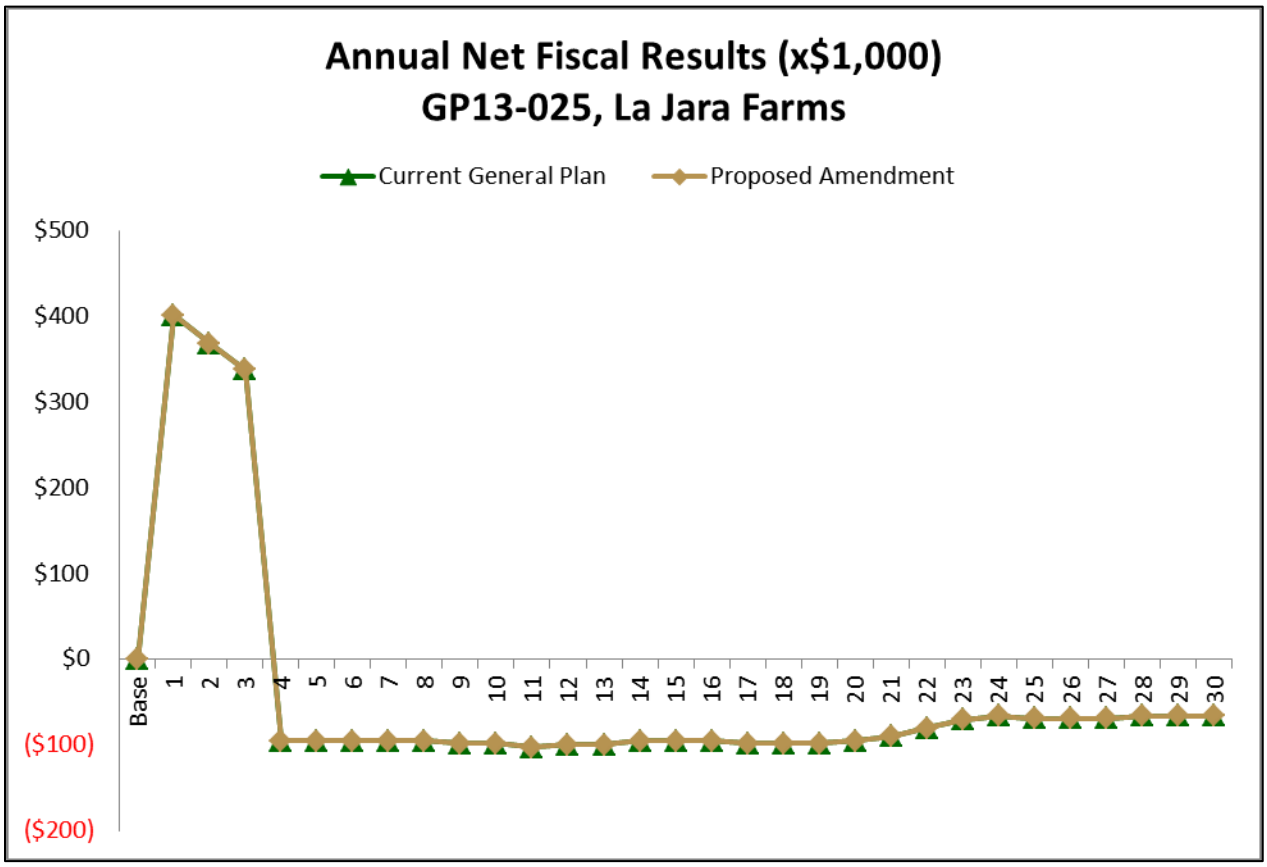
The charts below show the annual net fiscal results to the Town for each of the scenarios over the 30-year development period. By showing the annual results, the magnitude, rate of change, and timeline of deficits and revenues can be observed over time. The "bumpy" nature of the annual results during particular years represents the costs for capital facilities and/or major operating costs being incurred.

Net fiscal results are **revenues minus costs in each year**, including operating and capital costs. Data points above the $0 line represent annual surpluses; points below the $0 line represent annual deficits. Surpluses in any one year are not carried forward to the next year.

LA JARA FARMS (GP13-025)

The development assumed for La Jara Farms is 96 single family housing units absorbed over 3 years. Both the current General Plan and the Proposed Amendment assume the same development.

Figure 4: Annual Net Results – Development Scenario: GP13-025, La Jara Farms

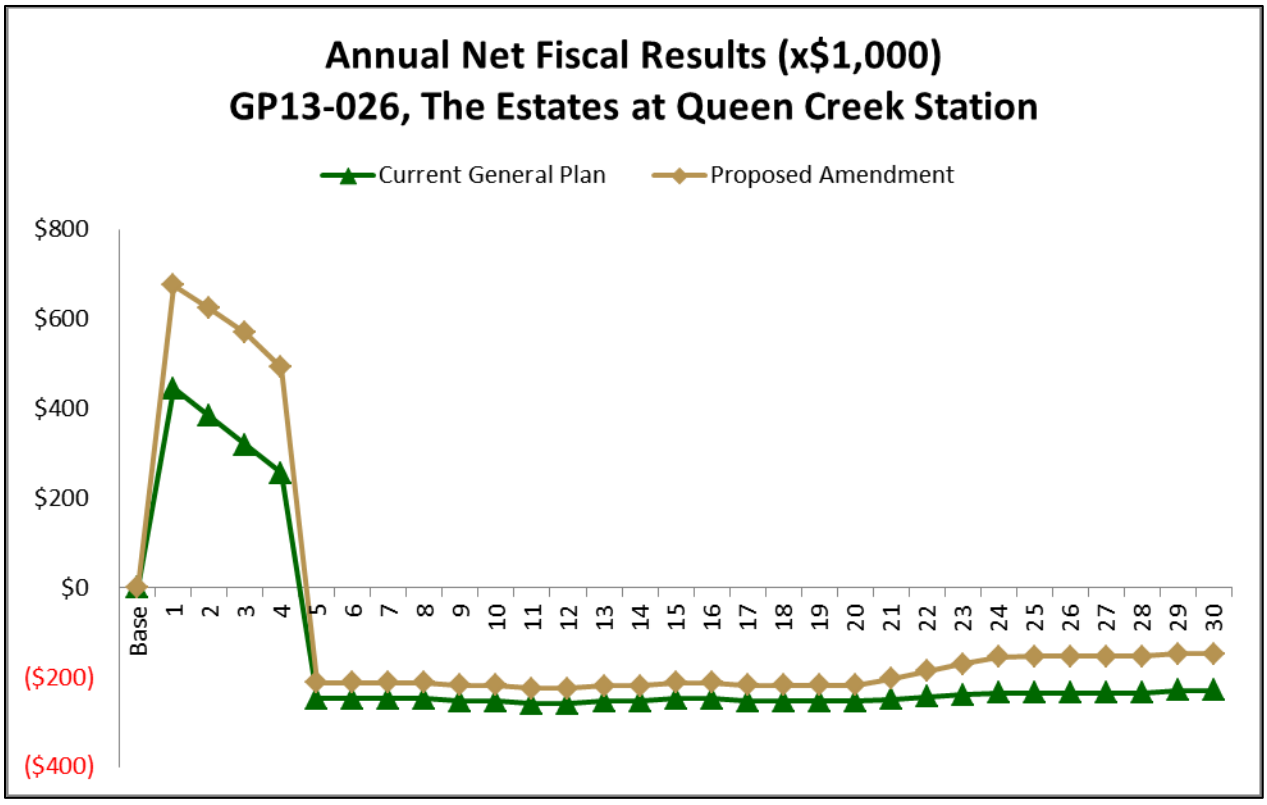


- Over the 3-year absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the years of construction, net surpluses would be generated for both scenarios.
- By Year 30, the annual net deficit is approximately $66,000 .
- Annual operating expenditures in year 30 are $204,000 with annual revenues of $138,000.
- Capital impacts for these scenarios include **cumulative** expenditures of approximately $901,000 total over 30 years, of which $566,000 is for Parks and Recreation. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

THE ESTATES AT QUEEN CREEK STATION (GP13-026)

The development projected for The Estates at Queen Creek Station is assumed to be absorbed over 4 years. Development under the current General Plan assumes a total of 632,000 square feet of nonresidential development (with approximately half industrial development, 200,000 SF of office, and 100,000 SF of retail). The Proposed Amendment assumes 214 units of single family housing.

Figure 5: Annual Net Results – Development Scenario: GP13-026, Estates at Queen Creek Station



- Over the four-year absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the years of construction, net surpluses would be generated for each scenario.
- Starting in Year 5, the annual net fiscal impact is a net deficit for both scenarios. The proposed residential-only scenario (Proposed Amendment) generates better fiscal results (due to sales tax revenues allocated to residential) than the nonresidential scenario, albeit with both scenarios generating net deficits. By Year 30, the annual net deficit is approximately $229,000 under the Current General Plan and $147,000 under the Proposed Amendment.
- The annual results include capital revenues and costs, which include the purchase of *replacement vehicles and apparatus* namely for Fire and Police. Because this proposal assumes a 4-year

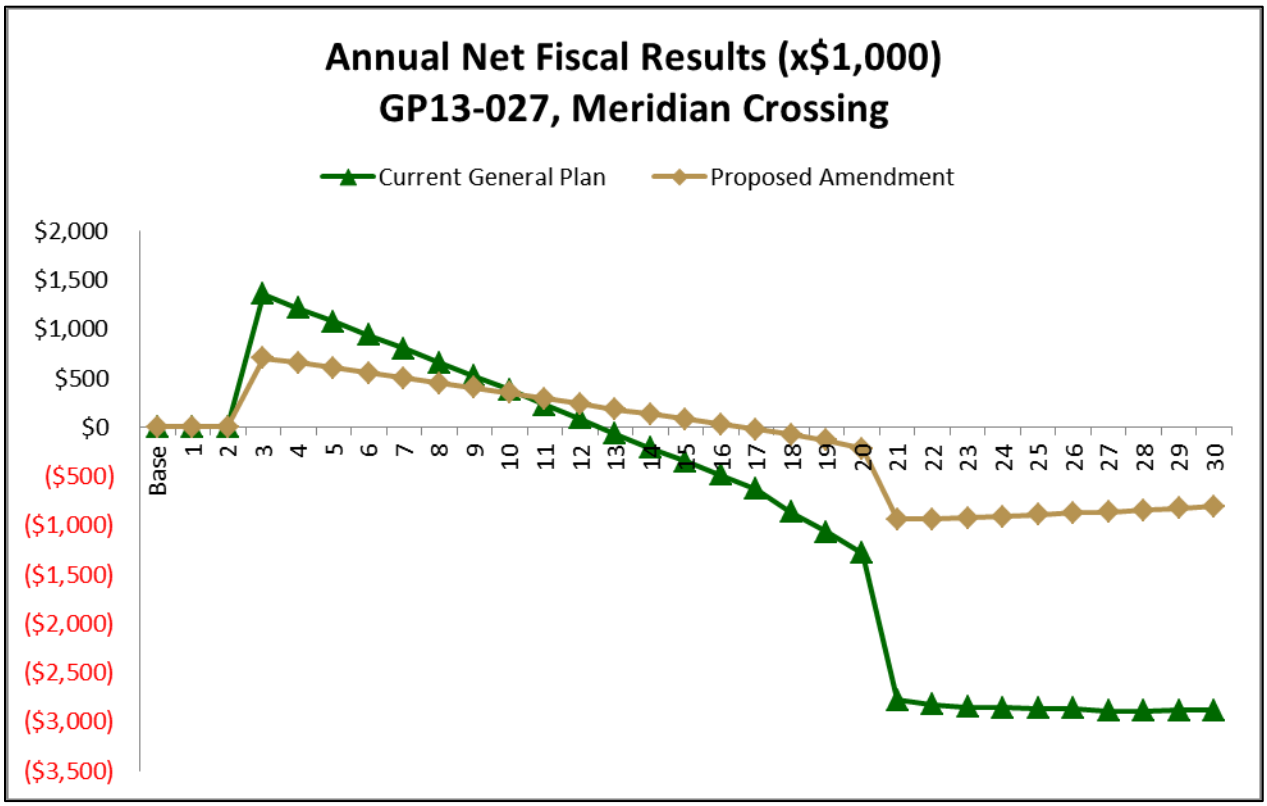
absorption, capital needs are incurred on the front end and in subsequent years, replacement purchases are assumed.

- Another reason for the differences between the nonresidential uses (current General Plan) and residential uses (Proposed) is due to revenue sources that are allocated to the Town on a per capita basis. For scenarios with no assumed population increase—i.e., nonresidential development only, those revenues will not be available but costs funded by those revenues on an ongoing basis will still be incurred. This occurs in the Streets Program (Highway User Revenues) as well as with Urban Revenue Sharing and State Sales Tax. These revenue sources are allocated on a per capita basis (with adjustments to State shared revenues to reflect that the formula is based on decennial Census factors).
- Capital impacts for these scenarios include cumulative expenditures of approximately $883,000 for the General Plan scenario and $2.0 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

MERIDIAN CROSSING (GP13-027)

The application proposes not pursuing the existing General Plan, which allows over 3,000 multifamily residential units and 252 acres for nonresidential development allowing approximately 450,000 square feet each of commercial and office space. The application seeks to change the General Plan to Medium Density Residential to allow single unit homes (987 units), and to develop 20 acres of commercial and office space (assumed as 49,000 square feet of retail and 3,000 square feet of office). The scope of these scenarios is much larger than most of the others—in particular the General Plan assumptions with projected increase in population of 7,135 and 2,363 jobs. The Proposed Amendment assumes an increase of 3,065 population and 108 jobs.

Figure 6: Annual Net Results – Development Scenario: GP13-027, Meridian Crossing



- The absorption period is 18 years after development begins in year 3, which explains the change from surpluses to deficits in year 21. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the early years of construction, net surpluses are generated for each scenario with a gradual shift to net deficits.
- By Year 30, the annual net fiscal impact is a net deficit for both scenarios. The Proposed Amendment of mostly residential development generates better fiscal results (primarily due to sales tax revenues allocated to residential as well as per capita state shared revenues) than the mixed-use scenario,

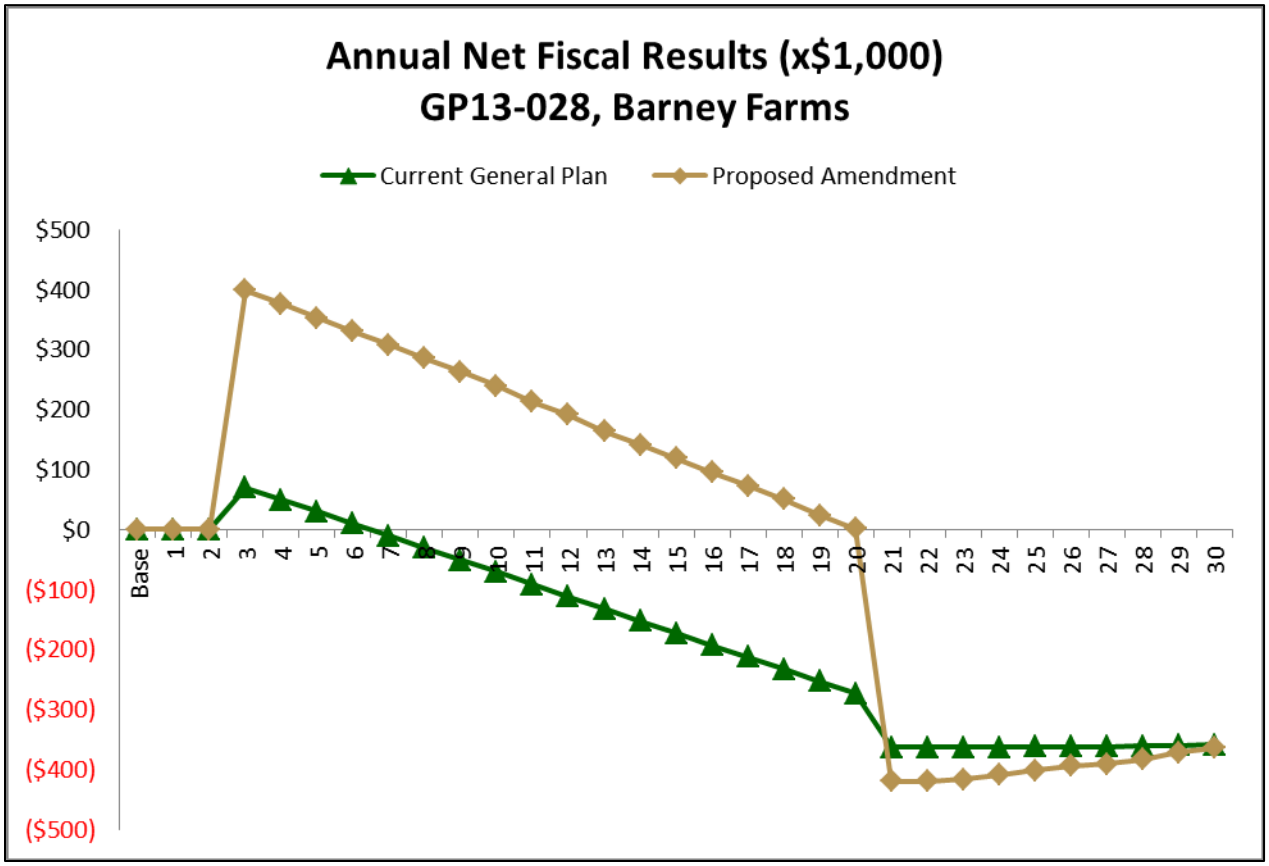
albeit with both scenarios generating net deficits. The annual net deficit is approximately $2.9 million under the Current General Plan and approximately $810,000 under the Proposed Amendment.

- The Current General Plan assumes over 3,000 multifamily units, which do not generate sufficient revenues to offset their costs. This has an aggregating effect and leads to deeper deficits. In addition, given the Town's revenue structure, office development also does not generate net surpluses. Office development generates minimal ongoing revenues to the Town other than property taxes.
- The annual operating impacts from the two scenarios vary with the Current General Plan generating costs that are over three times higher than the Proposed Amendment. (Current General Plan generates annual operating costs of $6.7 million compared to the Proposed Amendment at $2.2 million.)
- Capital impacts for these scenarios include cumulative expenditures of approximately $21.3 million for the General Plan scenario and $8.5 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

BARNEY FARMS (GP13-028)

The application proposes changing the current land use plan for industrial development (of 630,000 square feet) under Employment Type B, to a mix of land uses including Medium Density Residential A and Medium Density Residential B (assuming 162 single family units and 198 multifamily units), and 151 acres of office and commercial space (assuming 400,000 square feet of retail and 600,000 square feet of office space).

Figure 7: Annual Net Results – Development Scenario: GP13-028, Barney Farms



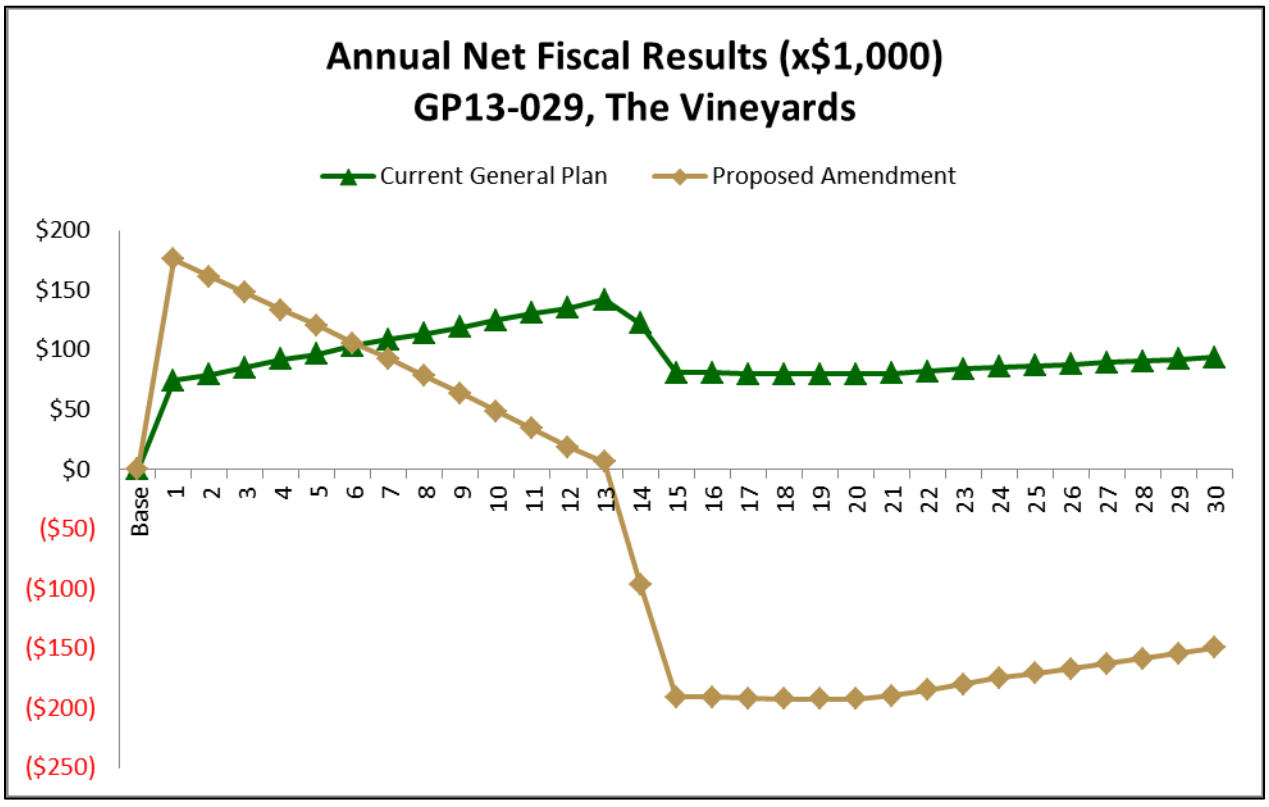
- The absorption period is 18 years with development beginning in year 3, which explains the change to net deficits in year 21 for both scenarios. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures for the proposed scenario.
- By Year 30, the annual net fiscal impact is a net deficit for both scenarios. The Current General Plan assumption of industrial development does not generate sufficient revenues to support its projected costs. The Proposed Amendment, which is a mix of uses, generates net deficits after one-time revenues have stopped. The annual net deficit is approximately $359,000 under the Current General Plan and $364,000 under the Proposed Amendment.

- While the resulting net deficit amounts are close in value (a shortfall of approximately $360,000), the actual operating impact from the two scenarios is very different: *The Current General Plan generates an annual operating cost of $508,000 while the Proposed Amendment generates an annual operating cost of $2 million—a fourfold increase.*
- Capital impacts for these scenarios include cumulative expenditures of approximately $530,000 for the General Plan scenario and $4.4 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

THE VINEYARDS (GP13-029)

The application proposes changing the current land use plan, which allows single unit residential (40 units) and approximately 100,000 square feet of commercial and office space, to develop only single residential units (assumed at 189 units) under Medium Density Residential A.

Figure 8: Annual Net Results – Development Scenario: GP13-029, The Vineyards

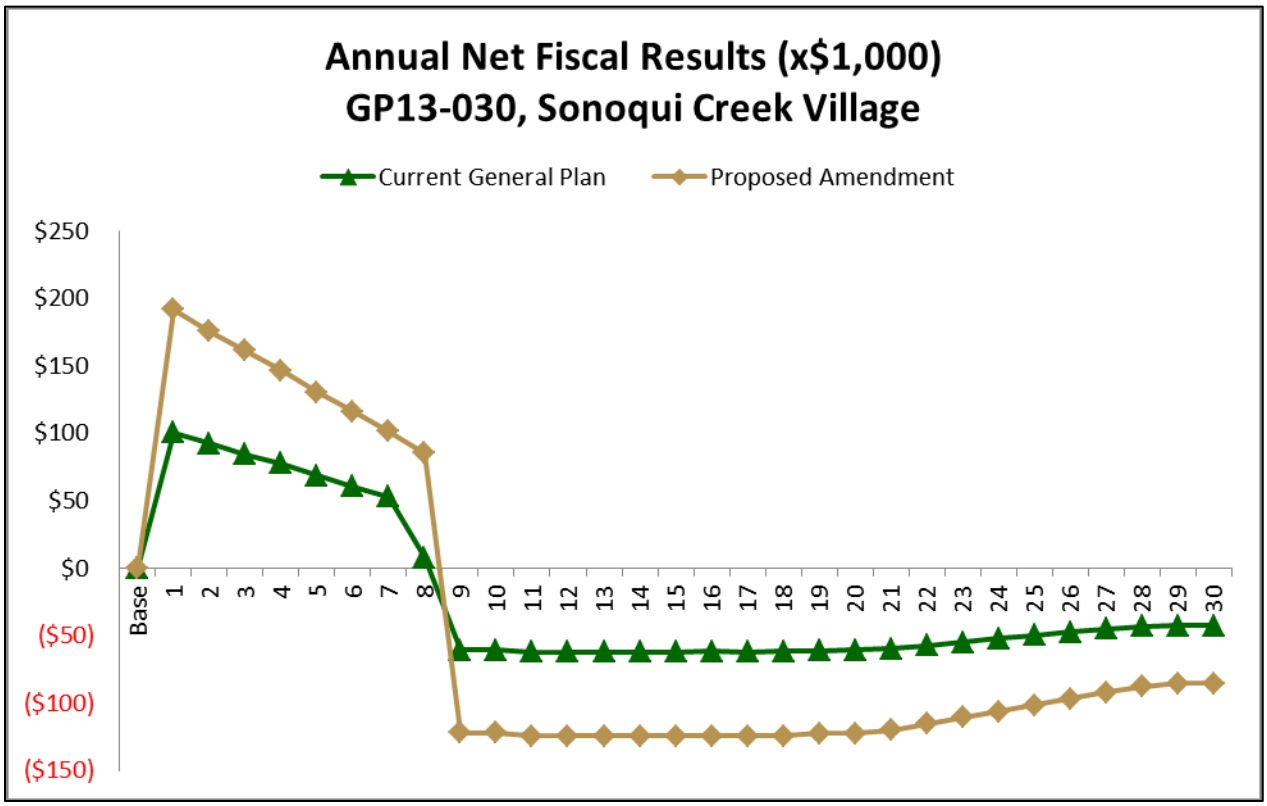


- The absorption period is 14 years with development beginning in year 1, which explains the downward slopes after the absorption period. During the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures.
- The Current General Plan land use assumptions generate net surpluses. The development is relatively small in scale with 40 single family units and approximately 100,000 square feet of nonresidential space of which 97,000 is assumed to be retail. This is a sustainable mix of uses from a fiscal standpoint.
- For the Proposed Amendment, net deficits are generated in later years after initial surpluses are generated due to one-time revenues. The proposal evaluated is for 189 single family units with an increase in population of 587. Assuming a portion of retail sales tax revenues are generated from residential development offsets some costs but is still insufficient to cover total expenses.
- By Year 30, the annual net fiscal impact is a surplus of approximately $94,000 under the Current General Plan and a net deficit of approximately $149,000 under the Proposed Amendment.
- Capital impacts for these scenarios include cumulative expenditures of approximately $613,000 for the General Plan scenario and $1.7 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

SONOQUI CREEK VILLAGE (GP13-030)

The application proposes changing the current land use from Very Low Density Residential (assumes 61 units of single family) to Low Density Residential (assumes 122 units of single family).

Figure 9: Annual Net Results - – Development Scenario: GP13-030, Sonoqui Creek Village



- The absorption period is 8 years with development beginning in year 1, which explains the net fiscal deficits in year 9. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures.
- Both development scenarios generate net deficits on an annual basis after construction is complete. The Current General Plan scenario assumes half as many units as the Proposed Amendment (61 units compared to 122) and the results reflect this difference. Net deficits for the Current General Plan are less than the Proposal Amendment.
- By Year 30 net deficits are generated of approximately $43,000 for the Current General Plan and $86,000 for the Proposed Amendment.
- Capital impacts for these scenarios include cumulative expenditures of approximately $570,000 for the General Plan scenario and $1.1 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore incremental expansion

costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

SUMMARY OF FINDINGS

The fiscal impact analysis reveals that in the short-term for several scenarios, sufficient revenues are generally available to accommodate new growth. However, once initial construction-related revenues cease, annual net differences between the Plan Amendments emerge.

- Scenarios with only residential development generate an annual net deficit under the assumptions in this analysis. While initial years generate net surpluses due to front-end construction sales tax and building revenues, once the absorption phase concludes, net deficits are generated. This occurs even under the assumption that new residential development will generate additional Town sales tax revenues.
- Scenarios with a mix of land uses have mixed results. Those with retail land uses may generate net surpluses but the results are dependent on the combination of other land uses. Those scenarios with industrial land uses tend to generate net deficits. While costs are low in these scenarios, there are only a few types of revenues generated from industrial development, therefore net deficits are generated.

As noted elsewhere, the fiscal analysis of the General Plan Amendments includes both operating and capital expenditures. The approach for this analysis is an average cost approach where pro-rated costs—both operating and capital—are allocated to the amount of development projected for each amendment. This differs from a **marginal cost** approach where facilities would be "built" by the model when a certain service population threshold is reached, which would then trigger operational costs in some cases. This type of marginal approach will be used in the next phase of the Town's fiscal analysis, which will evaluate Townwide growth scenarios.

Comparison with Other Fiscal Impact Studies

The Town has received fiscal impact evaluations from the six applicants.[2] Five of the six evaluations were fiscal impact analyses evaluating both revenues and costs. (The analysis submitted for the sixth application, Meridian Crossing, was an economic and fiscal impact analysis that only evaluated revenues and included spin-off economic effects from construction activities.)

TischlerBise reviewed the analyses and identified the following major differences (focused on the five fiscal impact analyses):

- The studies assume economies of scale for some operations with decreasing costs per service population over time—such as for recreation services, fire, and park maintenance (although if the proposal does not include any park acres, the studies assumed no costs). This is a departure

[2] Five of the six analyses were conducted by Applied Economics in May or June 2013 (La Jara Farms; The Estates at Queen Creek Station; Barney Farms; The Vineyards; and Sonoqui Creek Village. The sixth analysis for Meridian Crossing was conducted by Elliot D. Pollack & Company in June 2013.

from TischlerBise's current analysis where current operating levels of service and costs per service population are assumed throughout the projection period.

- Property values tend to differ among the applicants' studies and TischlerBise's analysis. TischlerBise uses an average value by type of land use to be consistent across scenarios.

- The applicants' studies assume a lag of 1 year after construction to generate property tax revenues while the TischlerBise analysis does not.

- For state shared revenues (income and sales tax), the applicants' studies assume the revenue is "fixed" until the year 2021 when adjustments will be made by the State after the next decennial Census. We project on a per capita basis but adjust the revenue per capita downward to 50 percent to account for this future modification.

- As noted above, if there are no new park acres assumed as part of the development proposal (of which there are none assumed in the submitted applications), the applicants' studies assume no cost for parks maintenance. The TischlerBise analysis projects new park acres demanded by residential development and then models the operations and maintenance costs from those new acres.

- For Police cost allocation to residential and nonresidential development, the applicants' studies utilize an outdated share of 90 percent to residential and 10 percent to nonresidential. The latest allocation is 83 percent residential and 17 nonresidential.[3]

- For Fire cost allocation to residential and nonresidential development, the applicants' studies utilize a share of 75 percent to residential and 25 percent to nonresidential. The latest allocation is 83 percent residential and 17 nonresidential.[4] The applicants' studies also note that costs per service population are assumed to decrease over time due to economies of scale. However, cost factors are not provided to enable comparison to TischlerBise's cost assumptions, which assumes current levels of service and costs continue throughout the projection period.

- The applicants' street maintenance costs are projected on built lane miles assumed in each proposal. The TischlerBise analysis projects street maintenance costs on an increase in demand on all roads—local and system level roads—by projecting the increase in vehicle miles of travel and the costs to serve the additional demand.

[3] TischlerBise Development Fee Study for the Town of Queen Creek (Draft, October 31, 2013).
[4] TischlerBise Development Fee Study for the Town of Queen Creek (Draft, October 31, 2013).

Furthermore, another fiscal study is well known in the Phoenix region and should be noted. The Maricopa Association of Governments (MAG) commissioned a study in 2001 to look at the generalized fiscal impact of different land uses on communities in the MAG region. The study, "Regional Growing Smarter Implementation: Fiscal Balance," sought to "provide background information on how different types of development impact communities from a fiscal perspective."[5]

The study provided a literature review of fiscal impact studies as well as provided a fiscal model methodology to develop net fiscal impacts for four different general land uses in localities in Maricopa County. The approach taken for the study was to group cities by size, with Queen Creek included in the "small city" category. Then for each city size group, revenue and cost factors were derived and used to evaluate the fiscal impact of the general land use categories. The exception to the use of uniform factors was for property and sale tax rates, which varied by jurisdiction.

Because of this grouped approach, the results for the Town of Queen Creek appear to reflect results for an average small city in the region for some of the land uses. However, it is informative to compare the general results from this study to the findings from the TischlerBise analysis. Also included in the comparison is the "Typical Hierarchy of Land Use and Fiscal Impact" (1993) from Burchell and Listokin as quoted in the MAG study. A summary figure is provided below.

Figure 10. Comparison of Fiscal Studies

	Burchell & Listokin* (1993)	***MAG Study** (2001)***	***TischlerBise GPA Analysis*** (2013)***
Single Family [1]	-	-	-
Multifamily [2]	-	-	-
Retail	-	+	+
Office	+	+	-
Industrial	+	-	-

+ = positive fiscal impact
- = negative fiscal impact

** "Typical Hierarchy of Land Use and Fiscal Impact," Robert Burchell and David Listokin, "Fiscal Impact Procedures and State of The Art." Lincoln Institute of Land Policy, 1993, as quoted in MAG Study, 2001.*

*** Results for Town of Queen Creek, MAG Study 2001; results were reported "per acre"*

**** Special analysis by TischlerBise per housing unit and per 1,000 sf of nonresidential space, using assumptions per the GPA fiscal impact analyses*

[1] MAG results reflect "Large Lot SF"

[2] MAG results reflect "Medium Density MF"

[5] Applied Economics, *Maricopa Association of Governments Regional Growing Smarter Implementation: Fiscal Balance; Final Report, October 2001.*

It is important to recognize that Burchell and Listokin's fiscal hierarchy is a generic guide to how individual land uses will perform from a fiscal perspective. But there are numerous factors that influence the fiscal results for different land uses, including local revenue structure, levels of service, and the capacity of existing infrastructure, as well as the demographic and market characteristics of new growth. In the case of Queen Creek, limited property tax revenues shift Burchell's positive generalized assumption for office and industrial land uses to a negative in Queen Creek.

The other difference between the MAG findings and TischlerBise's recent results is for office development. As noted above, the MAG study appeared to have provided results for Queen Creek as part of an average "small city" group. In addition, the assumptions were from 2001 when the Town had a population of 5,000 compared to almost 30,000 today. TischlerBise's current analysis of office development, given the average assumptions in the General Plan Amendment evaluations, reveals a negative fiscal impact due to minimal revenues generated. Office development would have a positive fiscal impact if property taxes played a larger role in Town funding. As it stands today, retail sales taxes reflect the single largest revenue source for the Town with another sizable share of the budget coming from population-driven funding sources. That said, office and industrial development are crucial land uses for a locality to maintain a balanced land use mix. Office and industrial development allows residents to work and live locally, thus reducing commuting times (and vehicle emissions); establishes a local business community that in turn supports the larger community and is vested in its success; generates spin-off benefits to the local and regional economy that are not necessarily captured in a fiscal analysis; and allows children who grew up in the community to stay or return to build and support the community.

As noted above, it should be reiterated that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. In addition, economic development goals such as the ability to provide suitable locations for future employment growth should be taken into consideration when making land use decisions.

GENERAL PLAN AMENDMENTS

The Town of Queen Creek has received six General Plan amendment applications. Figure 11 on the following page shows the Town of Queen Creek planning area and the sub-areas identified in each of the six applications. This Fiscal Impact Study examines the fiscal implications of development, in isolation, of the acres included in each of the six sub-areas identified by an amendment application. The examinations seek to answer the question: ***What would be the fiscal implications to the Town should the sub-area develop under current General Plan allowances, or under the proposed General Plan Amendment?*** The annual impacts of each development scenario (twelve in all), each happening in isolation from each other, and excluding any existing development, were analyzed and are discussed in this report.

A brief summary of each application, as submitted by the applicants follows.

- **GP13-025, La Jara Farms** is a proposal affecting 140 acres located at the southwest corner of German Road and Hawes Road. The application proposes a development consistent with current platting as Very Low Density Residential.
- **GP-13-026, The Estates at Queen Creek Station** is a proposal affecting 156 acres located at the southeast corner of Germann Road and Ellsworth Road. The application proposes changing from an Employment Type A land use that would host industrial, office, and commercial establishments, to allow development of Low Density Residential single unit homes.
- **GP13-027, Meridian Crossing** is a proposal affecting 500 acres located near the intersection of Meridian Road and Rittenhouse Road. The application proposes not pursuing the existing plan to develop over 3,000 multifamily residential units, and 252 acres to host approximately 450,000 square feet each of commercial and office space. The application seeks to change the General Plan to Medium Density Residential to host single unit homes, and to develop 20 acres of commercial and office space.
- **GP13-028, Barney Farms** is a proposal affecting 241 acres at the northeast corner of Signal Butte Road and Queen Creek Road. The application proposes changing the current land use plan for industrial development under Employment Type B, to a mix of land uses including Medium Density Residential A and Medium Density Residential B, and 151 acres of office and commercial space.
- **GP13-029, The Vineyards** is a proposal affecting 55 acres just beyond the northwest corner of Gantzel Road and Combs Road. The application proposes changing the current land use plan to develop single unit residential and approximately 100,000 square feet of commercial and office space, to develop only single residential units of Medium Density Residential A.
- **GP13-030, Sonoqui Creek Village** is a proposal affecting 89.32 acres located at the northwest corner of Hawes Road and Riggs Road. The application proposes changing the current land use from Very Low Density Residential to Low Density Residential.

Figure 11: Town of Queen Creek Study Area

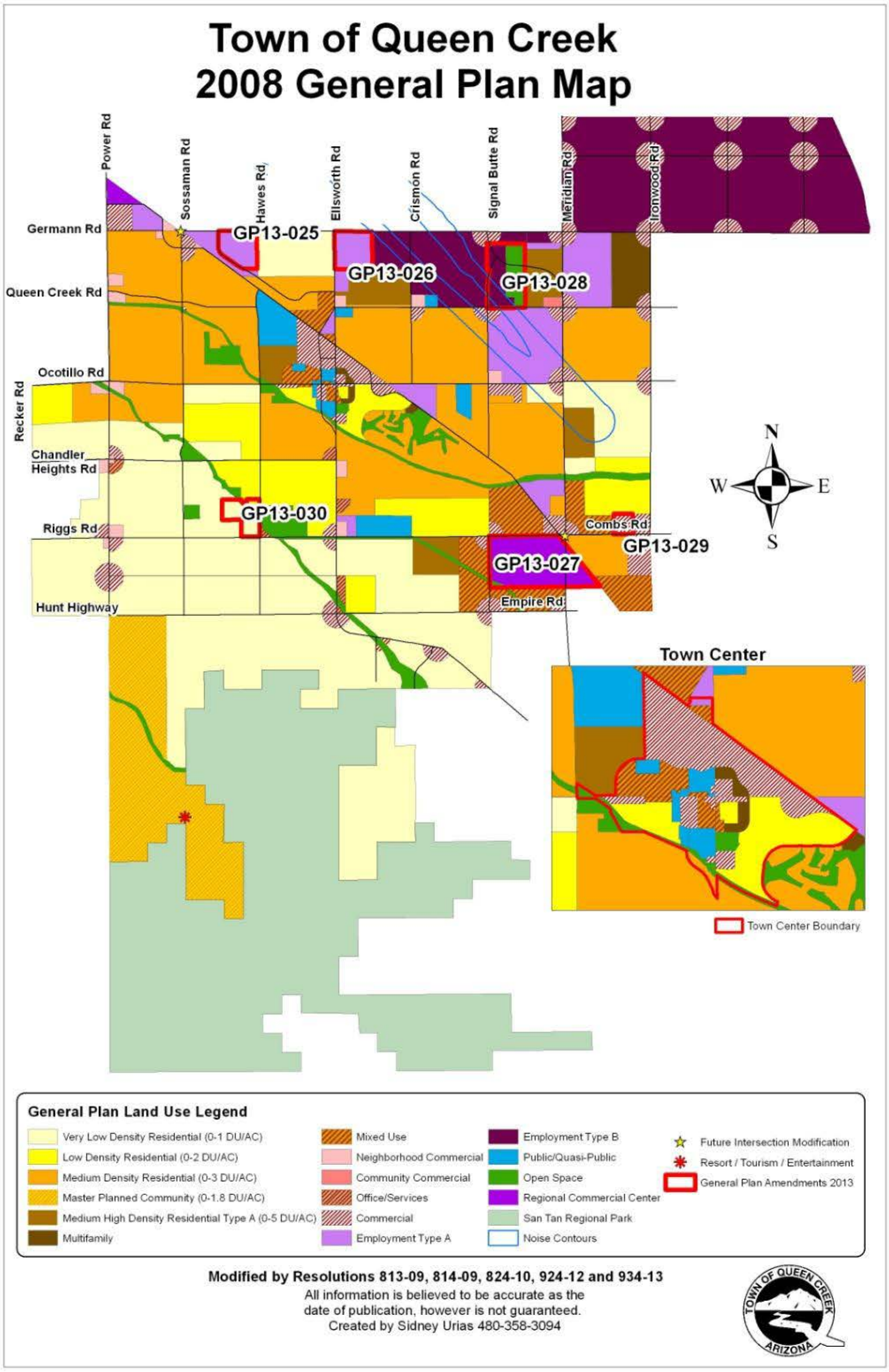


Figure 12 presents a summary of the development proposed in each of the six General Plan Amendment applications.

Figure 12: Summary of General Plan Amendment Applications

General Plan Amendment Application	Housing Units	Nonresidential Acres
GP13-025, La Jara Farms	96 HU	
GP13-026, Estates at Queen Creek Station	324 HU	
GP13-027, Meridian Crossings	1,117 HU	20 Acres
GP13-028, Barney Farms	564 HU	151 Acres
GP13-029, The Vineyards	162 HU	
GP13-030, Sonoqui Creek Village	140 HU	

LAND USE ASSUMPTIONS FOR THE GENERAL PLAN AMENDMENT APPLICATIONS

To ensure a uniform analysis of all sub-areas, TischlerBise worked with Town staff to develop a consistent methodology to convert gross acreage of each sub-area to actual allowable development based on the Town's current land use plan and development patterns. *The scenarios analyzed by TischlerBise may differ from the applications as submitted due to the methodology developed to ensure a uniform analysis. Both the general plan and proposed amendment development scenarios assume maximum densities allowable per land use category.*

A discussion of the assumptions used to ensure a uniform treatment of each application follows. See Figure 17 at the end of this section for a summary of the current and proposed net new development for each sub-area subject to a General Plan amendment application.

Residential Development

The first step to establish a relationship between gross acres and actual housing units was to establish dwelling unit per acre factors which reflect current development patterns. Through discussions with staff, the dwelling units per acre factors listed below were established.

The second step to establish a relationship between gross acres and actual housing units was to adjust gross acres by a net buildable adjustment factor. A gross acre is an acre of land before land has been dedicated for parks and public space, public right-of-way, private streets, or public utility easements. A net buildable adjustment of 69 percent was applied to each land use category (except Mixed Use – Residential which is expected to have a greater intensity of development) to reflect the portion of the gross sub-area that would be reserved for public infrastructure.

Figure 13 lists the factors applied to each land use category to translate gross acres to net buildable acres, and therefore actual allowable development per gross acre of land. Mixed Use Residential has a net buildable adjustment of 78 percent to reflect a higher intensity of land use.

Figure 13: Residential Dwelling Unit Allowances per Gross Acre of Land

Zoning Land Use Category	Dwelling Units per Acre	Net Buildable Adjustment
Very Low Density Residential (up to 1 du/ac)	1.0	69%
Low Density Residential (Up to 2 du/ac)	2.0	69%
Medium Density Residential (up to 3 du/ac)	3.0	69%
Medium Density Residential A (up to 5 du/ac)	5.0	69%
Medium Density Residential B (up to 8 du/ac)	8.0	69%
Master Planned Community (MCP)	1.3	69%
Mixed Use (MU) -Residential [3]	7.0	78%

Source: Town of Queen Creek; TischlerBise

Nonresidential Development

To establish a relationship between gross acres and buildable nonresidential square footage, floor area ratio factors were established which reflect current development patterns. Shown below are the floor area ratios by land use category that reflect current development patterns in the Town of Queen Creek.

The second step to establish a relationship between gross acres and buildable nonresidential square footage was to adjust gross acres by a net buildable adjustment factor. A gross acre is an acre of land before land has been dedicated for parks and public space, public right-of-way, private streets, or public utility easements. A net buildable adjustment was applied to each land use category to reflect the portion of any gross sub-area that would be reserved for public infrastructure.

Figure 14 lists the factors applied to each land use category to translate gross acres to net buildable acres, and therefore actual allowable development per gross acre of land. Mixed Use Nonresidential has a net buildable adjustment of 38 percent to reflect a higher intensity of land use.

Figure 14: Nonresidential Development Allowances per Gross Acre of Land

Zoning Land Use Category	Floor area ratio	Net Buildable Adjustment
Mixed Use (MU) -Nonresidential [3]	0.4	38%
Commercial/Services (CS) [4]	0.2	31%
Neighborhood Commercial (NC)	0.2	30%
Community Commercial (CC)	0.2	30%
Regional Commercial Center (RCC)	0.2	31%
Employment Type A	0.3	31%
Employment Type B [4]	0.2	30%
Public/Quasi-public	0.2	30%

Source: Town of Queen Creek; TischlerBise

Total allowable development by land use category, expressed in square feet, was subdivided by three categories of nonresidential activity: Commercial, Office, or Industrial. The mix of nonresidential activity by land use category is shown below. Additional discussion of the commercial, office, and industrial categories follows in the Scenario Assumptions section.

Figure 15: Nonresidential Development Allowances per Gross Acre of Land

Zoning Land Use Category	Commercial	Office	Industrial
Multi-Use Nonresidential	40%	60%	0%
Commercial/Services (CS)	60%	40%	0%
Neighborhood Commercial (NC)	60%	40%	0%
Community Commercial (CC)	95%	5%	0%
Regional Commercial Center (RCC)	70%	30%	0%
Employment Type A	17%	33%	50%
Employment Type B	0%	0%	100%

Source: Town of Queen Creek

The fiscal impact analysis relies on the uniform treatment of each scenario analyzed (i.e., the potential land use of each identified area under the proposed General Plan Amendment). Therefore, the gross acres for each of the six Amendments were adjusted by the appropriate factors shown above to calculate actual allowable development potential.

Scenario Assumptions

The fiscal impact analysis uses 2013 as the base year with projections to the year 2043 with years shown throughout as 1-30. Assumptions used to develop the twelve scenarios (development assumptions under the six General Plan Amendments plus the alternative of development under the Current General Plan) are discussed below.

Absorption:

The General Plan and Proposed Amendment scenarios for each sub-area use absorption schedules submitted in the individual amendment applications. This creates an alternative future comparison where geographic area and time are held constant, and the only variable is the intensity of land use proposed under the General Plan concept or the Proposed Amendment. The absorption period is shown for each scenario, expressed in number of years until the assumed development is fully absorbed.

Construction:	Total units to be added was divided by the absorption schedule for each scenario to calculate annual units added. All scenarios assume a start in year 1 with 2 exceptions. Scenarios *GP13-027, Meridian Crossing,* and *GP13-028, Barney Farms,* do not begin absorption of new development until year 3 due to infrastructure improvements necessary to develop the sub-area.
Housing Units:	As discussed above, actual allowable housing units for the gross acreage of each scenario were calculated based on current development patterns. New housing units in mixed use areas were assumed to be units in multi-unit structures; units added under land use categories *Medium Density Residential A* and *Medium Density Residential B* were assumed to include both single unit structures and units in multi-unit structures.
Population:	Population added by housing unit type is calculated using *Persons per Housing Unit* factors (from the U.S. Census Bureau 2011 American Community Survey 5-Year Estimates for Town of Queen Creek) of 3.11 for single unit residential dwellings and 2.29 for units in multi-unit structures, which is consistent with the Draft Development Fee Study. See the Appendix.
Nonresidential Floor Area:	As discussed above, actual allowable square footage for the gross acreage of each scenario was calculated based on current development patterns and three nonresidential industry categories based in each land use category.
Jobs:	Jobs added per nonresidential square footage were calculated using *Employment per 1,000 square feet* multipliers published by the Institute of Transportation Engineers in Trip Generation 9th Edition (2012) and shown below. The rows with light gray shading indicate the three nonresidential proxies used to estimate jobs per nonresidential square footage.

Figure 16: Nonresidential Employment per Square Footage, 2012

ITE Code	*Land Use*	*Demand Unit*	*Emp Per Dmd Unit*	*Sq Ft Per Emp*
110	Light Industrial	1,000 Sq Ft	2.31	433
130	Industrial Park	1,000 Sq Ft	2.04	489
140	Manufacturing	1,000 Sq Ft	1.79	558
150	Warehousing	1,000 Sq Ft	0.92	1,093
254	Assisted Living	bed	0.68	na
320	Motel	room	0.44	na
520	Elementary School	1,000 Sq Ft	0.98	1,018
530	High School	1,000 Sq Ft	0.65	1,531
540	Community College	student	0.08	na
550	University/College	student	0.19	na
565	Day Care	student	0.16	na
610	Hospital	1,000 Sq Ft	2.94	340
620	Nursing Home	1,000 Sq Ft	2.33	429
710	General Office (avg size)	1,000 Sq Ft	3.32	301
760	Research & Dev Center	1,000 Sq Ft	2.93	342
770	Business Park	1,000 Sq Ft	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	2.00	500

* *Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).*

Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).

SUMMARY OF GENERAL PLAN LAND USE ASSUMPTIONS

For each of the six sub-areas subject to a General Plan amendment application, two development scenarios were developed and analyzed as part of the fiscal impact analysis. As discussed above, and shown in the figure below, each sub-area was analyzed (1) should it develop under the land use concept in the standing Town General Plan, or (2) under the land use concept submitted in the Proposed General Plan Amendment application. A summary is provided below.

Figure 17: Current and Proposed Net New Development Absorbed for Six Proposed General Plan Amendment Areas

	GP-13-025, La Jara Farms		GP13-026, Estates at Queen Creek Station		GP13-027, Meridian Crossing	
	General Plan	*Proposed Amendment**	*General Plan*	*Proposed Amendment**	*General Plan*	*Proposed Amendment**
Absorption Period (Years)	**3**	**3**	**4**	**4**	**18**	**18**
Total Population	**298**	**298**	**0**	**664**	**7,135**	**3,065**
Residential Units						
Single Family	96	96	0	214	0	987
Multi-Family	0	0	0	0	3,109	0
TOTAL Units	**96**	**96**	**0**	**214**	**3,109**	**987**
Nonresidential Floor Area (KSF)						
Retail/Comm/Service KSF	0	0	108	0	453	49
Office/Institutional KSF	0	0	208	0	438	3
Industrial/Manufacturing KSF	0	0	316	0	0	0
TOTAL KSF	**0**	**0**	**632**	**0**	**891**	**52**
Employment						
Retail/Comm/Service Jobs	0	0	216	0	907	98
Office/Institutional Jobs	0	0	691	0	1,456	10
Industrial/Manufacturing Jobs	0	0	567	0	0	0
TOTAL Jobs	**0**	**0**	**1,474**	**0**	**2,363**	**108**

	GP13-028, Barney Farms		GP13-029, The Vineyards		GP13-030, Sonoqui Creek Village	
	General Plan	*Proposed Amendment**	*General Plan*	*Proposed Amendment**	*General Plan*	*Proposed Amendment**
Absorption Period (Years)	**18**	**18**	**14**	**14**	**8**	**8**
Total Population	**0**	**957**	**124**	**587**	**189**	**379**
Residential Units						
Single Family	0	162	40	189	61	122
Multi-Family	0	198	0	0	0	0
TOTAL Units	**0**	**360**	**40**	**189**	**61**	**122**
Nonresidential Floor Area (KSF)						
Retail/Comm/Service KSF	0	400	97	0	0	0
Office/Institutional KSF	0	600	5	0	0	0
Industrial/Manufacturing KSF	630	0	0	0	0	0
TOTAL KSF	**630**	**1,000**	**102**	**0**	**0**	**0**
Employment						
Retail/Comm/Service Jobs	0	800	194	0	0	0
Office/Institutional Jobs	0	1,993	17	0	0	0
Industrial/Manufacturing Jobs	1,130	0	0	0	0	0
TOTAL Jobs	**1,130**	**2,793**	**211**	**0**	**0**	**0**

** Analyzed scenarios may differ from the applications as submitted, due to the methodology developed by TischlerBise and Town staff to ensure a uniform analysis of all sub-areas as described in the ANALYSIS OF GENERAL PLAN AMENDMENT APPLICATIONS section of this report.*

Source: Town of Queen Creek; TischlerBise; The Chesapeake Group

APPROACH AND MAJOR ASSUMPTIONS

A fiscal impact analysis determines whether revenues generated by new growth are sufficient to cover the resulting costs for service and facility demands placed on the Town. It is based on cost and revenue assumptions that reflect a community's current level of service. TischlerBise analyzed the fiscal implications of developing each of the six sub-areas under the current General Plan and the proposed General Plan Amendment request. A projection timeline of 30 years was used to show long-term trends.

The fiscal impact analysis conducted by TischlerBise incorporates a marginal/average cost hybrid approach. While the case study-marginal methodology is the most realistic method for evaluating fiscal impacts of Townwide scenarios, to evaluate discrete land use changes as is done here, an average cost is warranted. This reflects the annual operating impact of staffing and other operations as well as allocates each development's share of capital

The assumptions outlined below are utilized along with the development projections discussed elsewhere to calculate the potential fiscal impact on the Town over the 30-year projection period. Calculations are performed using a customized fiscal impact model designed specifically for this assignment.

MARGINAL, GROWTH-RELATED COSTS AND REVENUES

For this analysis, costs that are directly attributable to new growth are included. Both operating and capital costs are taken into consideration. Some costs are not expected to be impacted by demographic changes, and may be fixed in this analysis. For example, this is true for some functions included under the Town Council budget. Other items to note:

- Operating costs are generally projected on an average basis with adjustments for personnel costs to reflect the impact to line staff from growth as opposed to supervisors or department heads.

- Capital costs are projected based on the pro-rata share of infrastructure needed to serve each development proposal. For example, a new Fire Station in the Town is anticipated to be constructed with 8,000 square feet. However, each scenario modeled in this analysis of General Plan Amendments would not trigger that threshold. Therefore, to show each amendment's fair share of the cost, the amount of square footage is pro-rated and modeled as such. (For example, the La Jara Farms development generates a need for an additional 91 square feet of Fire Station space, based on current levels of service. The capital cost for this amount of space is included in the results.)
    - An exception to this is the additional road improvement cost associated with Meridian Crossing General Plan Amendment (GP13-027) described in the Meridian Road Design Concept Report. However, this additional cost is not included in the model due to the preliminary state of the road improvement project.

- Capital facilities are projected for purposes of this analysis based on the methodology set forth in TischlerBise's Draft Development Fee Study.[6] Debt financing is assumed for a portion of capital improvements that are projected on an incremental basis to serve growth (Park Land and Improvements, Trails, Police Stations, Fire Stations, and Fire Apparatus). For other capital facilities that have existing capacity (Town Building, Library Building, and Open Space) and where debt has already been issued, the costs projected already capture financing costs. Further discussion is provided below.

LEVELS OF SERVICE

Cost projections are based on the "snapshot approach" in which it is assumed the current level of service, as funded in the Town's FY2014 budget, will continue through the projection period. Current demand base data was used to calculate unit costs and service level thresholds. Examples of demand base data include population, dwelling units, employment by industry type, and jobs. In summary, the "snapshot" approach does not attempt to speculate about how levels of service, costs, revenues and other factors will change over 30 years. Instead, it evaluates the fiscal impact to the Town as it currently conducts business under the present budget.

Revenues are projected assuming that the current revenue structure and tax rates, as defined by the FY14 budget, will not change during the analysis period. Of particular note are the following:

- Retail sales tax revenue is projected attributing some additional retail sales tax revenues to residential development. Because these Plan Amendments are stand-alone and often single-use developments, one could argue that residential development will generate additional retail sales tax revenues. In other words, if the Town only experienced future residential development, retail sales tax revenue would likely increase regardless of whether new retail was developed. Therefore, retail sales tax revenue is projected from both future residential and retail development. Retail sales tax revenues from residential development are projected based on the assumption that Town retail will capture a portion of residents' discretionary spending on retail goods. Sales tax revenues from retail development are projected based on estimated average sales per square foot captured from nonresidents. Further discussion is provided in the next chapter.

- Construction sales tax is projected from all new development at an estimated average construction value assumed at 65 percent of market values.

[6] The Town's Development Fee Study is currently being updated. The capital assumptions included in the Fiscal Impact Analysis are from the Draft Development Fee Study (Oct. 31, 2013).

- The Town's primary property tax is modeled based on average assessed values for residential and nonresidential development. These revenues are used to fund the Emergency Services Fund.

- Development impact fee revenues are projected based on the TischlerBise *Draft Development Fee Study* as of October 31, 2013, by type of land use in each Plan Amendment. (Costs for capacity infrastructure improvements are also modeled.)

Enterprise operations such as the Town's water and wastewater utilities are *not* included in this analysis since it is assumed that these services continue to be self-funded; that is, revenues generated from fees are sufficient to cover related expenses.

Specific assumptions pertaining to any unique treatment of revenue and cost factors are discussed wherever relevant throughout the body of this report.

INFLATION RATE

The rate of inflation is assumed to be zero throughout the projection period, and cost and revenue projections are in constant 2013 dollars. This assumption is in accord with current budget data and avoids the difficulty of forecasting as well as interpreting results expressed in inflated dollars. In general, including inflation is very complicated and unpredictable. This is particularly the case given that some costs, such as salaries, increase at different rates than other operating and capital costs such as contractual and building construction costs. And these costs, in turn, almost always increase in variation to the appreciation of real estate. Using constant 2013 dollars reinforces the snapshot approach and avoids these problems.

NON-FISCAL EVALUATIONS

It should be noted that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. In addition, economic development goals such as the ability to provide suitable locations for future employment growth should be taken into consideration when making land use decisions. The above notwithstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

PROJECTION FACTORS

This section provides supporting detail on projections factors used in the Fiscal Impact Analysis.

Annual costs and revenues attributable to new development are projected using the methodologies described below.

PER CAPITA (POPULATION)

If a cost or revenue is assumed to be affected by residential development it is allocated on a *population* basis. The budget amount is divided by the Town's base year population to arrive at the current level-of-service factor.

PER CAPITA AND EMPLOYEE (POPULATION AND JOBS)

Some costs and revenues use both a *per capita and employee (job)* approach. If a cost or revenue is assumed to be allocated on a *per capita and job* basis, it is divided by the Town's current population and job total to determine the current level of service factor.

CUSTOM/MARGINAL

A marginal cost approach identifies factors that will be impacted by demographic or land use changes and allocates the changes on a marginal basis. These variable factors are determined through a detail examination of the applicable budgets and conversations with appropriate staff. In these instances, the projection factor is identified as *Direct Entry* or by a specific factor (e.g., "Retail Sales"). Further description is provided in this document where appropriate.

FIXED

Revenue and cost factors that are directly attributable to new development are included in the fiscal impact analysis. Some factors – or a portion – are not expected to be impacted by demographic changes and are "fixed" in the analysis. As with the variable factors, fixed factors are determined through a detailed examination of applicable budgets and conversations with staff.

REVENUE PROJECTION FACTORS AND METHODOLOGIES

This chapter provides detail on projection methodologies for revenues in the analysis. All General Fund, Debt Service Fund, Drainage and Transportation Fund, Highway User Fund, Emergency Services Fund, and Development Fee revenues were evaluated. Other Funds excluded from the analysis are either self-sufficient (e.g., Water Fund) or not affected by growth.

GENERAL FUND REVENUES

Shown below are the General Fund revenue sources by name. The table shows the specific revenue type, base year (FY14) budget amount (expressed in thousands), projection methodology, and the level of service (LOS) standard, or dollar per demand unit. For instance, for those categories projected based on "POPULATION," the current budget amount is divided by the current estimated total population for base year 2013. This figure is then multiplied by the "Dmd Unit Multiplier" to get a cost per demand unit (e.g., person). Revenues identified as "FIXED" are not anticipated to increase with growth.

Figure 18: General Fund Revenue Factors

Revenue Name	Base Year Budget Amt (thousands)	Projected Revenue Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Dept Support Revenue	$1,381.0	FIXED	1.00	$0.00
Sales Tax-Retail	$10,160.0	RETAIL SALES	1,000.00	2.0%
Sales Tax-Recovery	$60.0	FIXED	1.00	$0.00
Business Licenses	$70.0	TOTAL JOBS	1.00	$13.72
Building Revenues	$2,505.6	DIRECT	1.00	$0.00
Liquor License	$3.0	FIXED	1.00	$0.00
State Sales Tax	$2,278.0	POPULATION	0.50	$39.02
Gas Franchise Revenue	$67.0	POPULATION	0.50	$1.15
Cable Licensing Fee	$152.0	POPULATION	1.00	$5.21
Town Facility Rentals	$147.0	POPULATION	1.00	$5.04
Motor Vehicle Tax	$879.0	POPULATION	1.00	$30.11
Income Tax - Urban Revenue Sharing	$2,941.0	POPULATION	0.50	$50.38
Telecommunications	$99.0	POPULATION	1.00	$3.39
Recreation User Fees	$173.6	POPULATION	1.00	$5.95
Miscellaneous Income	$100.0	FIXED	1.00	$0.00
Interest Income	$225.0	FIXED	1.00	$0.00
Fund Balance	$500.0	FIXED	1.00	$0.00

Source: Town of Queen Creek, Fiscal Year 2014 Budget

Customized/Marginal Calculations

Retail Sales Taxes are projected both from future residential and retail development as well as construction materials on all types of development. The Town collects sales tax revenues and construction sales tax at a rate of 2.25 percent with 2 percent dedicated to the General Fund and .25 percent dedicated to Emergency Services.[7] The General Fund sales tax rate allocation is indicated above as 2.0%. (The "Demand Unit Multiplier" is shown as "1,000" due to the model's scale in $1,000s.)

The following methodologies are employed to project retail sales tax revenues for the General Fund:

Retail sales tax revenues from residential development are projected based on the assumption that Town retail will capture a portion of new residents' discretionary spending on retail goods. Based on the *Market Demand and Absorption Study* conducted as part of the three-phase study being conducted for the Town, it is estimated that an average of 55 percent of taxable sales made by residents are captured in Town. Residential income is estimated based on market values by type of housing unit of which a portion is assumed to be spent on retail sales and of that amount, a portion is assumed to be spent within the Town of Queen Creek. A summary of the assumptions is shown below:

Figure 19. Retail Expenditures by Residential Development

	Single Family	*Multifamily*
Market Value of Housing Unit	$277,000	$158,000
Average Annual Income Required	$68,327	$41,091
Retail Taxable Sales as % of HH Income	35%	35%
Annual Retail Taxable Sales per Unit	$23,915	$14,382
Taxable Sales % Captured in Town*	55%	55%
Annual Taxable Sales $ Captured in Town per Unit (rounded)	**$13,200**	**$7,900**

** The TischlerBise/Chesapeake Group Market Demand and Absorption Study indicates that of the retail square footage demanded by Queen Creek residents, approximately 55% of that space is located in Queen Creek.*

Sales tax revenues from retail development are projected based on estimated average sales per square foot captured from nonresidents. Based on the *Market Demand and Absorption Study* conducted as part of the three-phase study being conducted for the Town, it is estimated that an average of 41 percent of the demand in the Town is from the "secondary" market, or demand from non-residents of Queen Creek. This equates to an assumed $103 retail sales per square foot of retail development ($250 x 41%= $103).

[7] The Town collects and additional .25 percent in the Town Center dedicated to the Municipal Town Center Fund, which is not modeled in this analysis.

Sales tax revenues from the construction sales tax are projected assuming that 65 percent of the development's market value reflects the value of construction materials. Two percent of this value is projected as one-time sales tax revenues to the General Fund.

Building Revenues are projected based on the construction valuation used in computing building permit and plan review fees as established in the *Town of Queen Creek Development Services Fee Schedule (March 1, 2013).* This is a marginal calculation reflecting the applicable valuation range for both nonresidential and residential development and is modeled as a one-time revenue source.

State Shared Revenues (Urban Revenue Sharing and State Sales Tax) are projected on a per capita basis, however because the factors are only adjusted by the State after each decennial Census, the per capita factor is adjusted downward by 50 percent.

CAPITAL AND DEBT SERVICE REVENUES

Construction Sales Taxes are projected both from future residential and nonresidential development. Construction sales tax revenues are a one-time revenue source on the construction value of new development. The Town of Queen Creek allocates 2 percent of construction sales tax revenue specifically for the Capital Improvement Program and is the major local revenue source in the Drainage and Transportation Fund, indicated below as "2.0%". The 2 percent construction sales tax in this fund is in addition to the 2 percent allocated to the General Fund.

State and Federal Shared Revenues: This is a one-time, project-specific revenue source reflecting funding from the Town of Gilbert for their share of a joint road improvement project. It is set as "FIXED" in the analysis to account for its one-time and restricted nature.

Figure 20: Capital and Debt Service Revenue Factors

Fund Name	Revenue Name	Base Year Budget Amt (thousands)	Projected Revenue Calculation Based On:	LOS Std $ per Dmd Unit
CAPITAL PROJS: Drainage & Transpo Fund	Construction Sales Tax	$1,317.0	TOTAL CONSTRUCTION VALUE	2.0%
	State and Fed Shared Revenues	$2,112.5	FIXED	$0.00
DEBT SERVICE FUND	Special Assessment	$1,841.0	FIXED	$0.00
	Fund Balance	$3,178.5	FIXED	$0.00

HIGHWAY USER REVENUE FUND

Highway Users Revenues are projected based on resident population. These revenues fund a portion of the Town's street maintenance plan.

Figure 21: Highway User Revenue Fund (HURF) Factors

Revenue Name	Base Year Budget Amt (thousands)	Projected Revenue Calculation Based On:	LOS Std $ per Dmd Unit
HURF	$1,487.0	POPULATION	$50.94
Pinal County Taxes	$15.0	FIXED	$0.00
Carryforward Revenue	$0.0	FIXED	$0.00

EMERGENCY SERVICES FUND

Fire and Emergency Medical Services are provided by the Town's Fire Department, and Police Services are provided by the Maricopa County Sheriff's Office under contract between the County Sheriff's Office and the Town.

Customized/Marginal Calculations

Ad Valorem Property Taxes are projected based on the assessed value of real property for each land use type multiplied by the current Town tax rate of $1.95 per $100 of assessed value, shown below as a "*LOS standard per demand unit*". Market values are shown below:

Figure 22. Market Values by Type of Land Use

MV'S PER UNIT	
$277,000 Per Unit	SFD
$158,000 Per Unit	MULTIFAMILY

MV PER SF	
$84.00	Retail/Comm/Service
$118.00	Office/Institutional
$61.00	Industrial/Manufacturing

- *Assessed values* are based on property classifications with the assessment ratio at 10 percent for residential development and 19 percent for commercial and industrial development (rates as of 2014 tax year). Therefore, the market values are adjusted to assessed values and then multiplied by the tax rate per $100 of assessed value. (E.g., for a single family detached unit of average value $277,000 x 10% = $27,200 / $100 x $1.95 = $540 property taxes.)

Local Sales Taxes are projected both from future residential and retail development. Retail sales tax revenues from residential development are projected based on the assumption that Town retail will capture a portion of residents' discretionary spending on retail goods. Sales tax revenues from retail development are projected based on estimated average sales per square foot captured from nonresidents. (See the discussion above in the General Fund section.) The Town of Queen Creek allocates .25 percent of retail sales tax revenue to the Emergency Services Fund, indicated below by a demand unit factor of "0.25%".

Included in the Local Sales Taxes category are construction sales taxes, which are projected both from future residential and nonresidential development. Construction sales tax revenues are a one-time revenue source on the construction value of new development. The Town of Queen Creek allocates .25 percent of construction sales tax revenue specifically for the Emergency Services Fund. The model captures all Retail Sales in one demand base ("RETAIL SALES")—ongoing retail sales and one-time construction sale tax therefore the 0.25% shown below under Local Sales Tax includes the revenue from Construction Sales Taxes.

Figure 23: Emergency Services Fund Revenue Factors

Revenue Name	Base Year Budget Amt (thousands)	Projected Revenue Calculation Based On:	LOS Std $ per Dmd Unit
Current Year Ad Valorem	$3,628.9	TOTAL CUMULATIVE AV	$1.95
Local Sales Tax	$1,207.0	RETAIL SALES	0.25%

DEVELOPMENT IMPACT FEE REVENUES

The Town funds capacity infrastructure improvements with development fees. The fees are currently being updated to comply with changes to Arizona's Development Fee Act. The fee schedule used in the analysis (shown below) is from the Draft Development Fee Study (dated October 31, 2013).

Figure 24: Development Fee Revenue Factors

	Revenue Name	Projected Revenue Calculation Based On:	LOS Std $ per Dmd Unit
			31-Oct-13
Park Impact Fee	Parks-SFD	SFD	$4,161 Per Unit
	Parks-MF	MULTIFAMILY	$3,064 Per Unit
	Parks-MH	MOBILE HOME	$0 Per Unit
	Parks-Other	ALL OTHER	$0 Per Unit
Library	Library-SFD	SFD	$761 Per Unit
	Library-MF	MULTIFAMILY	$560 Per Unit
	Library-MH	MOBILE HOME	$0 Per Unit
	Library-Other	ALL OTHER	$0 Per Unit
Town Bldgs and Vehicles	Town-SFD	SFD	$475 Per Unit
	Town-MF	MULTIFAMILY	$349 Per Unit
	Town-MH	MOBILE HOME	$0 Per Unit
	Town-Other	ALL OTHER	$0 Per Unit
	Town-Nonres Retail	RETAIL KSF	$295 Per 1000 SF
	Town-Office/Inst.	OFFICE KSF	$289 Per 1000 SF
	Town- Industrial	INDUSTRIAL KSF	$341 Per 1000 SF
Transportation	Trans-SFD	SFD	$1,003 Per Unit
	Trans-MF	MULTIFAMILY	$700 Per Unit
	Trans-MH	MOBILE HOME	$0 Per Unit
	Trans-Other	ALL OTHER	$0 Per Unit
	Trans-Nonres Retail	RETAIL KSF	$1,246 Per 1000 SF
	Trans-Office/Inst.	OFFICE KSF	$539 Per 1000 SF
	Trans- Industrial	INDUSTRIAL KSF	$340 Per 1000 SF
Police	Police-SFD	SFD	$180 Per Unit
	Police-MF	MULTIFAMILY	$132 Per Unit
	Police-MH	MOBILE HOME	$0 Per Unit
	Police-Other	ALL OTHER	$0 Per Unit
	Police-Nonres Retail	RETAIL KSF	$132 Per 1000 SF
	Police-Office/Inst.	OFFICE KSF	$51 Per 1000 SF
	Police- Industrial	INDUSTRIAL KSF	$32 Per 1000 SF
Fire	Fire-SFD	SFD	$471 Per Unit
	Fire-MF	MULTIFAMILY	$347 Per Unit
	Fire-MH	MOBILE HOME	$0 Per Unit
	Fire-Other	ALL OTHER	$0 Per Unit
	Fire-Nonres Retail	RETAIL KSF	$355 Per 1000 SF
	Fire-Office/Inst.	OFFICE KSF	$347 Per 1000 SF
	Fire- Industrial	INDUSTRIAL KSF	$410 Per 1000 SF

OPERATING EXPENDITURE FACTORS AND METHODOLOGIES

This section outlines the expenditure assumptions as modeled to analyze the fiscal impact of the General Plan Amendments. A series of figures is provided with further discussion provided where necessary.

GENERAL FUND

General Fund departments are generally modeled on an average cost basis with adjustments for some personnel costs, where growth is not likely to affect all costs at 100 percent. This adjustment is made in the "Dmd Unit Multiplier" column. Capital costs shown in operating budgets are considered FIXED as capital expenditures and infrastructure improvements are modeled separately and discussed under our capital expenditures section.

Figure 25. Mayor and Town Council Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Mayor and Town Council	Personnel	$83.6	FIXED	1.0	$0.00
	Office Supplies and Postage	$4.3	POP AND JOBS	1.0	$0.12
	Travel/Conferences/Seminars	$85.0	FIXED	1.0	$0.00
	Contractual Services	$11.5	POP AND JOBS	1.0	$0.34
	Fringes	$10.4	FIXED	1.0	$0.00
	Fees & Services	$0.9	POP AND JOBS	1.0	$0.03
	Utilities	$4.2	TOTAL TOWN BUILDING SF	1.0	$0.08

Figure 26. Town Manager, Clerk, Legal Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Town Manager	Contractual Services	$5.0	POP AND JOBS	1.0	$0.15
	Fringes	$189.9	POP AND JOBS	0.3	$1.91
	Fees and Services	$6.7	POP AND JOBS	1.0	$0.19
	Materials	$3.1	POP AND JOBS	1.0	$0.09
	Salaries	$566.1	POP AND JOBS	0.3	$5.69
	Professional Development	$29.2	FIXED	1.0	$0.00
	Utilities	$3.4	TOTAL TOWN BUILDING SF	1.0	$0.06
Town Clerk	Contractual Services	$0.0	POP AND JOBS	1.0	$0.00
	Fringes	$47.4	POP AND JOBS	0.6	$0.83
	Fees and Services	$15.4	POP AND JOBS	1.0	$0.45
	Materials	$32.3	POP AND JOBS	1.0	$0.94
	Salaries	$136.2	POP AND JOBS	0.6	$2.38
	Professional Development	$1.3	FIXED	1.0	$0.00
	Utilities	$0.0	TOTAL TOWN BUILDING SF	1.0	$0.00
Legal Services	Contractual Services	$353.9	POP AND JOBS	1.0	$10.32

Figure 27. Management Services Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Budget	Contractual Services	$3.6	POP AND JOBS	1.0	$0.10
	Fringes	$71.6	POP AND JOBS	0.6	$1.25
	Fees and Services	$0.4	POP AND JOBS	1.0	$0.01
	Materials	$0.2	POP AND JOBS	1.0	$0.01
	Salaries	$144.4	POP AND JOBS	0.6	$2.53
	Professional Development	$4.8	FIXED	1.0	$0.00
	Utilities	$0.8	TOTAL TOWN BUILDING SF	1.0	$0.01
Finance	Contractual Services	$16.9	POP AND JOBS	1.0	$0.49
	Fringes	$136.2	POP AND JOBS	0.6	$2.38
	Fees and Services	$1.2	POP AND JOBS	1.0	$0.04
	Materials	$3.3	POP AND JOBS	1.0	$0.10
	Salaries	$373.0	POP AND JOBS	0.6	$6.53
	Professional Development	$19.5	FIXED	1.0	$0.00
	Utilities	$0.8	TOTAL TOWN BUILDING SF	1.0	$0.01
Recreation Prg	Contractual Services	$0.0	POPULATION	1.0	$0.00
	Fringes	$101.6	POPULATION	1.0	$3.48
	Fees and Services	$11.2	POPULATION	1.0	$0.38
	Materials	$13.0	POPULATION	1.0	$0.45
	Salaries	$286.6	POPULATION	1.0	$9.82
	Professional Development	$7.9	FIXED	1.0	$0.00
	Utilities	$1.6	TOTAL TOWN BUILDING SF	1.0	$0.03
	Other	$147.2	POPULATION	1.0	$5.04

Figure 28. Workforce and Technology Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Human Resources	Contractual Services	$42.5	POP AND JOBS	1.0	$1.24
	Fringes	$90.7	FIXED	1.0	$0.00
	Fees and Services	$9.4	POP AND JOBS	1.0	$0.27
	Materials	$1.2	POP AND JOBS	1.0	$0.03
	Salaries	$305.5	FIXED	1.0	$0.00
	Professional Development	$36.1	FIXED	1.0	$0.00
	Utilities	$0.9	TOTAL TOWN BUILDING SF	1.0	$0.02
Information Technology	Contractual Services	$38.3	POP AND JOBS	1.0	$1.12
	Fringes	$142.0	POP AND JOBS	1.0	$4.14
	Fees and Services	$91.1	POP AND JOBS	1.0	$2.66
	Materials	$41.5	POP AND JOBS	1.0	$1.21
	Salaries	$426.9	POP AND JOBS	1.0	$12.45
	Professional Development	$26.6	FIXED	1.0	$0.00
	Utilities	$50.6	POP AND JOBS	1.0	$1.47
	Capital	$679.2	FIXED	1.0	$0.00
	R&M	$326.4	POP AND JOBS	1.0	$9.52

Figure 29. Economic Development Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Communications and Marketing	Contractual Services	$54.3	FIXED	1.0	$0.00
	Fringes	$63.2	POP AND JOBS	0.6	$1.11
	Fees and Services	$172.5	POP AND JOBS	1.0	$5.03
	Materials	$7.6	POP AND JOBS	1.0	$0.22
	Salaries	$253.1	POP AND JOBS	0.6	$4.43
	Professional Development	$19.4	FIXED	1.0	$0.00
	Utilities	$0.8	TOTAL TOWN BUILDING SF	1.0	$0.01
	Other	$8.3	POP AND JOBS	1.0	$0.24
Economic Development	Contractual Services	$13.4	FIXED	1.0	$0.00
	Fringes	$136.6	POP AND JOBS	0.6	$2.39
	Fees and Services	$2.6	POP AND JOBS	1.0	$0.08
	Materials	$1.9	POP AND JOBS	1.0	$0.05
	Salaries	$359.3	POP AND JOBS	0.6	$6.29
	Professional Development	$17.3	FIXED	1.0	$0.00
	Utilities	$3.2	TOTAL TOWN BUILDING SF	1.0	$0.06

Figure 30. Development Services Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Development Services Admin.	Contractual Services	$74.1	POP AND JOBS	1.0	$2.16
	Fringes	$93.0	POP AND JOBS	0.6	$1.63
	Fees and Services	$0.9	POP AND JOBS	1.0	$0.03
	Materials	$7.2	POP AND JOBS	1.0	$0.21
	Salaries	$311.1	POP AND JOBS	0.6	$5.44
	Professional Development	$1.4	FIXED	1.0	$0.00
	Utilities	$1.4	TOTAL TOWN BUILDING SF	1.0	$0.03
Facilities Mngmt	Contractual Services	$113.3	TOTAL TOWN BUILDING SF	1.0	$2.16
	Fringes	$62.3	TOTAL TOWN BUILDING SF	1.0	$1.19
	Fees and Services	$5.6	TOTAL TOWN BUILDING SF	1.0	$0.11
	Materials	$29.2	TOTAL TOWN BUILDING SF	1.0	$0.56
	Salaries	$163.0	TOTAL TOWN BUILDING SF	1.0	$3.11
	Professional Development	$2.0	FIXED	1.0	$0.00
	Utilities	$0.3	TOTAL TOWN BUILDING SF	1.0	$0.01
	R&M	$53.7	TOTAL TOWN BUILDING SF	1.0	$1.02
	Other	$1.7	FIXED	1.0	$0.00
Public Works	Contractual Services	$0.0	POP AND JOBS	1.0	$0.00
	Fringes	$76.6	POP AND JOBS	0.3	$0.67
	Fees and Services	$0.7	POP AND JOBS	1.0	$0.02
	Materials	$2.4	POP AND JOBS	1.0	$0.07
	Salaries	$221.3	POP AND JOBS	0.3	$1.94
	Professional Development	$1.3	FIXED	1.0	$0.00
	Utilities	$2.0	TOTAL TOWN BUILDING SF	1.0	$0.04
	Other	$0.2	FIXED	1.0	$0.00
Traffic	Contractual Services	$23.6	TOTAL VMT	1.0	$0.03
	Fringes	$70.9	TOTAL VMT	1.0	$0.09
	Fees and Services	$0.9	TOTAL VMT	1.0	$0.00
	Materials	$1.7	TOTAL VMT	1.0	$0.00
	Salaries	$209.1	TOTAL VMT	1.0	$0.26
	Professional Development	$1.4	FIXED	1.0	$0.00
	Utilities	$2.9	TOTAL TOWN BUILDING SF	1.0	$0.05
	R&M	$86.1	TOTAL VMT	1.0	$0.11
Planning	Contractual Services	$200.0	POP AND JOBS	1.0	$5.83
	Fringes	$138.7	POP AND JOBS	0.6	$2.43
	Fees and Services	$2.1	POP AND JOBS	1.0	$0.06
	Materials	$4.8	POP AND JOBS	1.0	$0.14
	Salaries	$320.0	POP AND JOBS	0.6	$5.60
	Professional Development	$4.1	FIXED	1.0	$0.00
	Utilities	$1.6	TOTAL TOWN BUILDING SF	1.0	$0.03
	Other	$2.0	FIXED	1.0	$0.00
Fleet Maintenance	Contractual Services	$16.5	POP AND JOBS	1.0	$0.48
	Fringes	$64.1	POP AND JOBS	0.3	$0.56
	Fees and Services	$0.6	POP AND JOBS	1.0	$0.02
	Materials	$147.2	POP AND JOBS	1.0	$4.29
	Salaries	$147.6	POP AND JOBS	0.3	$1.29
	Professional Development	$2.0	FIXED	1.0	$0.00
	Utilities	$1.7	TOTAL TOWN BUILDING SF	1.0	$0.03
	R&M	$70.1	POP AND JOBS	1.0	$2.05
	Capital	$465.7	FIXED	1.0	$0.00

Figure 31. Development Services Operating Expenditure Factors (cont'd)

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Building Safety	Contractual Services	$172.2	POP AND JOBS	1.0	$5.02
	Fringes	$174.4	POP AND JOBS	1.0	$5.09
	Fees and Services	$1.3	POP AND JOBS	1.0	$0.04
	Materials	$4.1	POP AND JOBS	1.0	$0.12
	Salaries	$535.5	POP AND JOBS	1.0	$15.62
	Professional Development	$6.1	FIXED	1.0	$0.00
	Utilities	$2.3	TOTAL TOWN BUILDING SF	1.0	$0.04
Engineering	Contractual Services	$96.9	POP AND JOBS	1.0	$2.82
	Fringes	$114.6	POP AND JOBS	1.0	$3.34
	Fees and Services	$1.1	POP AND JOBS	1.0	$0.03
	Materials	$3.9	POP AND JOBS	1.0	$0.11
	Salaries	$314.5	POP AND JOBS	1.0	$9.17
	Professional Development	$3.1	FIXED	1.0	$0.00
	Utilities	$3.0	TOTAL TOWN BUILDING SF	1.0	$0.06
Street Maintenance	Contractual Services	$75.4	TOTAL VMT	1.0	$0.09
	Fringes	$277.1	TOTAL VMT	1.0	$0.34
	Fees and Services	$2.3	TOTAL VMT	1.0	$0.00
	Materials	$110.6	TOTAL VMT	1.0	$0.14
	Salaries	$599.6	TOTAL VMT	1.0	$0.73
	Professional Development	$8.8	FIXED	1.0	$0.00
	Utilities	$5.7	TOTAL TOWN BUILDING SF	1.0	$0.11
	R&M	$71.3	TOTAL VMT	1.0	$0.09
	Other	$10.0	TOTAL VMT	1.0	$0.01
	Capital	$39.6	FIXED	1.0	$0.00
Parks and Ground Maintenance	Contractual Services	$52.5	TOTAL PARK ACRES	1.0	$89.85
	Fringes	$263.1	TOTAL PARK ACRES	1.0	$450.53
	Fees and Services	$31.0	TOTAL PARK ACRES	1.0	$53.02
	Materials	$106.9	TOTAL PARK ACRES	1.0	$183.05
	Salaries	$6,638.3	TOTAL PARK ACRES	1.0	$11,366.88
	Professional Development	$12.6	FIXED	1.0	$0.00
	Utilities	$7.3	TOTAL PARK ACRES	1.0	$12.43
	R&M	$43.5	TOTAL PARK ACRES	1.0	$74.54
	Other	$6.5	TOTAL PARK ACRES	1.0	$11.13
	Capital	$36.0	FIXED	1.0	$0.00
Neighborhood Preservation	Contractual Services	$0.0	POP AND JOBS	1.0	$0.00
	Fringes	$50.7	FIXED	1.0	$0.00
	Fees and Services	$0.5	POP AND JOBS	1.0	$0.02
	Materials	$6.0	POP AND JOBS	1.0	$0.17
	Salaries	$137.3	FIXED	1.0	$0.00
	Professional Development	$1.4	FIXED	1.0	$0.00
	Utilities	$1.6	TOTAL TOWN BUILDING SF	1.0	$0.03
	Other	$3.5	FIXED	1.0	$0.00

- Some operating costs are projected based on an increase in infrastructure being "built" by the model. For example, the model tracks Town Building square footage being demanded by each new development proposal (which includes general Town facilities, and Police and Fire station space) and allocates the development's fair share of the related operating expense as shown

above. The same approach is taken for Park Maintenance, which is based on new Park acres demanded by the development proposals.

- Street-related expenditures are projected based on the growth in vehicle miles of travel (VMT) from development.

Figure 32. Non-Departmental Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Non-Departmental	Contractual Services	$382.8	POPULATION	1.0	$13.11
	Contingency	$580.8	POP AND JOBS	1.0	$16.94
	Fees and Services	$397.2	POP AND JOBS	1.0	$11.58
	Other	$347.8	POP AND JOBS	1.0	$10.14
	Sales Tax Rebates	$1,818.0	FIXED	1.0	$0.00
	Transfers Out	$3,898.1	FIXED	1.0	$0.00
	Capital	$100.0	FIXED	1.0	$0.00

- "Contractual services" are mostly community service grants and therefore driven by population growth.
- "Sales tax rebates" reflect incentive packages already made and therefore will continue regardless of growth.
- "Transfers Out" reflect the General Fund support for Emergency Services. Total Emergency Services costs are modeled in the Emergency Services Fund and therefore this expense is not modeled in this department (shown as FIXED).

EMERGENCY SERVICES FUND

The Fund is partially supported by General Fund revenues, however total expenditures are reflected in the fund. Because of this, the net fiscal results for this Fund alone will show net deficits because General Fund revenues are modeled and reported in the General Fund. Operating costs are shown below.

Figure 33. Emergency Services Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Emergency Services	Contractual Services	$428.9	FIRE CFS	1.0	$304.20
	Fringes	$941.5	FIRE CFS	0.9	$600.95
	Fees and Services	$75.6	FIRE CFS	1.0	$53.62
	Materials	$132.0	FIRE CFS	1.0	$93.62
	Other	$11.0	FIRE CFS	1.0	$7.80
	R&M	$82.6	FIRE CFS	1.0	$58.60
	Salaries	$2,710.4	FIRE CFS	0.9	$1,730.02
	Professional Development	$37.4	FIXED	1.0	$0.00
	Utilities	$77.9	FIRE CFS	1.0	$55.24
83%	Sheriff Contract-Residential	$2,814.8	POPULATION	1.0	$96.43
17%	Sheriff Contract-Nonresidential	$576.5	NONRES TRIPS	1.0	$16.87
	EMS Contingency	$109.5	FIRE CFS	1.0	$77.66
	Dept. Support	$316.0	FIRE CFS	1.0	$224.08
	Transfers Out	$95.3	FIXED	1.0	$0.00
	Public Safety	$98.6	FIRE CFS	1.0	$69.90
	Capital	$524.7	FIXED	1.0	$0.00
	TOTAL	$9,032.6			

- To model Fire and EMS costs, we project Fire Calls for Service (CFS) from new development based on the demand from residential and nonresidential development using a functional population approach to allocate demand from residential and nonresidential development. (This is consistent with the Development Fee update approach.) The functional population accounts for people living and working in the Town with time allocated based on place of residence and place of employment. The resulting proportionate share is 83 percent for residential and 17 percent for nonresidential. (See the Appendix.) These factors are used to project Fire and EMS calls for service from residential and nonresidential development. (Note: The cells with the red comment indicators in the figure above are model notations to reflect changes to the approach for the Phase 2 analysis of Townwide scenarios, where personnel costs will be triggered when a new fire station is "built" by the model.)

- Sheriff (police) operating expenditures (reflecting the Town's contract with the Maricopa County Sheriff's Office) are modeled in a similar fashion to the Fire and EMS methodology with the contract costs allocated on a proportionate share basis to residential development (83 percent)

and nonresidential development (17 percent). As noted above, the proportionate share allocation is a functional population approach by accounting for people living and working in the Town.

STREET PROGRAM FUND

Street expenditures funded by State Highway User Revenue Fund (HURF) revenues are accounted for in this fund. Expenditures are projected based on an increase in vehicle miles of travel (VMT).

Figure 34. Street Program Fund Operating Expenditure Factors

OPERATING COSTS INPUT	Cost Name	Base Year Budget Amt (thousands)	Projected Cost Calculation Based On:	Dmd Unit Multiplier	LOS Std $ per Dmd Unit
Street Prog.-HURF	Maintenance & Repair	$1,502.0	TOTAL VMT	1.0	$1.84

CAPITAL EXPENDITURE FACTORS AND METHODOLOGIES

Capital costs and infrastructure improvements demanded from new development are modeled based on the impact from each General Plan scenario. As noted elsewhere, the amount of new development modeled in each of these scenarios is insufficient to trigger entire new facilities. Instead, this analysis captures the incremental impact from each development proposal (e.g., the number of park acres required by residential development to maintain current levels of service).

Capital improvements and infrastructure needs from new growth are generally based on the most recent Town Development Fee update (October 31, 2013 Draft). Further detail is provided below by infrastructure category.

General Town Buildings and Vehicles

- New development's share of Town buildings is based on current levels of service for the existing Town government building that has excess capacity to serve future growth. Per the Development Fee approach, new growth will "buy-in" to excess capacity, which is assumed to serve growth through the end of the term for the outstanding debt on the facility. The cost factor reflects the amount of principal and interest remaining per square feet (i.e., new development's cost per square foot reflecting a proportionate share of facility costs).
- New Town vehicles for general purposes are modeled based on current levels of service (.8 vehicles per 1,000 persons and jobs) and an average cost of $19,000 per vehicle. (These costs are not included in the Development Fees.)

Library Facilities

- New development's share for libraries is based on current levels of service for the existing library that has excess capacity to serve future growth. Per the Development Fee approach, new growth will "buy-in" to excess capacity, which is assumed to serve growth through the end of the term for the outstanding debt on the facility. The cost factor reflects the amount of principal and interest remaining per square feet (i.e., new development's cost per square foot reflecting a proportionate share of facility costs).
- Additional library materials are modeled to serve new growth based on current levels of service (1.2 units per person) at a cost of $25 per unit. (These costs are not included in the Development Fees.)

Parks and Recreation Facilities

- Park improvements and park land acquisition are projected for each General Plan scenario in the analysis. Based on the Development Fee approach, the Town's current level of service of 2.6 acres per 1,000 persons is used to project new development's demand for parks (i.e., for every

1,000 persons projected, the analysis projects 2.6 new acres of parks. It should be noted that the approach is to project incremental park needs, so whenever population is projected the applicable amount of park acreage is shown). The current costs are $287,700 per acre for improvements and $43,600 per acre for land acquisition. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.

- Trail improvement costs are also included in the analysis. Based on the Development Fee approach, the Town's current level of service of .21 mile per 1,000 persons is used to project new development's demand for trails. The current cost is $156 per linear foot. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.
- Open space costs are included in the analysis. These parks have been purchased by the Town and the costs modeled reflect new growth buying into excess capacity. This is consistent with the Development Fee approach where the fee is based on the cost for outstanding debt service. The current level of service is 5.5 acres per 1,000 persons and the cost per acre (reflecting outstanding debt service costs) is $56,140 per acre.

Police Facilities and Vehicles

- Police building needs from new growth are projected consistent with the Development Fee Study and based on current levels of service for residential and nonresidential development (.09 square feet per person and .02 square feet per nonresidential vehicle trip). The cost per square foot for police station space is $285. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.
- Police vehicles and communications equipment are also projected consistent with the Development Fee study.
    - Police vehicles: .4 vehicles per 1,000 persons and .07 vehicles per 1,000 nonresidential vehicle trips at an average cost of $60,000 per car. Police vehicles are assumed to last 8 years with the model "re-purchasing" vehicles at the end of their useful lives.
    - Communications equipment: 1 unit per 1,000 persons and .2 units per 1,000 nonresidential vehicle trips at an average cost of $8,000 per unit. Units are assumed to last 8 years with the model "re-purchasing" a unit at the end of their useful lives.

Fire Facilities and Vehicles

- Fire station needs from new growth are projected consistent with the Development Fee Study and based on current levels of service for residential and nonresidential development (.31 square feet per person and .36 square feet per job). The cost per square foot for fire station

space is $282. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.

- Fire apparatus and vehicles are also projected consistent with the Development Fee study with current levels of service at .2 vehicles per 1,000 persons and .3 vehicles per 1,000 jobs at an average cost of $287,100 per vehicle. Fire apparatus is assumed to last 8 years with the model "re-purchasing" units at the end of their useful lives. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.

Streets Capital Improvements

- Street improvements are projected and allocated to new growth consistent with the Development Fee Study. The Development Fee Study identifies two sets of capacity improvements from which new development will benefit:
    - Past improvements and expenditures for railroad crossings and bridges for which the Town has outstanding debt. A total of $12 million for principal and interest remains for these past improvements (with debt service programmed for another 19 years).
    - Future capacity improvements on system-level arterials at a total estimated cost of $9.25 million. New growth demands these capacity improvements and will benefit from them. The model assumes debt financing for this expenditure, and therefore includes principal and interest costs and spreads those costs over a 20-year period.
- The fiscal impact analysis projects future growth in vehicle miles of travel (VMT) from each General Plan development scenario and applies the cost per VMT identified as part of the Development Fee study to this growth. The components are separated into past improvements at a cost per VMT of $6.52 (reflecting outstanding principal and interest) and planned future improvements at a cost of $8.76 per VMT (reflecting the current direct cost that is then assumed to be debt financed so total projected costs include interest costs). The result is growth's share of street infrastructure improvement costs.
- It should be noted that the Development Fee study and the fiscal impact analysis acknowledges that the Town will continue to require project-level improvements, such as turn lanes and signals for ingress/egress, plus half-street construction of adjacent arterials, as a condition of development.
- An exception to this is the additional road improvement cost associated with Meridian Crossing General Plan Amendment (GP13-027) described in the Meridian Road Design Concept Report. However, this additional cost is not included in the model due to the preliminary state of the road improvement project.

FISCAL IMPACT ANALYSIS RESULTS

Each General Plan Amendment is addressed separately and discussed in turn. The fiscal impact results for each proposed amendment are compared to the land use assumptions under the Current General Plan. The *Scenarios* chapter explains in detail the approach used to identify appropriate land use assumptions. In this chapter, we present the results of our fiscal analysis. *Please note the scale on each chart—the dollar scale varies by scenario and is in thousands ($1,000s).*

Also in this section, we comment on the fiscal impact analyses submitted by each applicant. A key difference in applicants' fiscal analyses and the results provided herein is the applicants' exclusion of capital revenues and costs. In this report's results, the annual net fiscal results include all revenues and costs in the funds included in the analysis in each year (operating and capital). The stabilized year that is used to report annual results (Year 30) includes ongoing revenues and may or may not include capital expenditures since this fiscal analysis includes debt financing for some improvements as well as costs to replace vehicles and equipment that have reached the end of their useful lives.

ANNUAL NET FISCAL IMPACTS

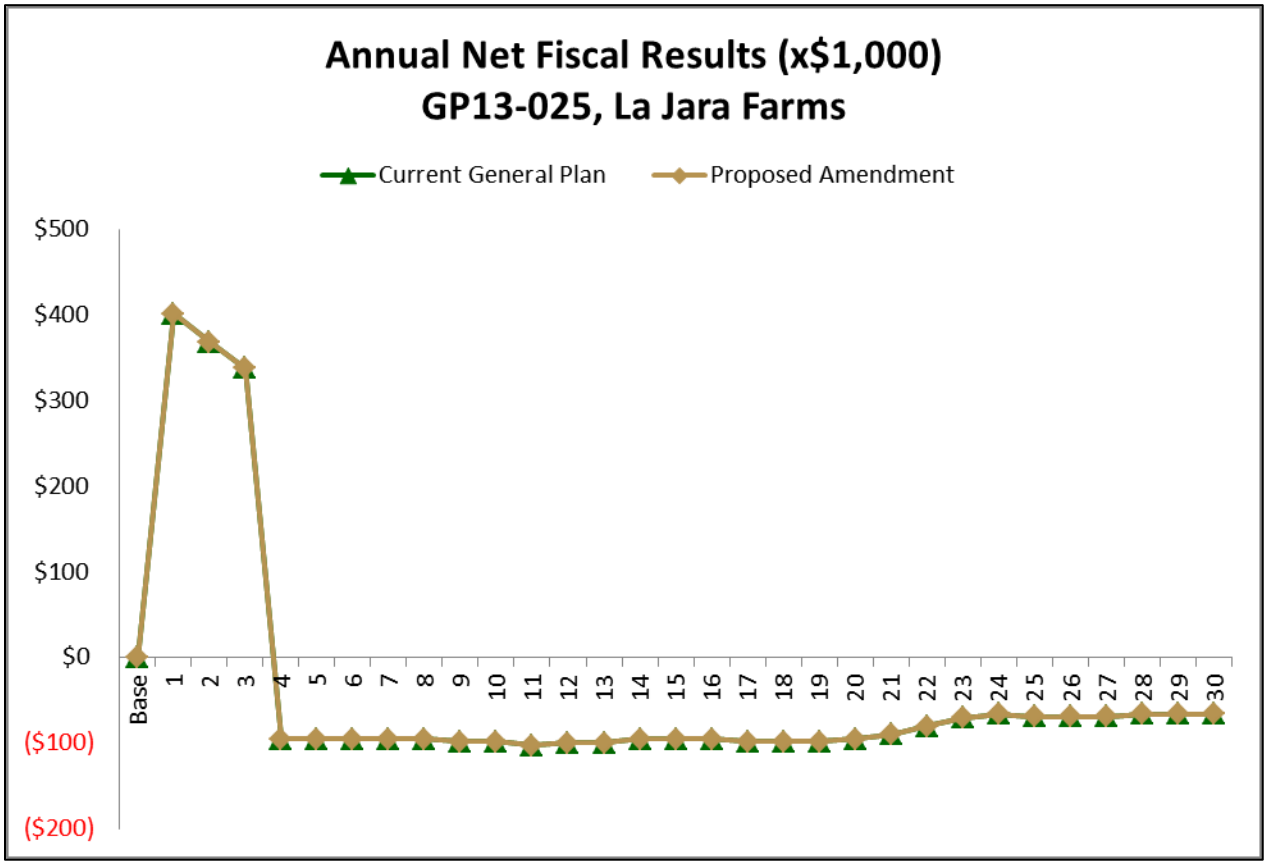
The charts below show the annual net fiscal results to the Town for each of the scenarios over the 30-year development period. By showing the annual results, the magnitude, rate of change, and timeline of deficits and revenues can be observed over time. The "bumpy" nature of the annual results during particular years represents the opening of capital facilities and/or major operating costs being incurred.

Net fiscal results are **revenues minus costs in each year**, including operating and capital costs. Data points above the $0 line represent annual surpluses; points below the $0 line represent annual deficits. Surpluses in any one year are not carried forward to the next year.

La Jara Farms (GP13-025)

The development assumed for La Jara Farms is 96 single family housing units absorbed over 3 years. Both the current General Plan and the Proposed Amendment assume the same development (see the previous chapter for a discussion on the methodologies used to develop land use assumptions for each scenario).

Figure 35: Annual Net Results – Development Scenario: GP13-025, La Jara Farms



- Over the 3-year absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the years of construction, net surpluses would be generated for both scenarios.
- By Year 30, the annual net deficit is approximately $66,000.
- Annual operating expenditures in year 30 are $204,000 with annual revenues of $138,000.
- Capital impacts for these scenarios include **cumulative** expenditures of approximately $901,000 total over 30 years, of which $566,000 is for Parks and Recreation. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

- The results herein are consistent with the fiscal impact analysis submitted to the Town by the applicant.[8] The submitted analysis identified an annual net deficit (after construction), however it should be noted that the submitted development assumptions differ from the scenarios analyzed herein as described in the *Scenarios* chapter. The amount of the deficit from the applicant's analysis (net deficit of approximately $25,000) is slightly less than our analysis ($66,000). The applicant's assumed house values are higher but the applicant's analysis does not attribute any retail sales tax revenue to residential development. The applicant also assumes lower costs per capita for Public Safety in later years, which would decrease overall costs for this development in the later years.

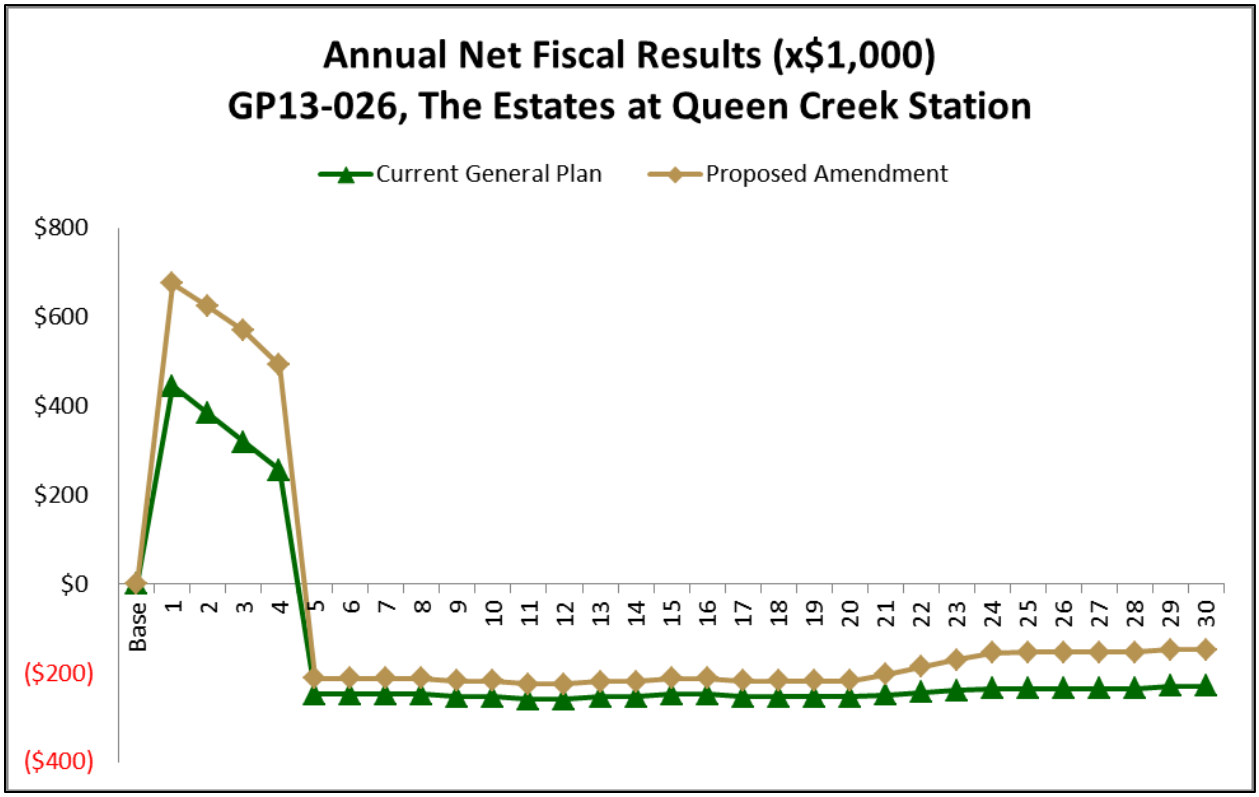
[8] Applied Economics, "Fiscal Impacts of the Proposed General Plan Amendment for La Jara Farms," May 2013.

The Estates at Queen Creek Station (GP13-026)

The Estates at Queen Creek proposal is 156 acres located at the southeast corner of Germann Road and Ellsworth Road. The application proposes changing from an Employment Type A land use that would host industrial, office, and commercial establishments, to allow development of Low Density Residential single unit homes.

The development assumed for The Estates at Queen Creek Station is assumed to be absorbed over 4 years. Development under the current General Plan assumes a total of 632,000 square feet of nonresidential development (with approximately half industrial development) and the Proposed Amendment assuming 214 units of single family housing (see the previous chapter for a discussion on the methodologies used to development land use assumptions for each scenario).

Figure 36: Annual Net Results – Development Scenario: GP13-026, The Estates at Queen Creek Station



- Over the four-year absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the years of construction, net surpluses would be generated for each scenario. However, after construction ceases, the annual net fiscal impact is a net deficit for both scenarios. The proposed residential-only scenario generates better fiscal results than the nonresidential scenario, albeit with both scenarios generating net deficits.

- Starting in Year 5, the annual net fiscal impact is a net deficit for both scenarios. The proposed residential-only scenario (Proposed Amendment) generates better fiscal results (due to sales tax revenues allocated to residential) than the nonresidential scenario, albeit with both scenarios generating net deficits. By Year 30, the annual net deficit is approximately $229,000 under the Current General Plan and $147,000 under the Proposed Amendment.
- The annual results include capital revenues and costs, which include the purchase of *replacement vehicles and apparatus* namely for Fire and Police. Because this proposal assumes a 4-year absorption, capital needs are incurred on the front end and in subsequent years, replacement purchases are assumed.
- Another reason for the differences between the nonresidential uses (current General Plan) and residential uses (Proposed) is due to revenue sources that are allocated to the Town on a per capita basis. For scenarios with no assumed population increase—i.e., nonresidential development only, those revenues will not be available but costs funded by those revenues on an ongoing basis will still be incurred. This occurs in the Streets Program (Highway User Revenues) as well as with Urban Revenue Sharing and State Sales Tax. These revenue sources are allocated on a per capita basis (with adjustments to State shared revenues to reflect that the formula is based on decennial Census factors).
- Capital impacts for these scenarios include cumulative expenditures of approximately $883,000 for the General Plan scenario and $2.0 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.
- The analysis attributes a portion of retail sales tax to residential development, which improves results for the proposed residential-only scenario.
- The results herein for the Proposed Amendment are consistent with the fiscal impact analysis submitted to the Town by the applicant.[9] The submitted analysis identified an annual net deficit (after construction) for the Proposed Amendment consistent with the TischlerBise analysis. The applicant's analysis of the current General Plan assumes different land use assumptions, and it is therefore not relevant to compare results.
- The results under the current General Plan are driven by the land use mix. The Current General Plan scenario assumes all nonresidential development of which over half is industrial. Given the lower relative assessed values for industrial development coupled with the fact that only a portion of the Town's budget is funded through property taxes and nonresidential land uses do not generate much other revenue, "non-retail" nonresidential land uses will likely not generate net surpluses. However, it should be noted that there are other factors to consider in determining whether to release

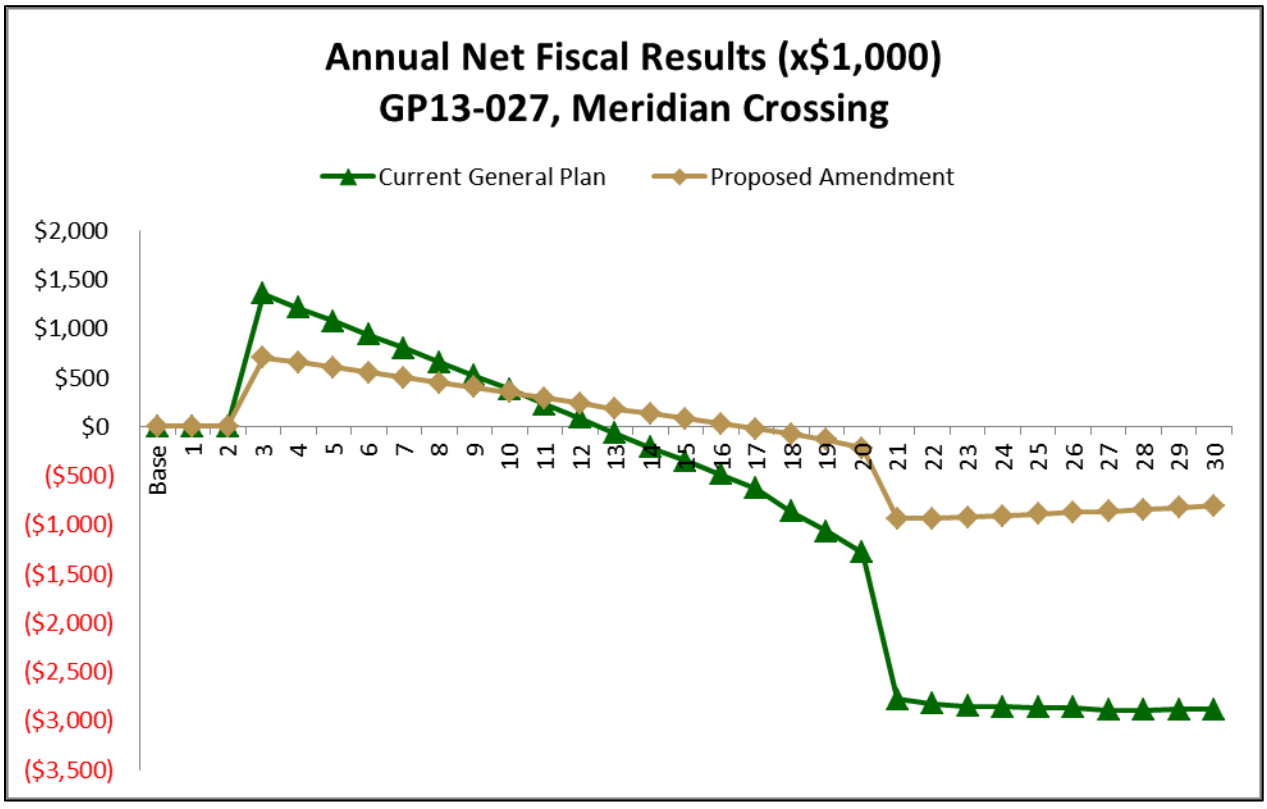
[9] Applied Economics, "Fiscal Impacts of the Proposed General Plan Amendment for The Estates at Queen Creek Station," June 2013.

nonresidential property such as provision of adequate land for employment opportunities to provide a range of opportunities for residents to work where they live and the economic impact of office and industrial development considering spin-off benefits that may be captured in the community.

Meridian Crossing (GP13-027)

Meridian Crossing is a proposal affecting 500 acres located near the intersection of Meridian Road and Rittenhouse Road. The application proposes not pursuing the existing General Plan, which allows over 3,000 multifamily residential units and 252 acres allowing approximately 450,000 square feet each of commercial and office space. The application seeks to change the land use to Medium Density Residential to allow single unit homes (987 units), and to develop 20 acres of commercial and office space (assumed as 49,000 square feet of retail and 3,000 of office). The scope of these scenarios is much larger than most of the others—in particular the General Plan assumptions with projected increase in population of 7,135 and 2,363 jobs. The Amendment assumes an increase of 3,065 population and 108 jobs. (See the previous chapter for a discussion on the methodologies used to development land use assumptions for each scenario.)

Figure 37: Annual Net Results – Development Scenario: GP13-027, Meridian Crossing



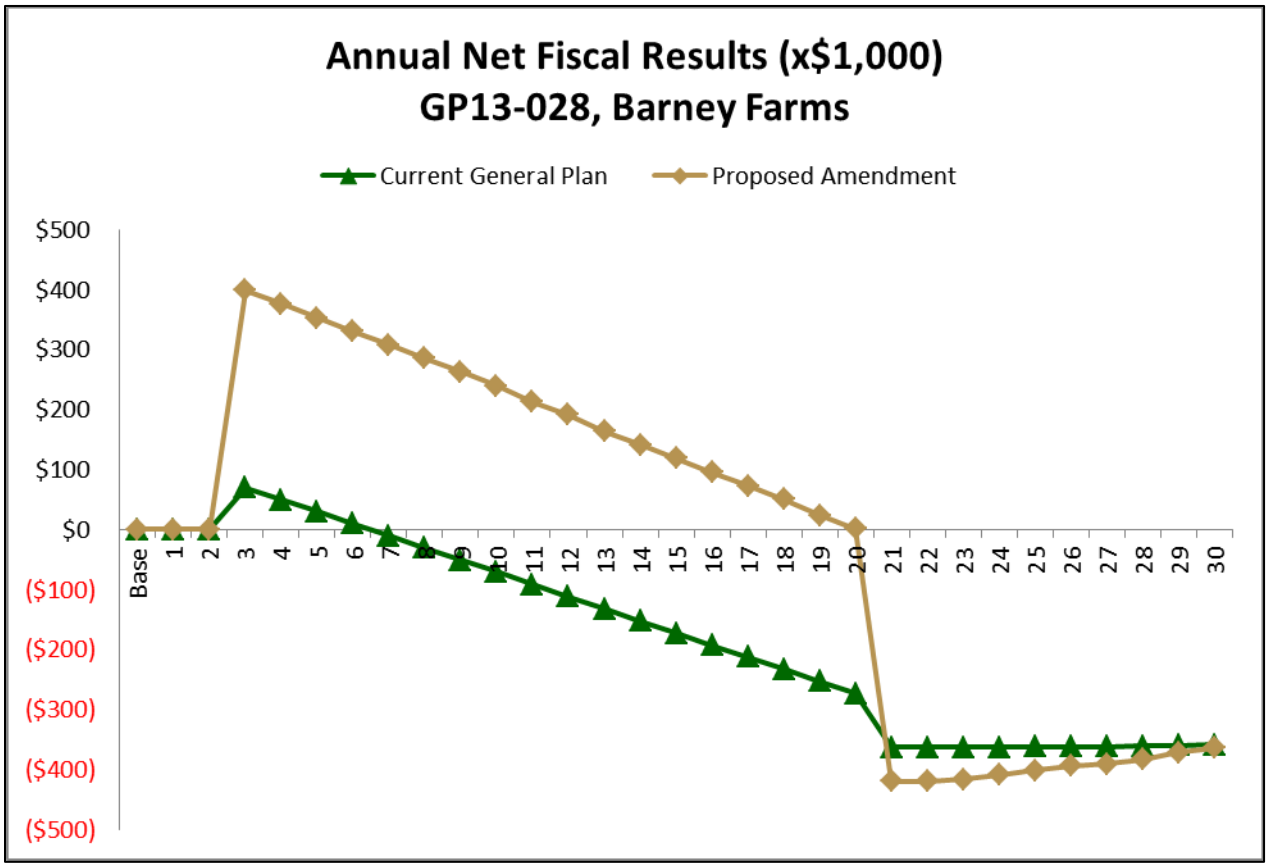
- The absorption period is 18 years after development begins in year 3, which explains the change from surpluses to deficits in year 21. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue. During the early years of construction, net surpluses are generated for each scenario with a gradual shift to net deficits.
- By Year 30, the annual net fiscal impact is a net deficit for both scenarios. The Proposed Amendment of mostly residential development generates better fiscal results (primarily due to sales tax revenues allocated to residential as well as per capita state shared revenues) than the mixed-use scenario, albeit with both scenarios generating net deficits. The annual net deficit is approximately $2.9 million under the Current General Plan and approximately $810,000 under the Proposed Amendment.
- The Current General Plan assumes over 3,000 multifamily units, which do not generate sufficient revenues to offset their costs. This has an aggregating effect and leads to deeper deficits. In addition, given the Town's revenue structure, office development also does not generate net surpluses. Office development generates minimal ongoing revenues to the Town other than property taxes. Office development generates minimal ongoing revenues to the Town other than property taxes. However, this revenue source reflects only 13 percent of the Town's budget when combining the General Fund and Emergency Services Fund. Furthermore, the Emergency Services Fund is supported by the General Fund (i.e., non-property tax revenue sources).
- The annual operating impacts from the two scenarios vary with the Current General Plan generating costs that are over three times higher than the Proposed Amendment. (General Plan generates annual operating costs of $6.7 million compared to the Proposed Amendment at $2.2 million.)
- Capital impacts for these scenarios include cumulative expenditures of approximately $21.3 million for the General Plan scenario and $8.5 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.
- The fiscal impact analysis submitted to the Town for Meridian Crossing[10] was both a fiscal and economic impact analysis. There were no costs provided in the analysis. The land use analyzed by the applicant differs from the TischlerBise analysis. Because of the above elements, a comparison of results is not applicable.

[10] Elliott D. Pollack & Company, "Economic & Fiscal Impact of Proposed Meridian Crossing Residential Master Planned Community," June 2013.

Barney Farms (GP13-028)

The application proposes changing the current land use plan for industrial development (of 630,000 square feet) under Employment Type B, to a mix of land uses including Medium Density Residential A and Medium Density Residential B (assuming 162 single family units and 198 multifamily units), and 151 acres of office and commercial space (assuming 400,000 square feet of retail and 600,000 square feet of office space).

Figure 38: Annual Net Results – Development Scenario: GP13-028, Barney Farms



- The absorption period is 18 years with development beginning in year 3, which explains the change to net deficits in year 21 for both scenarios. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures for the proposed scenario.
- By Year 30, the annual net fiscal impact is a net deficit for both scenarios. The Current General Plan assumption of industrial development does not generate sufficient revenues to support its projected costs. The Proposed Amendment, which is a mix of uses, generates net deficits after one-time revenues have stopped. The annual net deficit is approximately $359,000 under the Current General Plan and $364,000 under the Proposed Amendment.

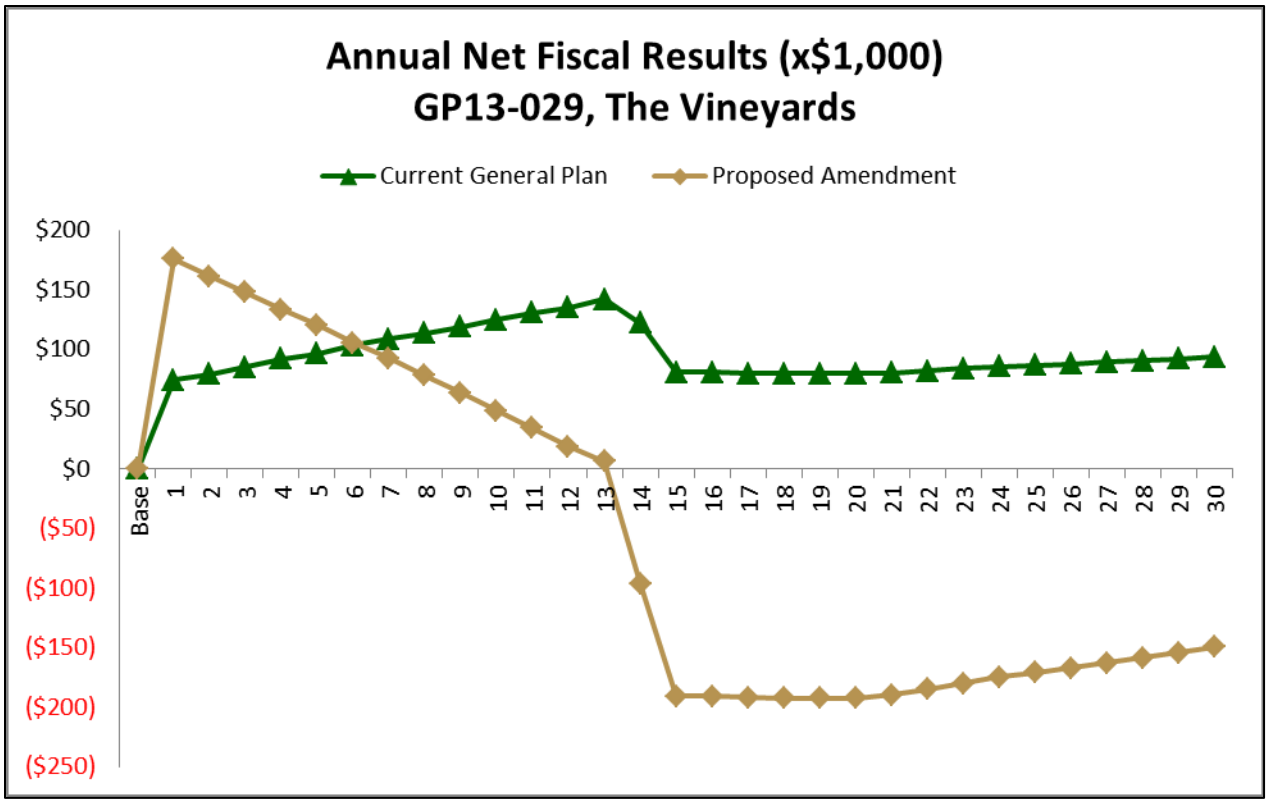
- While the resulting net deficit amounts are close in value (a shortfall of approximately $360,000), the actual operating impact from the two scenarios is very different: *The Current General Plan generates an annual operating cost of $508,000 while the Proposed Amendment generates an annual operating cost of $2 million—a fourfold increase.*
- Capital impacts for these scenarios include cumulative expenditures of approximately $530,000 for the Current General Plan scenario and $4.4 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore, incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.
- The applicant's Fiscal Impact Analysis[11] identifies annual taxable sales in the stabilized year of $45 million. Although our methodology differs, our projections for taxable sales are similar, which can be explained by the mix of uses and the assumptions for retail sales tax revenue generation under each set of analyses.
- However, the results between the two analyses differ. The applicant shows significant net surpluses for the Proposed Amendment and a small net surplus for the Current General Plan. The development scenarios analyzed by the applicant and TischlerBise differ from one another making a side-by-side comparison difficult. However, one cost element of the applicant's analysis that has the potential to affect the results is park maintenance, particularly with the amount of population that their proposal assumes. The applicant's submitted fiscal impact analysis assumes an additional 3,000 residents (which differs from the analyzed Proposed Amendment of 957 residents). The applicant projects new park maintenance costs only if parks are assumed to be developed as part of the proposed amendment. However, these additional residents will require additional parks and with that an impact on park operations and maintenance. The TischlerBise analysis accounts for this while the applicant's analysis does not.

[11] Applied Economics, "Fiscal Impacts of the Proposed General Plan Amendment for Barney Farms," June 2013.

The Vineyards (GP13-029)

The application proposes changing the current land use plan, which allows single unit residential (40 units) and approximately 100,000 square feet of commercial and office space, to develop only single residential units (assumed at 189 units) under Medium Density Residential A.

Figure 39: Annual Net Results – Development Scenario: GP13-029, The Vineyards



- The absorption period is 14 years with development beginning in year 1, which explains the downward slopes after the absorption period. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures.
- The Current General Plan land use assumptions generate net surpluses. The development is relatively small in scale with 40 single family units and approximately 100,000 square feet of nonresidential space of which 97,000 is assumed to be retail. This is a sustainable mix of uses from a fiscal standpoint.
- For the Proposed Amendment, net deficits are generated after initial surpluses are generated due to one-time revenues. The proposal evaluated is for 189 single family units with an increase in population of 587. Assuming a portion of retail sales tax revenues are generated from residential development offsets some costs but is still insufficient to cover total expenses.

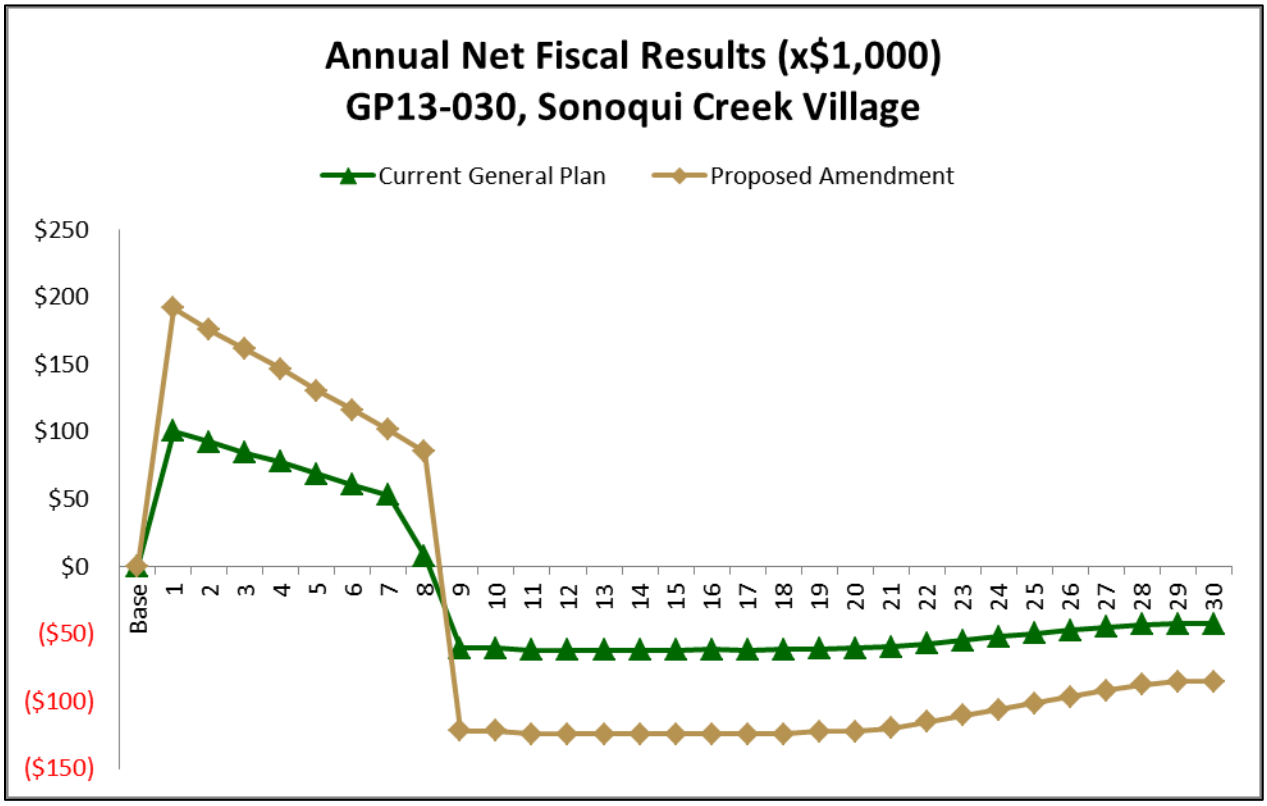
- By Year 30, the annual net fiscal impact is a surplus of approximately $94,000 under the Current General Plan and a net deficit of approximately $149,000 under the Proposed Amendment.
- Capital impacts for these scenarios include cumulative expenditures of approximately $613,000 for the General Plan scenario and $1.7 million for the Proposed Amendment over 30 years. Capital costs are pro-rated to the development projected in each scenario—therefore incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.
- The results herein for the Proposed Amendment are consistent with the fiscal impact analysis submitted to the Town by the applicant.[12] The submitted analysis identified an annual net deficit (after construction) for the Proposed Amendment consistent with the TischlerBise analysis. The applicant's analysis of the current General Plan assumes different land use assumptions, and it is therefore not relevant to compare results.

[12] Applied Economics, "Fiscal Impacts of the Proposed General Plan Amendment for The Vineyards," May 2013.

Sonoqui Creek Village (GP13-030)

The application proposes to change the current land use from Very Low Density Residential (assumes 61 units of single family) to Low Density Residential (assumes 122 units of single family).

Figure 40: Annual Net Results - – Development Scenario: GP13-030, Sonoqui Creek Village



- The absorption period is 8 years with development beginning in year 1, which explains the net fiscal deficits in year 9. Over the absorption period, one-time revenues are generated from Building Revenue, Development Fee Revenue, and Construction Sales Tax Revenue, which helps to cover related expenditures.
- Both development scenarios generate net deficits on an annual basis after construction is complete. The Current General Plan scenario assumes half as many units as the Proposed Amendment (61 units compared to 122) and the results reflect this difference. Net deficits for the Current General Plan are less than the Proposal Amendment.
- By Year 30 net deficits are generated of approximately $43,000 for the Current General Plan and $86,000 for the Proposed Amendment.
- Capital impacts for these scenarios include cumulative expenditures of approximately $570,000 for the General Plan scenario and $1.1 million for the Proposed Amendment over 30 years. Capital costs

are pro-rated to the development projected in each scenario—therefore incremental expansion costs are captured as are financing costs. Replacement costs for vehicles and equipment are also captured.

- The results herein for the Proposed Amendment are consistent with the fiscal impact analysis submitted to the Town by the applicant.[13] The submitted analysis identified an annual net deficit (after construction) for both the Proposed Amendment and the Current General Plan consistent with the TischlerBise analysis. While land use assumptions are slightly different and market values are assumed to be higher in the applicant's analysis, the stabilized year results are consistent with TischlerBise's findings. However, even under the TischlerBise assumption that some retail sales tax revenues will be generated by new residential development, the assumed residential development does not generate sufficient revenue to offset the projected costs.

[13] Applied Economics, "Fiscal Impacts of the Proposed General Plan Amendment for Sonoqui Creek Village," May 2013.

SUMMARY OF FINDINGS

The fiscal impact analysis reveals that in the short-term for several scenarios, sufficient revenues are generally available to accommodate new growth. However, once initial construction-related revenues cease, annual net differences between the Plan Amendments emerge.

- Scenarios with only residential development generate an annual net deficit under the assumptions in this analysis. While initial years generate net surpluses due to front-end construction sales tax and building revenues, once the absorption phase concludes, net deficits are generated. This occurs even under the assumption that new residential development will generate additional Town sales tax revenues.
- Scenarios with a mix of land uses have mixed results. Those with retail land uses may generate net surpluses but the results are dependent on the combination of other land uses. Those scenarios with industrial land uses tend to generate net deficits. While costs are low in these scenarios, there are only a few types of revenues generated from industrial development, therefore net deficits are generated.

As noted elsewhere, the fiscal analysis of the General Plan Amendments includes both operating and capital expenditures. The approach for this analysis is an average cost approach where pro-rated costs—both operating and capital—are allocated to the amount of development projected for each amendment. This differs from a **marginal cost** approach where facilities would be "built" by the model when a certain service population threshold is reached, which would then trigger operational costs in some cases. This type of marginal approach will be used in the next phase of the Town's fiscal analysis, which will evaluate Townwide growth scenarios.

Comparison with Other Fiscal Impact Studies

The Town has received fiscal impact evaluations from the six applicants.[14] Five of the six evaluations were fiscal impact analyses evaluating both revenues and costs. (The analysis submitted for the sixth application, Meridian Crossing, was an economic and fiscal impact analysis that only evaluated revenues and included spin-off economic effects from construction activities.)

TischlerBise reviewed the analyses and identified the following major differences (focused on the five fiscal impact analyses):

- The studies assume economies of scale for some operations with decreasing costs per service population over time—such as for recreation services, fire, and park maintenance (although if the proposal does not include any park acres, the studies assumed no costs). This is a departure

[14] Five of the six analyses were conducted by Applied Economics in May or June 2013 (La Jara Farms; The Estates at Queen Creek Station; Barney Farms; The Vineyards; and Sonoqui Creek Village. The sixth analysis for Meridian Crossing was conducted by Elliot D. Pollack & Company in June 2013.

from TischlerBise's current analysis where current operating levels of service and costs per service population are assumed throughout the projection period.

- Property values tend to differ among the applicants' studies and TischlerBise's analysis. TischlerBise uses an average value by type of land use to be consistent across scenarios.

- The applicants' studies assume a lag of 1 year after construction to generate property tax revenues while the TischlerBise analysis does not.

- For state shared revenues (income and sales tax), the applicants' studies assume the revenue is "fixed" until the year 2021 when adjustments will be made by the State after the next decennial Census. We project on a per capita basis but adjust the revenue per capita downward to 50 percent to account for this future modification.

- As noted above, if there are no new park acres assumed as part of the development proposal (of which there are none assumed in the submitted applications), the applicants' studies assume no cost for parks maintenance. The TischlerBise analysis projects new park acres demanded by residential development and then models the operations and maintenance costs from those new acres.

- For Police cost allocation to residential and nonresidential development, the applicants' studies utilize an outdated share of 90 percent to residential and 10 percent to nonresidential. The latest allocation is 83 percent residential and 17 nonresidential.[15]

- For Fire cost allocation to residential and nonresidential development, the applicants' studies utilize a share of 75 percent to residential and 25 percent to nonresidential. The latest allocation is 83 percent residential and 17 nonresidential.[16] The applicants' studies also note that costs per service population are assumed to decrease over time due to economies of scale. However, cost factors are not provided to enable comparison to TischlerBise's cost assumptions, which assumes current levels of service and costs continue throughout the projection period.

- The applicants' street maintenance costs are projected on built lane miles assumed in each proposal. The TischlerBise analysis projects street maintenance costs on an increase in demand on all roads—local and system level roads—by projecting the increase in vehicle miles of travel and the costs to serve the additional demand.

[15] TischlerBise Development Fee Study for the Town of Queen Creek (Draft, October 31, 2013).
[16] TischlerBise Development Fee Study for the Town of Queen Creek (Draft, October 31, 2013).

Furthermore, another fiscal study is well known in the Phoenix region and should be noted. The Maricopa Association of Governments (MAG) commissioned a study in 2001 to look at the generalized fiscal impact of different land uses on communities in the MAG region. The study, "Regional Growing Smarter Implementation: Fiscal Balance," sought to "provide background information on how different types of development impact communities from a fiscal perspective."[17]

The study provided a literature review of fiscal impact studies as well as provided a fiscal model methodology to develop net fiscal impacts for four different general land uses in localities in Maricopa County. The approach taken for the study was to group cities by size, with Queen Creek included in the "small city" category. Then for each city size group, revenue and cost factors were derived and used to evaluate the fiscal impact of the general land use categories. The exception to the use of uniform factors was for property and sale tax rates, which varied by jurisdiction.

Because of this grouped approach, the results for the Town of Queen Creek appear to reflect results for an average small city in the region for some of the land uses. However, it is informative to compare the general results from this study to the findings from the TischlerBise analysis. Also included in the comparison is the "Typical Hierarchy of Land Use and Fiscal Impact" (1993) from Burchell and Listokin as quoted in the MAG study. A summary figure is provided below.

Figure 41. Comparison of Fiscal Studies

	Burchell & Listokin* (1993)	***MAG Study** (2001)***	***TischlerBise GPA Analysis*** (2013)***
Single Family [1]	-	-	-
Multifamily [2]	-	-	-
Retail	-	+	+
Office	+	+	-
Industrial	+	-	-

+ = positive fiscal impact
- = negative fiscal impact

** "Typical Hierarchy of Land Use and Fiscal Impact," Robert Burchell and David Listokin, "Fiscal Impact Procedures and State of The Art." Lincoln Institute of Land Policy, 1993, as quoted in MAG Study, 2001.*

*** Results for Town of Queen Creek, MAG Study 2001; results were reported "per acre"*

**** Special analysis by TischlerBise per housing unit and per 1,000 sf of nonresidential space, using assumptions per the GPA fiscal impact analyses*

[1] MAG results reflect "Large Lot SF"

[2] MAG results reflect "Medium Density MF"

[17] Applied Economics, *Maricopa Association of Governments Regional Growing Smarter Implementation: Fiscal Balance; Final Report, October 2001.*

It is important to recognize that Burchell and Listokin's fiscal hierarchy is a generic guide to how individual land uses will perform from a fiscal perspective. But there are numerous factors that influence the fiscal results for different land uses, including local revenue structure, levels of service, and the capacity of existing infrastructure, as well as the demographic and market characteristics of new growth. In the case of Queen Creek, limited property tax revenues shift Burchell's positive generalized assumption for office and industrial land uses to a negative in Queen Creek.

The other difference between the MAG findings and TischlerBise's recent results is for office development. As noted above, the MAG study appeared to have provided results for Queen Creek as part of an average "small city" group. In addition, the assumptions were from 2001 when the Town had a population of 5,000 compared to almost 30,000 today. TischlerBise's current analysis of office development, given the average assumptions in the General Plan Amendment evaluations, reveals a negative fiscal impact due to minimal revenues generated. Office development would have a positive fiscal impact if property taxes played a larger role in Town funding. As it stands today, retail sales taxes reflect the single largest revenue source for the Town with another sizable share of the budget coming from population-driven funding sources. That said, office and industrial development are crucial land uses for a locality to maintain a balanced land use mix. Office and industrial development allows residents to work and live locally, thus reducing commuting times (and vehicle emissions); establishes a local business community that in turn supports the larger community and is vested in its success; generates spin-off benefits to the local and regional economy that are not necessarily captured in a fiscal analysis; and allows children who grew up in the community to stay or return to build and support the community.

As noted above, it should be reiterated that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. In addition, economic development goals such as the ability to provide suitable locations for future employment growth should be taken into consideration when making land use decisions.

REVENUE AND COST OUTPUTS

Further details on revenue and cost projections for the Town of Queen Creek General Plan Amendments are presented and discussed in this section.

REVENUES

All General Fund, Debt Service Fund, Drainage and Transportation Fund (Capital Fund), Streets Program (Highway User Fund), Emergency Services Fund, and Development Fee revenues were evaluated. Other Funds excluded from the analysis are either self-sufficient (e.g., Water Fund) or not affected by growth.

For comparison purposes, we provide the FY2014 Town of Queen Creek operating revenue summary along with share by type.

Figure 42. Town of Queen Creek FY2014 Revenues by Type (x$1,000)

Town of Queen Creek Base Year (FY14) Budget- General Fund		
Revenue Sources	*FY14*	*%*
Local Taxes	$10,220,000	47%
Licenses and Permits	$2,578,600	12%
State and Federal Shared Rev	$6,098,000	28%
Charges for Service	$2,019,567	9%
Interest	$225,000	1%
Misc	$100,000	0%
Fund Balance	$500,000	2%
	$21,741,167	**100%**

Annual Operating Revenues

We provide outputs from the GPA analyses first for annual operating revenues and then for cumulative capital revenues. Annual revenues in the last projection year (Year 30) are provided to reflect a stabilized operating year. Annual revenues are provided for General Fund, Emergency Services Fund, and Streets Program. (Capital revenues are shown separately below.) Annual revenues are shown in Figure 43. Revenues shown are only from projected growth and do not include base year Town revenues. Figures are in constant 2013 dollars and are shown in thousands.

Figure 43. Annual Operating Revenues: Year 30 (x$1,000)

Annual Revenue (Year 30) from Growth (x$1,000): General Fund, Emergency Services, Streets
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

Category	GP13-025, La Jara Farms				GP13-026, Estates at Queen Creek Station				GP13-027, Meridian Crossings			
	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Fund Revenues	$67	100%	$67	100%	$243	100%	$150	100%	$2,458	100%	$793	100%
Dept Support Revenue	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Sales Tax-Retail	$25	*38%*	$25	*38%*	$222	*92%*	$56	*38%*	$1,425	*58%*	$362	*46%*
Sales Tax-Recovery	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Business Licenses	$0	*0%*	$0	*0%*	$20	*8%*	$0	*0%*	$32	*1%*	$1	*0%*
Building Revenues	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Liquor License	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
State Sales Tax	$12	*17%*	$12	*17%*	$0	*0%*	$26	*17%*	$278	*11%*	$120	*15%*
Gas Franchise Revenue	$0	*1%*	$0	*1%*	$0	*0%*	$1	*1%*	$8	*0%*	$4	*0%*
Cable Licensing Fee	$2	*2%*	$2	*2%*	$0	*0%*	$3	*2%*	$37	*2%*	$16	*2%*
Town Facility Rentals	$2	*2%*	$2	*2%*	$0	*0%*	$3	*2%*	$36	*1%*	$15	*2%*
Motor Vehicle Tax	$9	*13%*	$9	*13%*	$0	*0%*	$20	*13%*	$215	*9%*	$92	*12%*
Income Tax - Urban Revenue Sharing	$15	*22%*	$15	*22%*	$0	*0%*	$33	*22%*	$359	*15%*	$154	*19%*
Telecommunications	$1	*2%*	$1	*2%*	$0	*0%*	$2	*2%*	$24	*1%*	$10	*1%*
Recreation User Fees	$2	*3%*	$2	*3%*	$0	*0%*	$4	*3%*	$42	*2%*	$18	*2%*
Miscellaneous Income	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Interest Income	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Fund Balance	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Emergency Services Fund Revenues	$55	100%	$55	100%	$224	100%	$123	100%	$1,469	100%	$595	100%
Current Year Ad Valorem	$52	*94%*	$52	*94%*	$196	*88%*	$116	*94%*	$1,290	*88%*	$550	*92%*
Local Sales Tax	$3	*6%*	$3	*6%*	$28	*12%*	$7	*6%*	$178	*12%*	$45	*8%*
Charges for Services	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Streets Program (HURF & LTAF)	$16	100%	$16	100%	$0	0%	$36	100%	$383	100%	$165	100%
HURF Revenue	$15	*95%*	$15	*95%*	$0	*0%*	$34	*95%*	$363	*95%*	$156	*95%*
LTAF Revenue	$1	*5%*	$1	*5%*	$0	*0%*	$2	*5%*	$20	*5%*	$8	*5%*
TOTAL	**$138**		**$138**		**$466**		**$308**		**$4,310**		**$1,552**	

Annual Revenue (Year 30) from Growth (x$1,000): General Fund, Emergency Services, Streets
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

Category	GP13-028, Barney Farms				GP13-029, The Vineyards				GP13-030, Sonoqui Creek Village			
	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Fund Revenues	$16	100%	$1,071	100%	$231	100%	$132	100%	$43	100%	$85	100%
Dept Support Revenue	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Sales Tax-Retail	$0	*0%*	$898	*84%*	$210	*91%*	$50	*38%*	$16	*38%*	$32	*38%*
Sales Tax-Recovery	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Business Licenses	$16	*100%*	$38	*4%*	$3	*1%*	$0	*0%*	$0	*0%*	$0	*0%*
Building Revenues	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Liquor License	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
State Sales Tax	$0	*0%*	$37	*3%*	$5	*2%*	$23	*17%*	$7	*17%*	$15	*17%*
Gas Franchise Revenue	$0	*0%*	$1	*0%*	$0	*0%*	$1	*1%*	$0	*1%*	$0	*1%*
Cable Licensing Fee	$0	*0%*	$5	*0%*	$1	*0%*	$3	*2%*	$1	*2%*	$2	*2%*
Town Facility Rentals	$0	*0%*	$5	*0%*	$1	*0%*	$3	*2%*	$1	*2%*	$2	*2%*
Motor Vehicle Tax	$0	*0%*	$29	*3%*	$4	*2%*	$18	*13%*	$6	*13%*	$11	*13%*
Income Tax - Urban Revenue Sharing	$0	*0%*	$48	*5%*	$6	*3%*	$30	*22%*	$10	*22%*	$19	*22%*
Telecommunications	$0	*0%*	$3	*0%*	$0	*0%*	$2	*2%*	$1	*2%*	$1	*2%*
Recreation User Fees	$0	*0%*	$6	*1%*	$1	*0%*	$3	*3%*	$1	*3%*	$2	*3%*
Miscellaneous Income	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Interest Income	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Fund Balance	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Emergency Services Fund Revenues	$142	100%	$648	100%	$80	100%	$108	100%	$35	100%	$70	100%
Current Year Ad Valorem	$142	*100%*	$535	*83%*	$54	*67%*	$102	*94%*	$33	*94%*	$66	*94%*
Local Sales Tax	$0	*0%*	$112	*17%*	$26	*33%*	$6	*6%*	$2	*6%*	$4	*6%*
Charges for Services	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
HURF & LTAF Fund Revenues	$0	100%	$51	100%	$7	100%	$32	100%	$10	100%	$20	100%
HURF Revenue	$0	*0%*	$49	*95%*	$6	*95%*	$30	*95%*	$10	*95%*	$19	*95%*
LTAF Revenue	$0	*0%*	$0	*0%*	$0	*5%*	$2	*5%*	$1	*5%*	$1	*5%*
TOTAL	**$158**		**$1,770**		**$318**		**$272**		**$88**		**$176**	

Cumulative Capital Revenues

A summary of cumulative capital revenues are shown below. Cumulative amounts are provided to reflect the total impact from each development proposal. Development fee revenue is based on the latest draft Development Fee Report provided to the Town (dated October 31, 2013).

Figure 44. Cumulative Capital Revenues: Years 1-30 (x$1,000)

Cumulative Revenue from Growth (x$1,000): Capital Revenues
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

Category	GP13-025, La Jara Farms				GP13-026, Estates at Queen Creek Station				GP13-027, Meridian Crossings			
	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
Construction Sales Tax	$346	*34%*	$346	*34%*	$688	*45%*	$771	*34%*	$7,553	*30%*	$3,612	*34%*
State and Fed Shared Revenues	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Special Assessment	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Fund Balance	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
General Government Dev. Fees	$46	*4%*	$46	*4%*	$200	*13%*	$102	*4%*	$1,345	*5%*	$484	*5%*
Parks and Recreation Dev. Fees	$399	*39%*	$399	*39%*	$0	*0%*	$890	*39%*	$9,526	*38%*	$4,107	*38%*
Library Dev. Fees	$73	*7%*	$73	*7%*	$0	*0%*	$163	*7%*	$1,741	*7%*	$751	*7%*
Police Dev. Fees	$17	*2%*	$17	*2%*	$35	*2%*	$39	*2%*	$493	*2%*	$184	*2%*
Fire Dev. Fees	$45	*4%*	$45	*4%*	$240	*16%*	$101	*4%*	$1,392	*6%*	$483	*5%*
Transportation Dev. Fees	$96	*9%*	$96	*9%*	$354	*23%*	$215	*9%*	$2,977	*12%*	$1,053	*10%*
TOTAL Capital Revenues	**$1,023**	***100%***	**$1,023**	***100%***	**$1,516**	***100%***	**$2,280**	***100%***	**$25,027**	***100%***	**$10,675**	***100%***

Cumulative Revenue from Growth (x$1,000): Capital Revenues
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

Category	GP13-028, Barney Farms				GP13-029, The Vineyards				GP13-030, Sonoqui Creek Village			
	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
Construction Sales Tax	$500	*41%*	$2,347	*39%*	$258	*35%*	$681	*34%*	$220	*34%*	$439	*34%*
State and Fed Shared Revenues	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Special Assessment	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Fund Balance	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
General Government Dev. Fees	$215	*18%*	$437	*7%*	$49	*7%*	$90	*4%*	$29	*4%*	$58	*4%*
Parks and Recreation Dev. Fees	$0	*0%*	$1,281	*21%*	$166	*22%*	$786	*39%*	$254	*39%*	$508	*39%*
Library Dev. Fees	$0	*0%*	$234	*4%*	$30	*4%*	$144	*7%*	$46	*7%*	$93	*7%*
Police Dev. Fees	$20	*2%*	$139	*2%*	$20	*3%*	$34	*2%*	$11	*2%*	$22	*2%*
Fire Dev. Fees	$258	*21%*	$495	*8%*	$55	*7%*	$89	*4%*	$29	*4%*	$57	*4%*
Transportation Dev. Fees	$214	*18%*	$1,123	*19%*	$164	*22%*	$190	*9%*	$61	*9%*	$122	*9%*
TOTAL Capital Revenues	**$1,207**	***100%***	**$6,056**	***100%***	**$743**	***100%***	**$2,013**	***100%***	**$650**	***100%***	**$1,300**	***100%***

EXPENDITURES

All operating and capital expenditures were included as accounted for in the General Fund, Emergency Services Fund, Streets Program (HURF and LTAF), and capital expenditures accounted for in the Drainage and Transportation Fund and Debt Service Fund. Other Funds excluded from the analysis are either self-sufficient (e.g., Water Fund) or not affected by growth.

For comparison purposes, we provide the FY2014 Town of Queen Creek operating expenditure summary along with share by type.

Figure 45. Town of Queen Creek FY2014 Operating Expenditures by Type (x$1,000)

Town of Queen Creek Base Year Budget- General Fund		
Expenditures	*FY14*	*%*
Mayor and Town Council	$199,935	1%
Town Manager, Clerk, Legal	$1,454,446	8%
Management Services	$1,305,049	7%
Workforce and Technology	$2,295,098	13%
Economic Development	$1,165,294	7%
Development Services	$7,197,851	40%
Non-Departmental	$4,225,375	24%
	$17,843,048	**100%**

Note: The General Fund does not include any Public Safety costs, all of which are accounted for in the Emergency Services Fund.

Annual Operating Expenditures

We provide outputs from the GPA analyses in two ways. First, annual expenditures in the last projection year (Year 30) are provided to reflect a stabilized operating year. Annual expenditures are provided for General Fund, Emergency Services Fund, and Streets Program. (Capital expenditures are shown separately below.) Annual revenues are shown in Figure 46. Expenditures shown are only from projected growth and do not include base year Town expenditures. Figures are in constant 2013 dollars and are shown in thousands.

Figure 46. Annual Operating Expenditures: Year 30 (x$1,000)

Annual Expenditures (Year 30) by Department from Growth (x$1,000): General Fund, Emergency Services, Streets
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

	GP13-025, La Jara Farms				GP13-026, Estates at Queen Creek Station				GP13-027, Meridian Crossing			
Category	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Fund Expenditures	$125	*100%*	$125	*100%*	$363	*100%*	$278	*100%*	$3,638	*100%*	$1,315	*100%*
Town Council	$0	*0%*	$0	*0%*	$1	*0%*	$0	*0%*	$6	*0%*	$2	*0%*
Town Manager, Clerk, Legal	$7	*5%*	$7	*5%*	$34	*9%*	$15	*5%*	$219	*6%*	$73	*6%*
Management Services	$10	*8%*	$10	*8%*	$20	*5%*	$22	*8%*	$265	*7%*	$102	*8%*
Workforce and Technology	$10	*8%*	$10	*8%*	$50	*14%*	$23	*8%*	$324	*9%*	$108	*8%*
Economic Development	$6	*5%*	$6	*5%*	$29	*8%*	$13	*5%*	$189	*5%*	$63	*5%*
Development Services	$77	*61%*	$77	*61%*	$171	*47%*	$171	*61%*	$2,175	*60%*	$805	*61%*
Non-Departmental	$15	*12%*	$15	*12%*	$57	*16%*	$34	*12%*	$461	*13%*	$163	*12%*
Emergency Services Expenditures	$68	*100%*	$68	*100%*	$291	*100%*	$151	*100%*	$2,135	*100%*	$726	*100%*
Sheriff	$29	*42%*	$29	*42%*	$64	*22%*	$64	*42%*	$836	*39%*	$307	*42%*
Fire & Emergency Services	$39	*58%*	$39	*58%*	$227	*78%*	$87	*58%*	$1,299	*61%*	$418	*58%*
Streets Program (HURF & LTAF)	$12	100%	$12	100%	$43	100%	$26	100%	$949	100%	$127	100%
Maintenance & Repair	$12	*100%*	$12	*100%*	$43	*100%*	$26	*100%*	$949	*100%*	$127	*100%*
TOTAL	**$204**		**$204**		**$696**		**$455**		**$6,723**		**$2,168**	

Annual Expenditures (Year 30) by Department from Growth (x$1,000): General Fund, Emergency Services, Streets
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

	GP13-028, Barney Farms				GP13-029, The Vineyards				GP13-030, Sonoqui Creek Village			
Category	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Fund Expenditures	$271	*100%*	$1,106	*100%*	$113	*100%*	$246	*100%*	$79	*100%*	$159	*100%*
Town Council	$1	*0%*	$2	*0%*	$0	*0%*	$0	*0%*	$0	*0%*	$0	*0%*
Town Manager, Clerk, Legal	$26	*10%*	$86	*8%*	$8	*7%*	$14	*5%*	$4	*5%*	$9	*5%*
Management Services	$15	*6%*	$69	*6%*	$7	*6%*	$19	*8%*	$6	*8%*	$12	*8%*
Workforce and Technology	$39	*14%*	$128	*12%*	$11	*10%*	$20	*8%*	$6	*8%*	$13	*8%*
Economic Development	$22	*8%*	$75	*7%*	$7	*6%*	$12	*5%*	$4	*5%*	$8	*5%*
Development Services	$124	*46%*	$589	*53%*	$65	*58%*	$151	*61%*	$49	*61%*	$97	*61%*
Non-Departmental	$44	*16%*	$158	*14%*	$15	*13%*	$30	*12%*	$10	*12%*	$20	*12%*
Emergency Services Expenditures	$211	*100%*	$799	*100%*	$84	*100%*	$134	*100%*	$43	*100%*	$86	*100%*
Sheriff	$37	*18%*	$243	*30%*	$35	*42%*	$57	*42%*	$18	*42%*	$37	*42%*
Fire & Emergency Services	$174	*82%*	$555	*70%*	$49	*58%*	$77	*58%*	$25	*58%*	$50	*58%*
Streets Program (HURF & LTAF)	$26	100%	$135	100%	$20	100%	$23	100%	$7	100%	$15	100%
Maintenance & Repair	$26	*100%*	$135	*100%*	$20	*100%*	$23	*100%*	$7	*100%*	$15	*100%*
TOTAL	**$508**		**$2,040**		**$217**		**$402**		**$130**		**$260**	

Cumulative Capital Expenditures

A summary of cumulative capital expenditures are shown below. Cumulative amounts are provided to reflect the total impact from each development proposal.

Figure 47. Cumulative Capital Expenditures: Years 1-30 (x$1,000)

Cumulative Capital Expenditures from Growth (x$1,000): Capital Costs
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

	GP13-025, La Jara Farms				GP13-026, Estates at Queen Creek Station				GP13-027, Meridian Crossing			
Category	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Government	$56	*6%*	$56	*6%*	$281	*32%*	$124	*6%*	$1,718	*8%*	$569	*7%*
Parks and Recreation	$566	*63%*	$566	*63%*	$0	*0%*	$1,261	*63%*	$12,137	*58%*	$5,216	*62%*
Library	$91	*10%*	$91	*10%*	$0	*0%*	$204	*10%*	$2,070	*10%*	$889	*11%*
Police	$50	*6%*	$50	*6%*	$111	*13%*	$112	*6%*	$1,112	*5%*	$409	*5%*
Fire	$12	*1%*	$12	*1%*	$26	*3%*	$26	*1%*	$301	*1%*	$111	*1%*
Transportation	$126	*14%*	$126	*14%*	$464	*53%*	$281	*14%*	$3,571	*17%*	$1,262	*15%*
TOTAL Capital Costs	**$901**	***100%***	**$901**	***100%***	**$883**	***100%***	**$2,008**	***100%***	**$20,908**	***100%***	**$8,456**	***100%***

Cumulative Capital Expenditures from Growth (x$1,000): Capital Costs
SCENARIO COMPARISONS
Town of Queen Creek, GPA Fiscal Impact Analysis

	GP13-028, Barney Farms				GP13-029, The Vineyards				GP13-030, Sonoqui Creek Village			
Category	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund	General Plan	% of Fund	Proposed Amendment	% of Fund
General Government	$210	*40%*	$691	*16%*	$63	*10%*	$108	*6%*	$35	*6%*	$71	*6%*
Parks and Recreation	$0	*0%*	$1,627	*37%*	$233	*38%*	$1,099	*63%*	$359	*63%*	$720	*63%*
Library	$0	*0%*	$278	*6%*	$37	*6%*	$175	*10%*	$58	*10%*	$116	*10%*
Police	$49	*9%*	$323	*7%*	$55	*9%*	$88	*5%*	$31	*5%*	$61	*5%*
Fire	$13	*3%*	$87	*2%*	$14	*2%*	$23	*1%*	$7	*1%*	$15	*1%*
Transportation	$257	*49%*	$1,346	*31%*	$211	*34%*	$245	*14%*	$80	*14%*	$160	*14%*
TOTAL Capital Costs	**$530**	***100%***	**$4,353**	***100%***	**$613**	***100%***	**$1,739**	***100%***	**$570**	***100%***	**$1,143**	***100%***

APPENDIX – LAND USE ASSUMPTIONS

BASE YEAR DEMOGRAPHIC DATA

The fiscal impact analysis uses a base year of 2013 to reflect the demographics at the start of the Fiscal Year 2014. Base year data is used to determine current levels of service, which are used to project future costs. The following summarizes base year demographic data for the Town of Queen Creek.

Figure 48. Base Year Demographic Data

	Year->	Base
LAND USE TYPE		2013
Residential Units		
SFD & SFA		9,165
MULTIFAMILY		308
MOBILE HOMES		0
ALL OTHERS		0
Total Units		**9,473**
Non-Residential KSF		
Retail KSF		1,971
Office KSF		1,028
Industrial KSF		212
TOTAL NONRES KSF		**3,211**
EMPLOYMENT		
Employment		
Retail Employees		2,390
Office/Instit Employees		2,020
Industrial/Manuf Employees		691
TOTAL JOBS		**5,101**
FIRE CFS		1,410
POPULATION		29,191
POP AND JOBS		34,292
TOTAL VMT		817,733
TOTAL MAINTAINED ROAD MILES		109
TOTAL TRIPS		92,226
NONRES TRIPS		34,182
SWORN PERSONNEL		31
TOTAL TOWN BUILDING SF		52,460
IMPROVED PARK ACRES		76
UNIMPROVED PARK ACRES		348
OPEN SPACE ACRES		160
TOTAL PARK ACRES		584

Source: Town of Queen Creek; TischlerBise. (2013) Development Fee Study

HOUSING UNITS

Persons per housing unit by type of housing unit in the Town of Queen Creek is used to project population from new development.

Figure 49: Household Size by Type of Residential Unit

Units in Structure	*Renter & Owner*				
	Persons	*House-holds*	*Persons per Household*	*Housing Units*	***Persons per Housing Unit***
Single Unit*	25,707	7,483	3.44	8,279	3.11
2+ Units	638	237	2.70	278	2.29
Subtotal	26,345	7,720	3.41		
Group Quarters	16				
TOTAL	26,361			8,557	3.08

** Single unit includes detached, attached, and mobile homes.*
Source: Totals from Summary File 1, U.S. Census Bureau.

EMPLOYEE DENSITY FACTORS

Employees per 1,000 square feet of nonresidential space are used to project future employment. Projected nonresidential square footage by type of development is converted to employment using the employee density figures shown below. The highlighted land uses represent prototype future nonresidential development in Queen Creek used in the analysis. Institutional development is with the factors for General Office land use. (Also shown are trip rates, which are discussed in further detail below.)

Figure 50: Floor Area per Employee

ITE Code	*Land Use*	*Demand Unit*	*Emp Per Dmd Unit*	*Sq Ft Per Emp*
110	Light Industrial	1,000 Sq Ft	2.31	433
130	Industrial Park	1,000 Sq Ft	2.04	489
140	Manufacturing	1,000 Sq Ft	1.79	558
150	Warehousing	1,000 Sq Ft	0.92	1,093
254	Assisted Living	bed	0.68	na
320	Motel	room	0.44	na
520	Elementary School	1,000 Sq Ft	0.98	1,018
530	High School	1,000 Sq Ft	0.65	1,531
540	Community College	student	0.08	na
550	University/College	student	0.19	na
565	Day Care	student	0.16	na
610	Hospital	1,000 Sq Ft	2.94	340
620	Nursing Home	1,000 Sq Ft	2.33	429
710	General Office (avg size)	1,000 Sq Ft	3.32	301
760	Research & Dev Center	1,000 Sq Ft	2.93	342
770	Business Park	1,000 Sq Ft	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	2.00	500

* *Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).*

VEHICLE TRIPS

Vehicle trips are used to project some operating and capital expenditures in the fiscal impact analysis. Average Weekday Vehicle Trip Ends by type of development (or trip generation rates) are from the reference book, *Trip Generation, 9TH Edition*, published by the Institute of Transportation Engineers (ITE), in 2012. A "trip end" represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). Trip rates have been adjusted to avoid overestimating the number of actual trips because one vehicle trip is counted in the trip rates of both the origination and destination points.

Residential Vehicle Trips

According to the National Household Travel Survey (2009)*, published in December 2011, home-based work trips are typically 30.99 percent of "production" trips, in other words, out-bound trips (which are 50 percent of all trip ends). Also, LED OnTheMap data from 2011 indicate that 96 percent of Queen Creek's employed residents travel outside the Town for work. In combination, these factors (0.3099 x 0.50 x 0.96 = 0.15) account for 15 percent of additional production trips. The total adjustment factor for residential includes attraction trips (50% of trip ends) plus the journey-to-work commuting adjustment (10% of production trips) for a total of 65 percent. Trip rates and adjustment factors are shown in the figure.

Nonresidential Vehicle Trips

A simple factor of 50 percent has been applied to Office and Industrial categories. The Retail category has a trip factor of less than 50 percent because this type of development attracts vehicles as they pass-by on arterial and collector roads. For example, when someone stops at a convenience store on their way home from work, the convenience store is not their primary destination.

As shown below, residential development accounts for an estimated 58,044 average daily trips and nonresidential development accounts for an additional 34,182 for a total number of average daily trips in 2013 of 92,226.

Figure 51: Vehicle Trips by Land Use

	Base Year	
Vehicle Trips on an Average Weekday	2013	
Residential Units	*Assumptions*	
SFD & SFA	9,165	
MULTIFAMILY	308	
*Average Weekday Vehicles Trip Ends Per Unit**	*Trip Factor***	Trip Adjustment
SFD & SFA	9.52	65%
MULTIFAMILY	6.65	65%
Residential Vehicle Trip Ends on an Average Weekday		
SFD & SFA	56,713	
MULTIFAMILY	1,331	
TOTAL CURRENT RESIDENTIAL TRIPS	**58,044**	63%
Nonresidential Vehicle Trips on an Average Weekday		
Nonresidential Gross Floor Area (1,000 sq. ft.)	*Assumptions*	
Retail KSF	1,971	
Office KSF	1,028	
Industrial KSF	212	
*Average Weekday Vehicle Trip Ends per 1,000 Sq. Ft.***	*Trip Factors***	Trip Adjustment
Retail KSF	42.70	33%
Office KSF	11.03	50%
Industrial KSF	6.97	50%
Nonresidential Vehicle Trips on an Average Weekday		
Retail KSF	27,773	
Office KSF	5,669	
Industrial KSF	739	
TOTAL NONRESIDENTIAL TRIPS	**34,182**	37%
TOTAL TRIPS	**92,226**	100%

*Trip rates are from the Institute of Transportation Engineers(ITE) Trip Generation Manual (2012)
** Used in TischlerBise Development Fee Study

Figure 52. Functional Population

	Demand Units in 2011		*Demand Hours/Day*	*Person Hours*
Residential				
Total Population*	26,805			
61% Residents Not Working	16,294		20	325,880
39% Resident Workers**	10,511			
4% Worked in City**		369	14	5,166
96% Worked Outside City**		10,142	14	141,988
			Residential Subtotal	473,034
			Residential Share =>	**83%**
Nonresidential				
Non-working Residents	16,294		4	65,176
Jobs Located in City**	2,944			
Residents Working in City**		369	10	3,690
Non-Resident Workers (inflow commuters		2,575	10	25,750
			Nonresidential Subtotal	94,616
			Nonresidential Share =>	**17%**
			TOTAL	567,650

** Annual Estimates of the Resident Population for Incorporated Places in Arizona: April 1, 2010 to July 1, 2011, U.S. Census Bureau.*
*** Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs in 2011.*