

Public Hearing
Land Use Assumptions and Infrastructure
Improvement Plan (Impact Fees)

Town Council Meeting

June 5, 2019

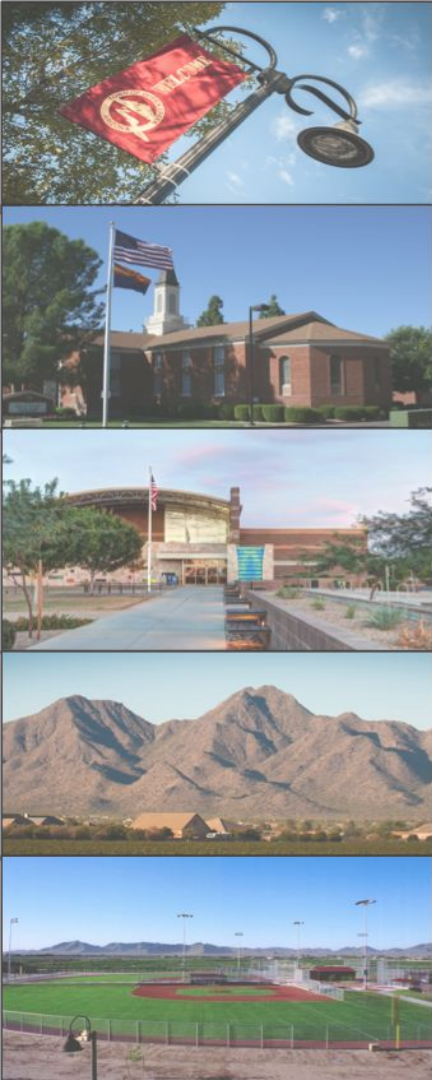


Purpose of Presentation

1. Review Calendar
2. Review Land Use Assumptions (Growth Projections)
3. Review Infrastructure Improvement Plans
4. Summary of Proposed Fees
5. EDC Recommendation re. Non-Residential Fee Increases

Appendix – Proposed Fee Calculations

Proposed Calendar - Impact Fees

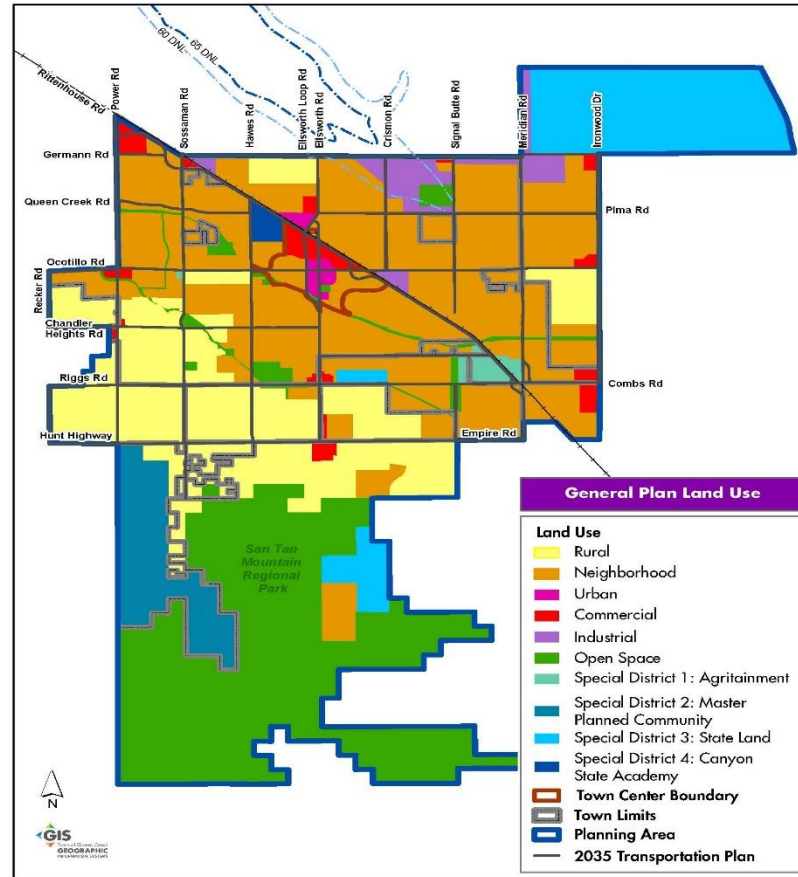
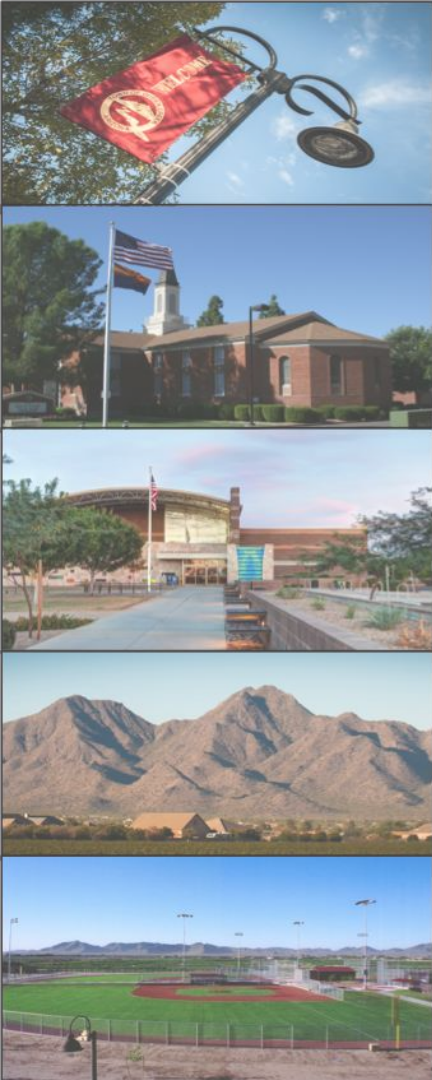


Step #	Step	Date
1	Parks, Library, Public Facilities, Fire Police, Streets IIP/LUA Reviewed with Town Council	April 3, 2019
2	IIP/LUA's Published with Public Notice of Public Hearing	April 4, 2019
3	IIP/LUA Public Hearing #1	June 5, 2019
4	IIP/LUA Approved /Disapproved, Notice of Intent approved	July 17, 2019
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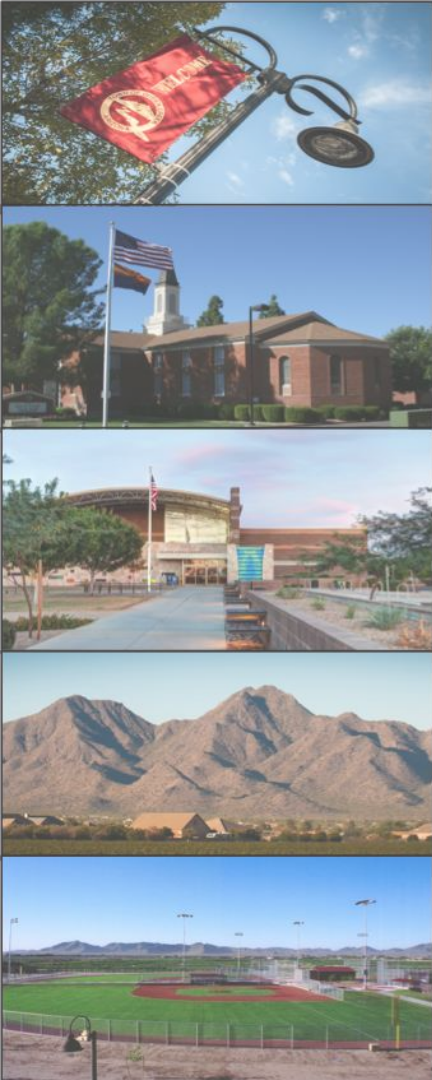
2. Review Land Use Assumptions (Growth Projections)

2018 General Plan



Significant Growth Expected (Impact Fees)

Land Use Category	FY 17-18	FY 26-27	10-Year Increase	10-Year % Increase
Single Family Homes	11,522	23,385	11,863	103%
Multi-Family (Units)	440	2,297	1,857	422%
Retail (Square Feet)	2.1M	3.0M	0.9M	44%
Office (Square Feet)	1.1M	2.4M	1.3M	118%
Industrial (Square Feet)	0.3M	0.8M	0.5M	160%

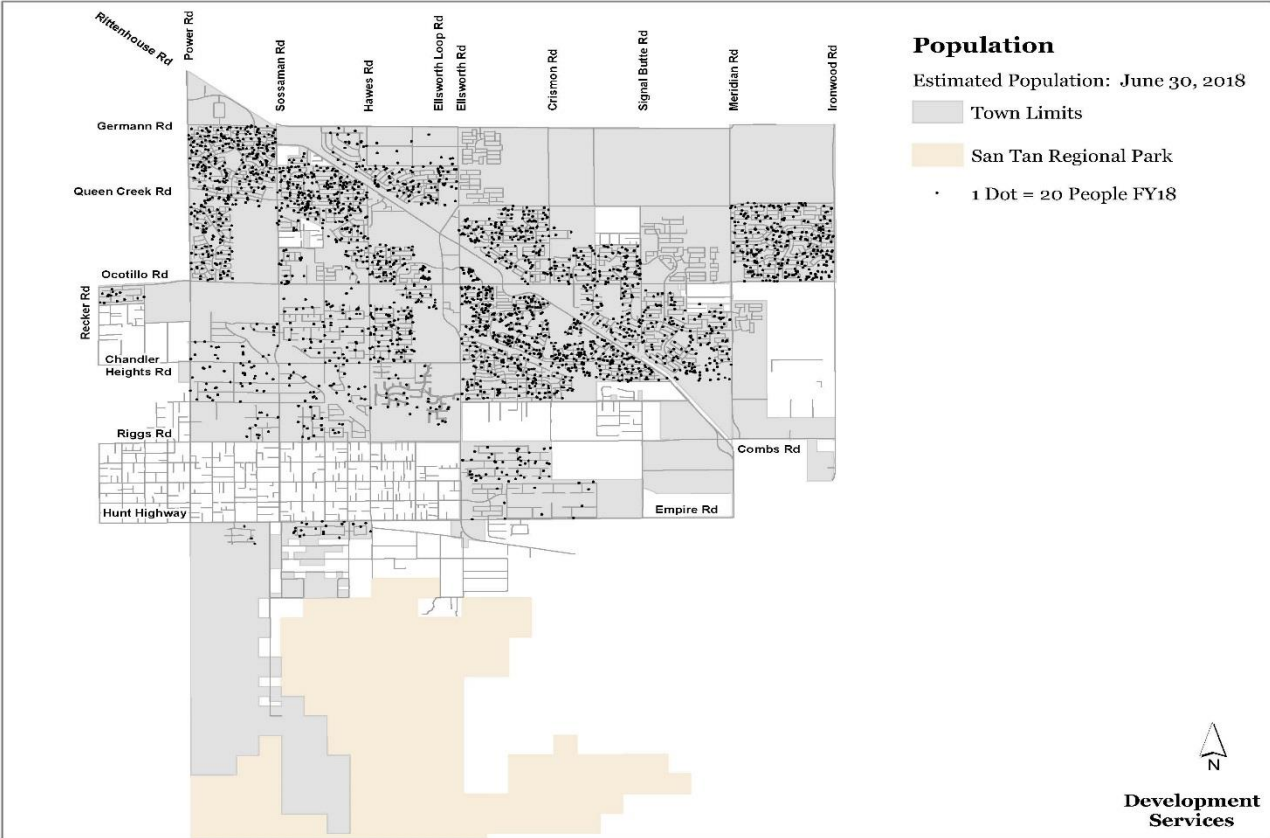
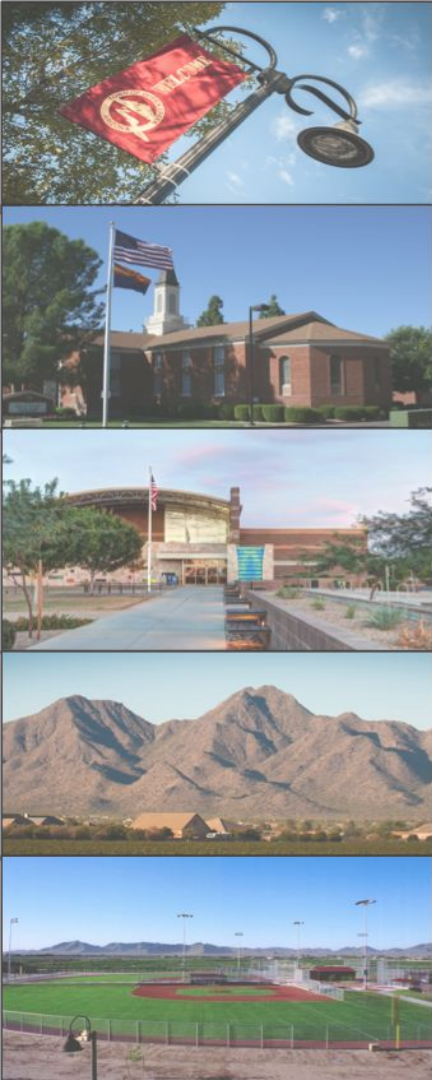


10-Year Population Estimate (Impact Fees)

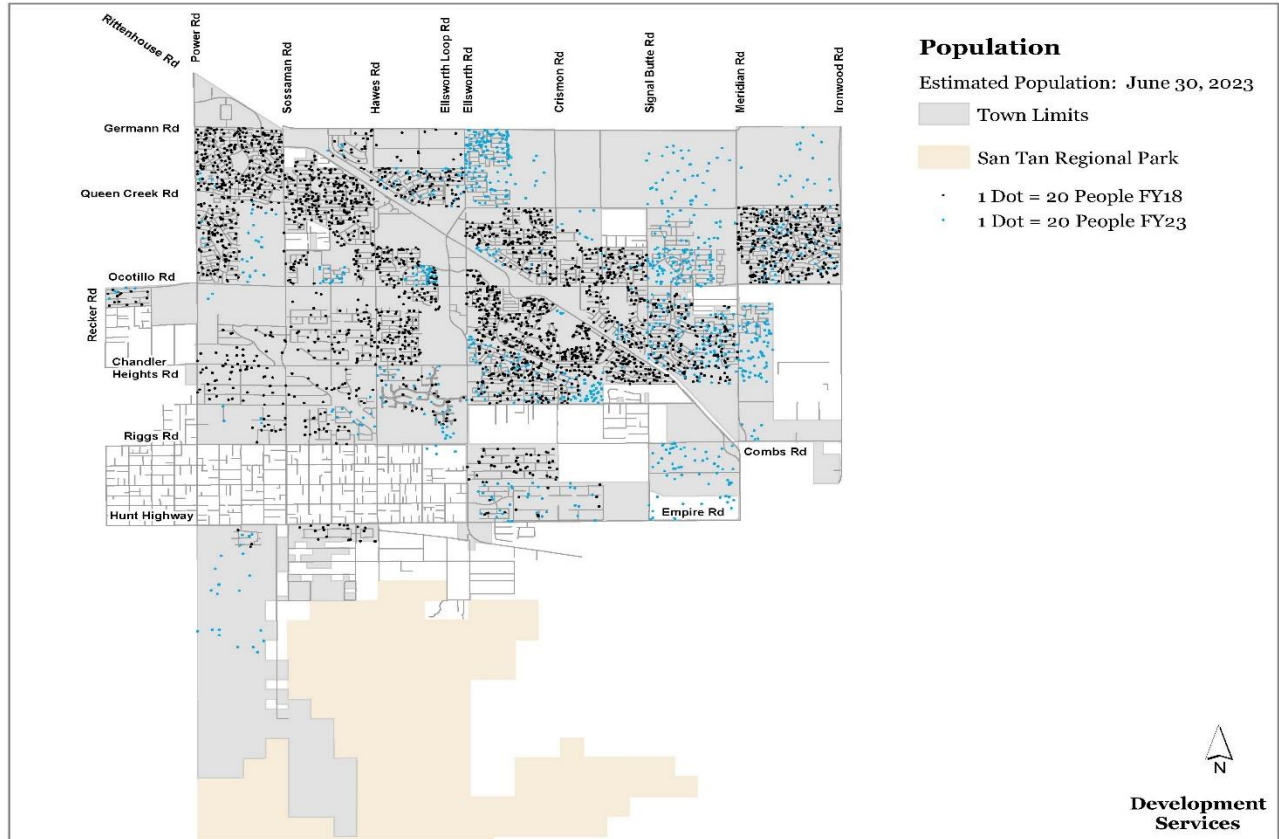
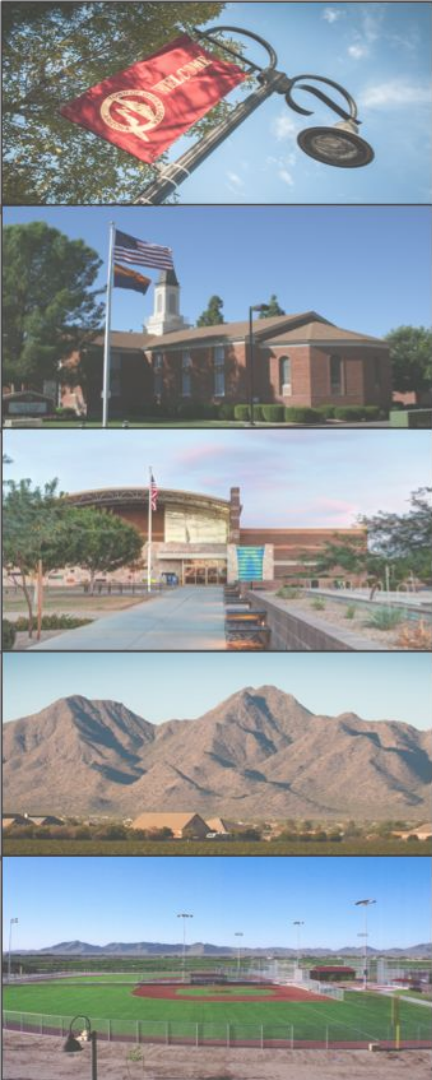
Population is Expected to **DOUBLE**
over the Next 10 Years

FY 2017-18	42K
FY 2026-27	<u>84K</u>
Increase	42K

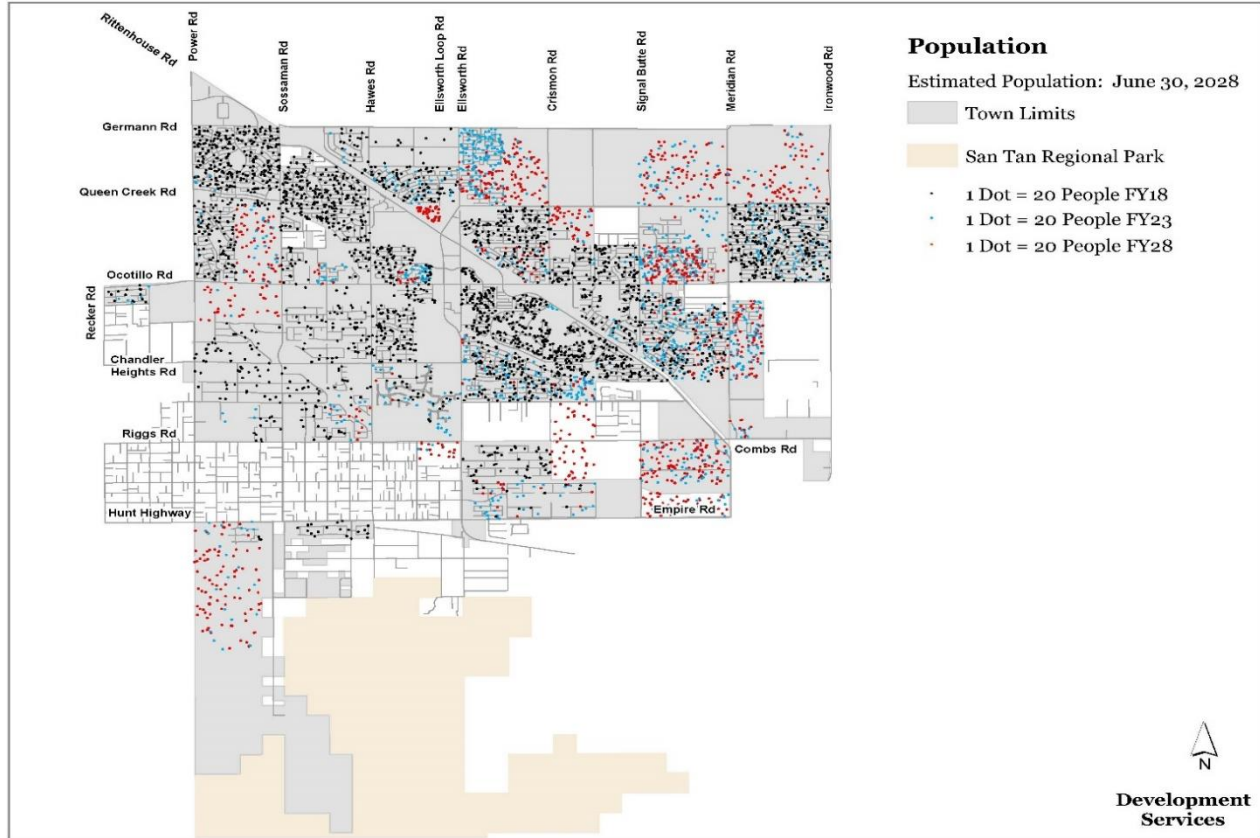
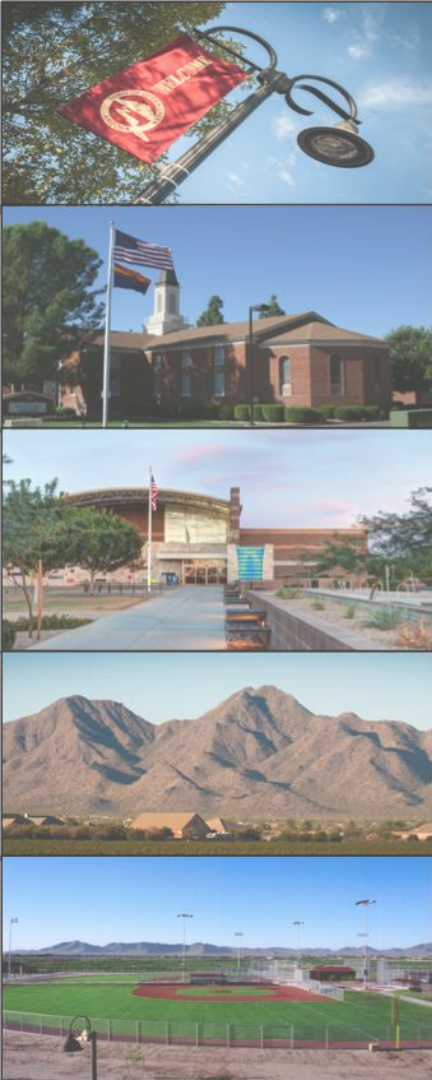
Population Density 6/30/18: 49K



Population Density 6/30/2023: 68K



Population Density 6/30/2027: 84K





3. Review Infrastructure Improvement Plans

Infrastructure Improvement Plan (IIP)

- 10-Year Project List Needed to MAINTAIN THE SAME LEVEL OF SERVICE
 - Includes Debt Costs
 - Includes Inflation
- Infrastructure Needs are Greater in Newer, Developing Communities Like QC



Significant Infrastructure Is Needed

10-Year Total: \$442.9M

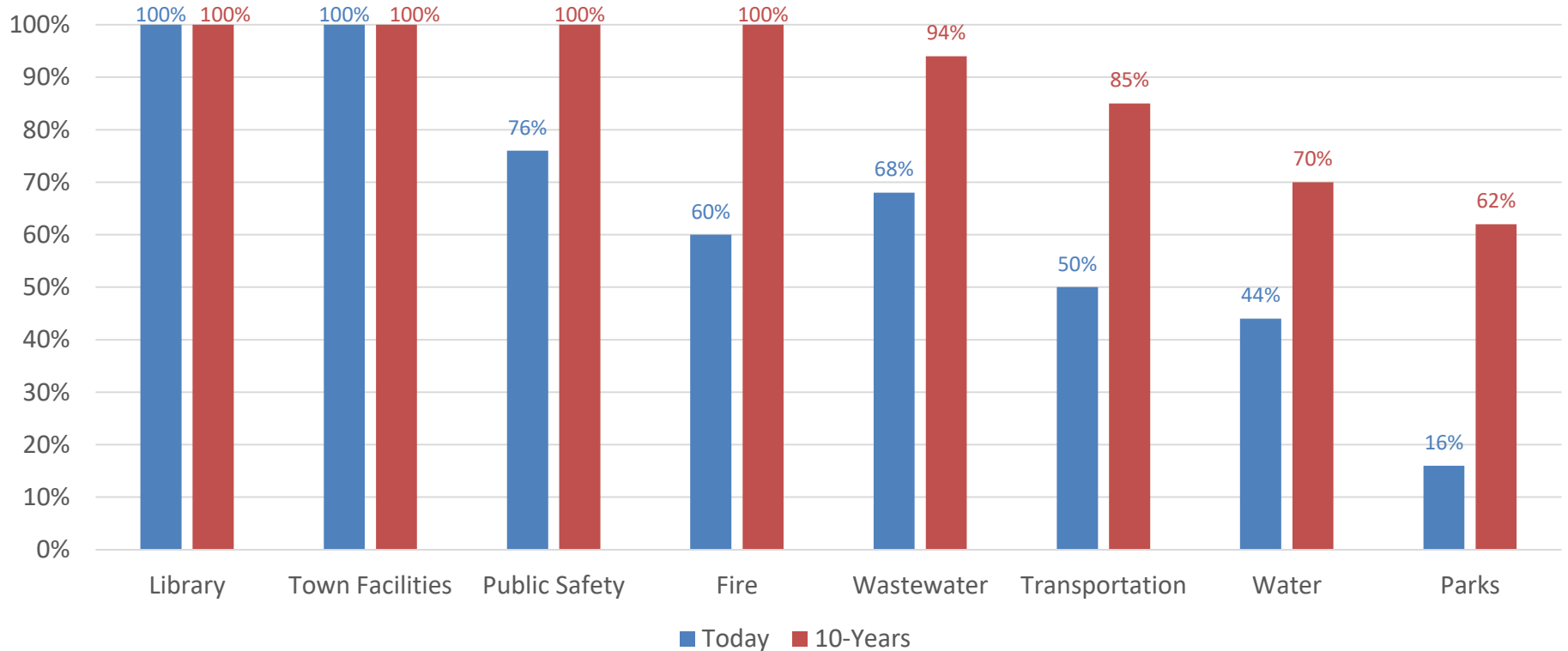
Growth: \$231.8M (52%)

Non- Growth: \$211.1M (48%)

Infrastructure Improvement Plans (IIPs)

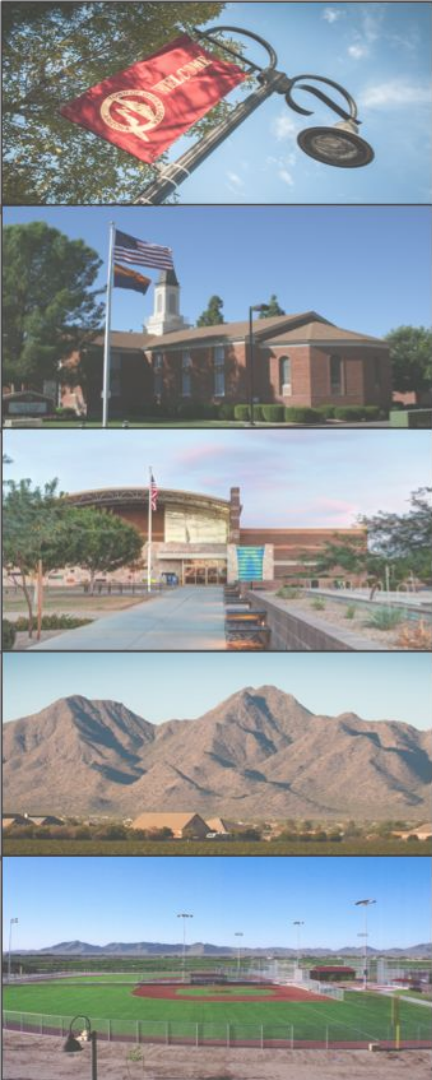
Fee Type	(A) New Projects	(B) Debt	(A+B) Total IIP	Growth	Growth %	Non- Growth	Non- Growth %
1.Parks	\$63.6	\$9.4	\$73.0	\$42.3	58%	\$30.7	42%
2.Wastewater (Capacity Fee)	\$67.6	\$-	\$67.6	\$31.0	46%	\$36.6	54%
3.Water (Capacity Fee)	\$105.8	\$-	\$105.8	\$54.7	48%	\$51.1	52%
4.Transportation	\$147.0	\$3.5	\$150.5	\$79.5	53%	\$71.0	47%
5. Fire / Medical	\$27.5	\$4.3	\$31.8	\$15.1	47%	\$16.7	53%
6.Law Enforcement / Police	\$2.8	\$1.2	\$4.0	\$4.0	100%	\$-	0%
7. Library	\$-	\$4.5	\$4.5	\$2.3	51%	\$2.2	49%
8. Town Facilities	<u>\$-</u>	<u>\$5.7</u>	<u>\$5.7</u>	<u>\$2.9</u>	<u>51%</u>	<u>\$2.8</u>	<u>49%</u>
TOTAL	\$414.3	\$28.6	\$442.9	\$231.8	52%	\$211.1	48%

Town Infrastructure: Percent Complete Today vs In 10-Years





Town Facilities



Town Facilities IIP

	Growth	Non Growth	Total IIP
1. Debt Costs	<u>\$2.9M</u>	<u>\$2.8M</u>	<u>\$5.7M</u>
TOTAL COSTS	\$2.9M	\$2.8M	\$5.7M
Allocation Percentage	51%	49%	

- Per State Law, New, General Use Facilities Cannot Be Constructed and Paid For With Impact Fees – Only Outstanding Debt Can Be Repaid



Library

Library IIP

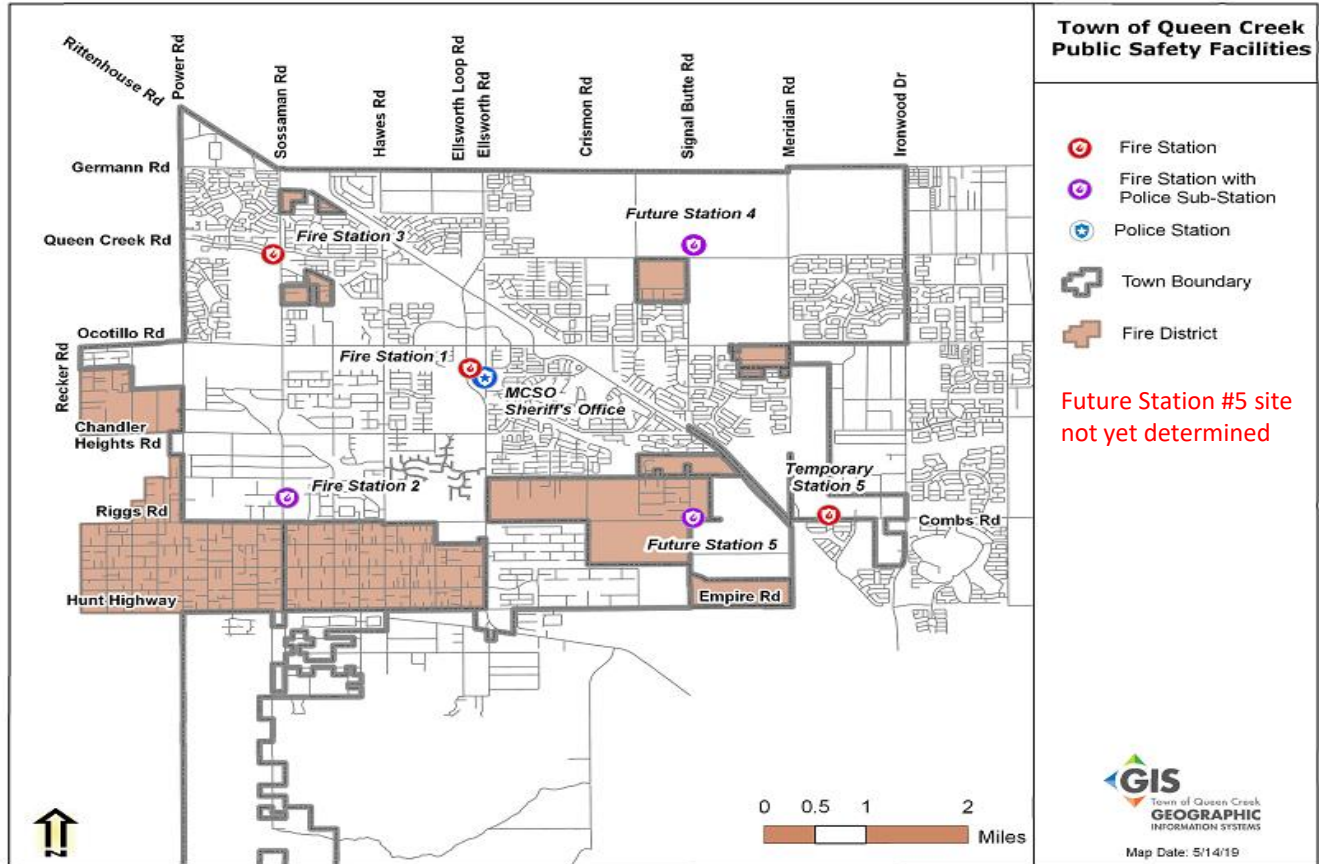
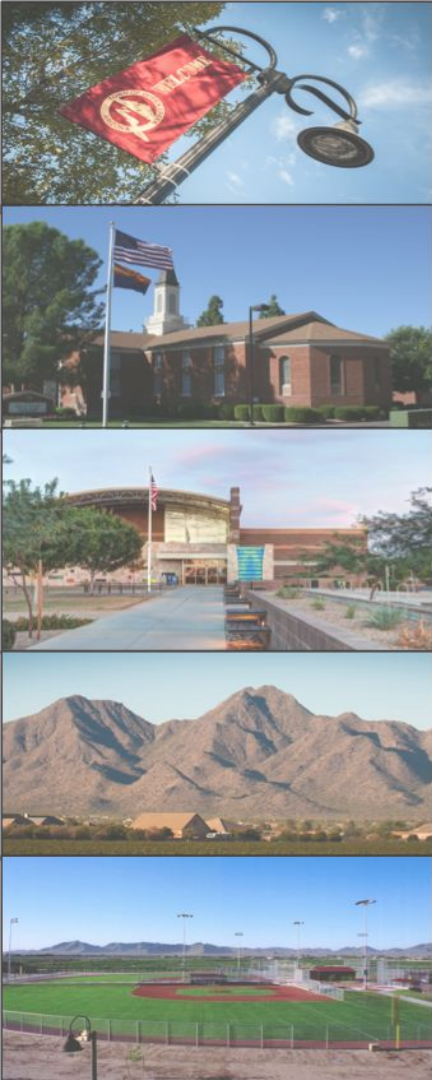
	Growth	Non Growth	Total IIP
1. Debt Costs	<u>\$2.3M</u>	<u>\$2.2M</u>	<u>\$4.5M</u>
TOTAL COSTS	\$2.3M	\$2.2M	\$4.5M
Allocation Percentage	51%	49%	

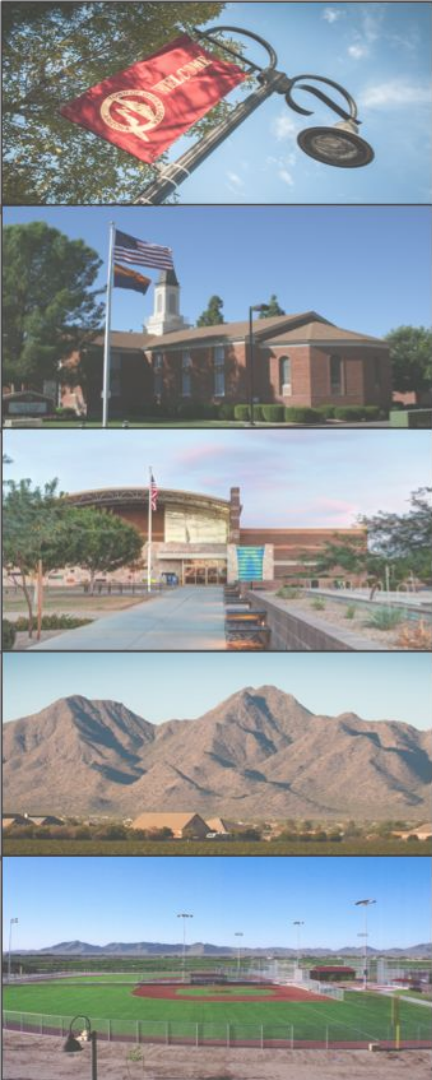
- Infrastructure 100% Complete for Buildout
- No Additional Facilities Planned



Law Enforcement / Police

Law Enforcement / Police





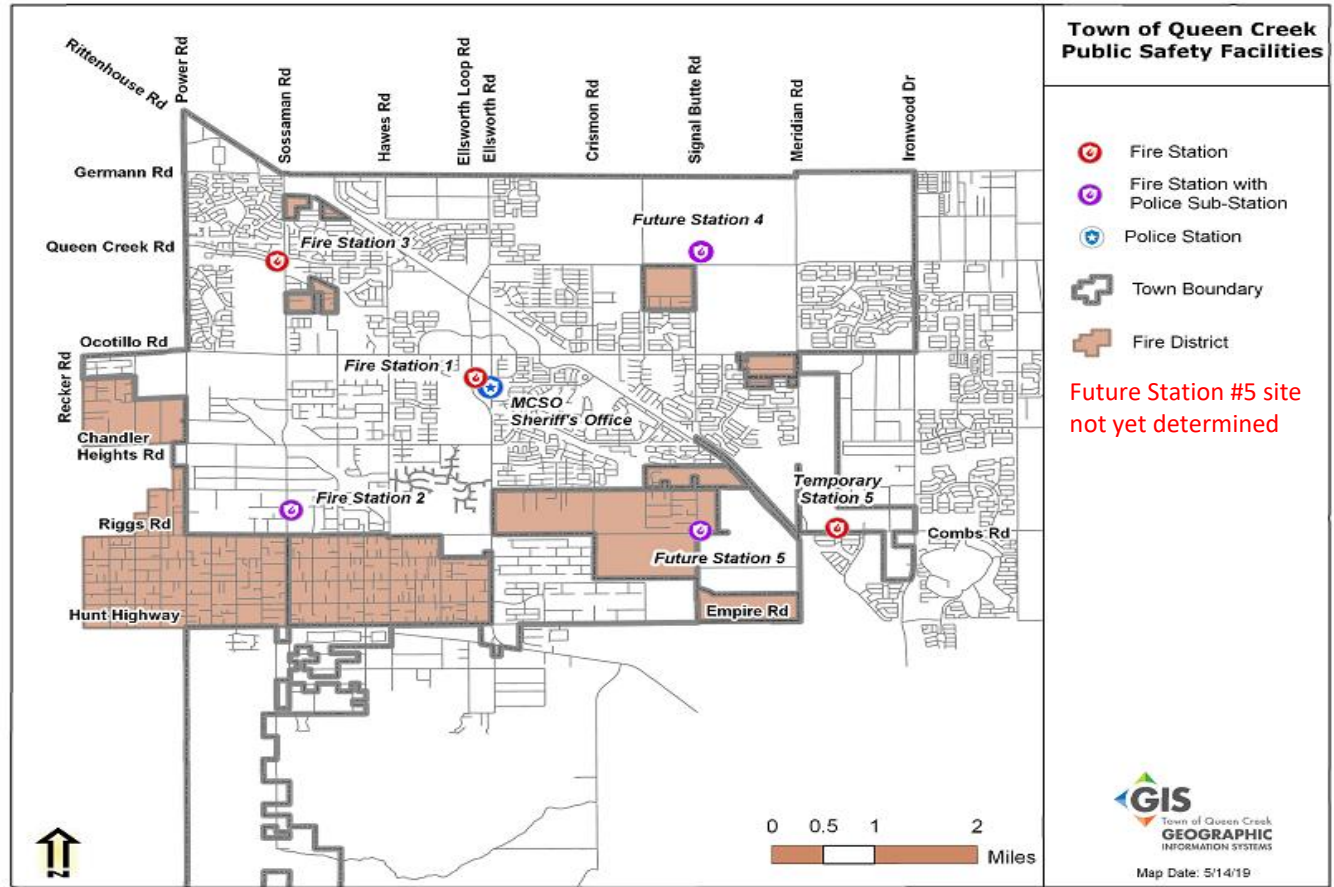
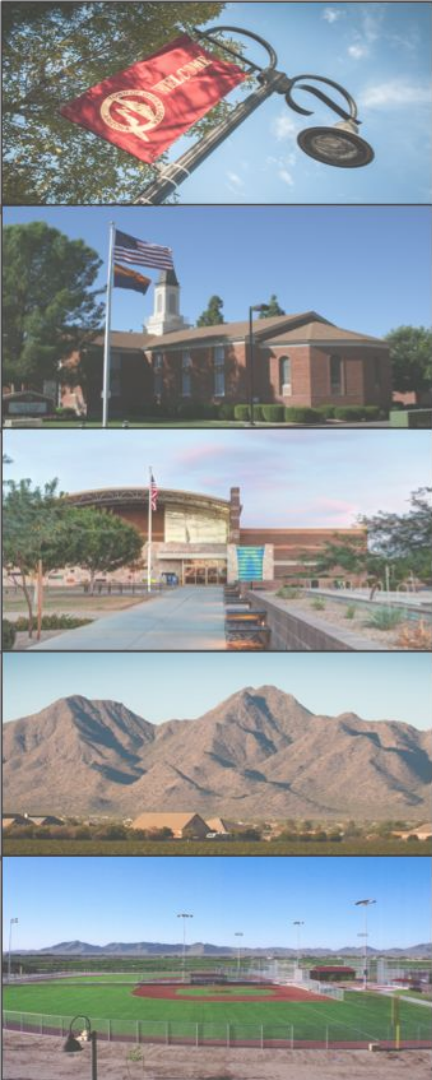
Law Enforcement / Police IIP

	Growth	Non Growth	Total IIP
1. Stations & Office Space	\$2.3M	-	\$2.3M
2. Vehicles & Equipment	\$0.5M	-	\$0.5M
3. Debt Costs	<u>\$1.2M</u>	-	<u>\$1.2M</u>
TOTAL COSTS	\$4.0M	-	\$4.0M
Allocation Percentage	100%	-	

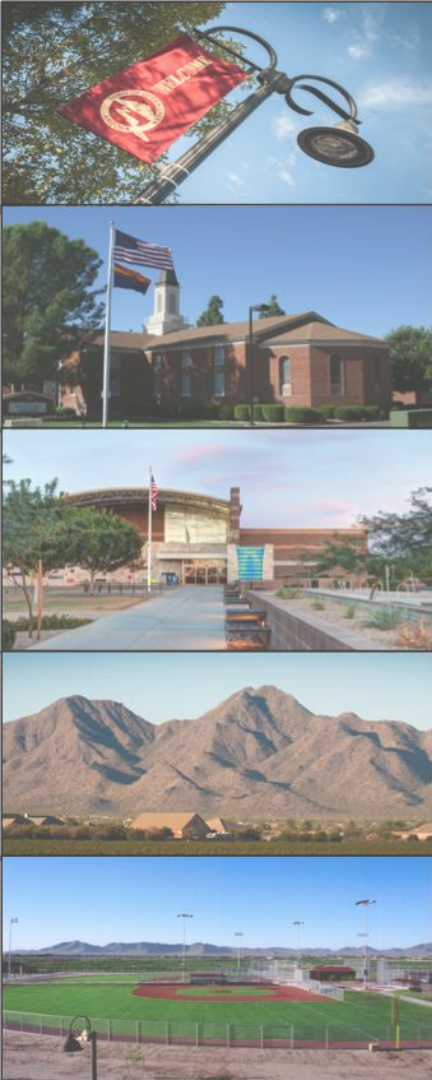


Fire / Medical

Fire / Medical



Fire / Medical IIP



	Growth	Non Growth	Total IIP
1. Stations & Resource Build.	\$9.6M	\$14.8M	\$24.4M
2. Apparatus & Equipment	\$1.2M	\$1.9M	\$3.1M
3. Debt Costs	<u>\$4.3M</u>	-	<u>\$4.3M</u>
TOTAL COSTS	\$15.1M	\$16.7M	\$31.8M
Allocation Percentage	47%	53%	



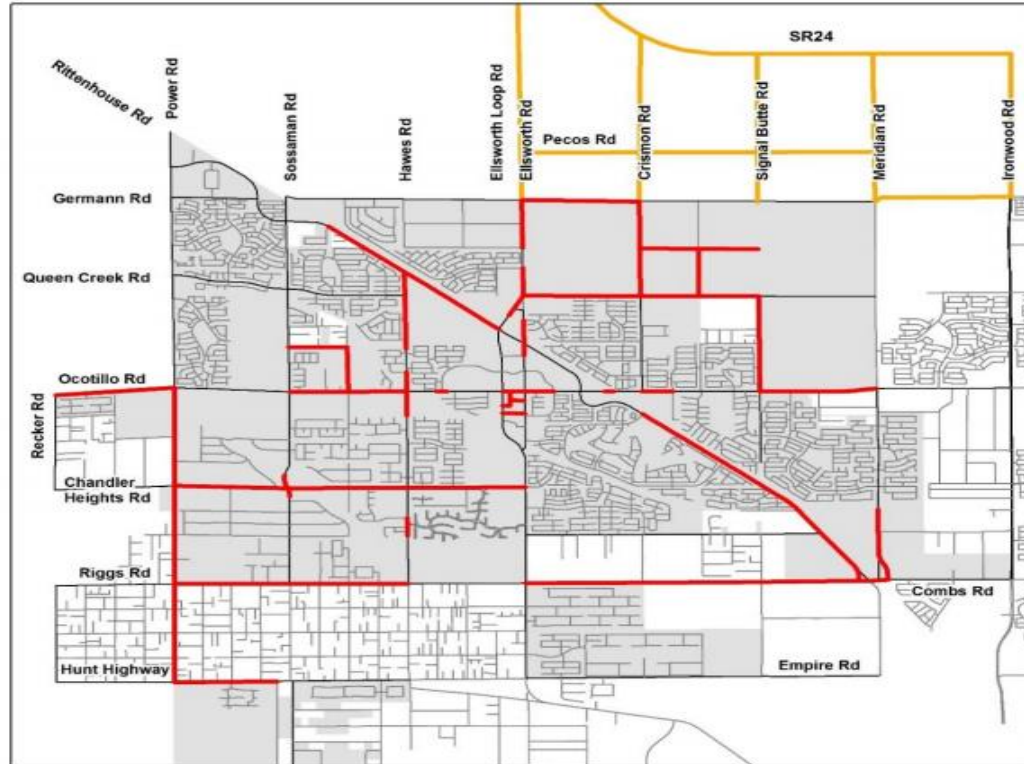
Transportation



Transportation

\$195M 10-Year Project List

New Lane Miles: 84
Number of Projects: 36



Transportation Summary

	Amount	%
Dedicated Construction Sales Tax	\$24 M	16%
Developer Half Street Improvements	\$20 M	13%
Impact Fees - Projects	\$32 M	21%
Impact Fees - Debt Service Interest	<u>\$3.5M</u>	<u>2%</u>
Growth Total	\$79.5 M	52%
Non-Growth	<u>\$71 M</u>	<u>48%</u>
Projects to be Funded	\$150.5 M*	100%

*Includes \$147M of Projects Plus \$3.5M of Debt Service (Interest)

Transportation IIP Highlights

- Major Projects:
 - Power Rd Corridor (4 projects): \$19.1M
 - Riggs (Ellsworth to Meridian): \$14.1M
 - QC (Ellsworth to Signal Butte): \$9.9M





Parks and Recreation

Parks and Recreation – Summary

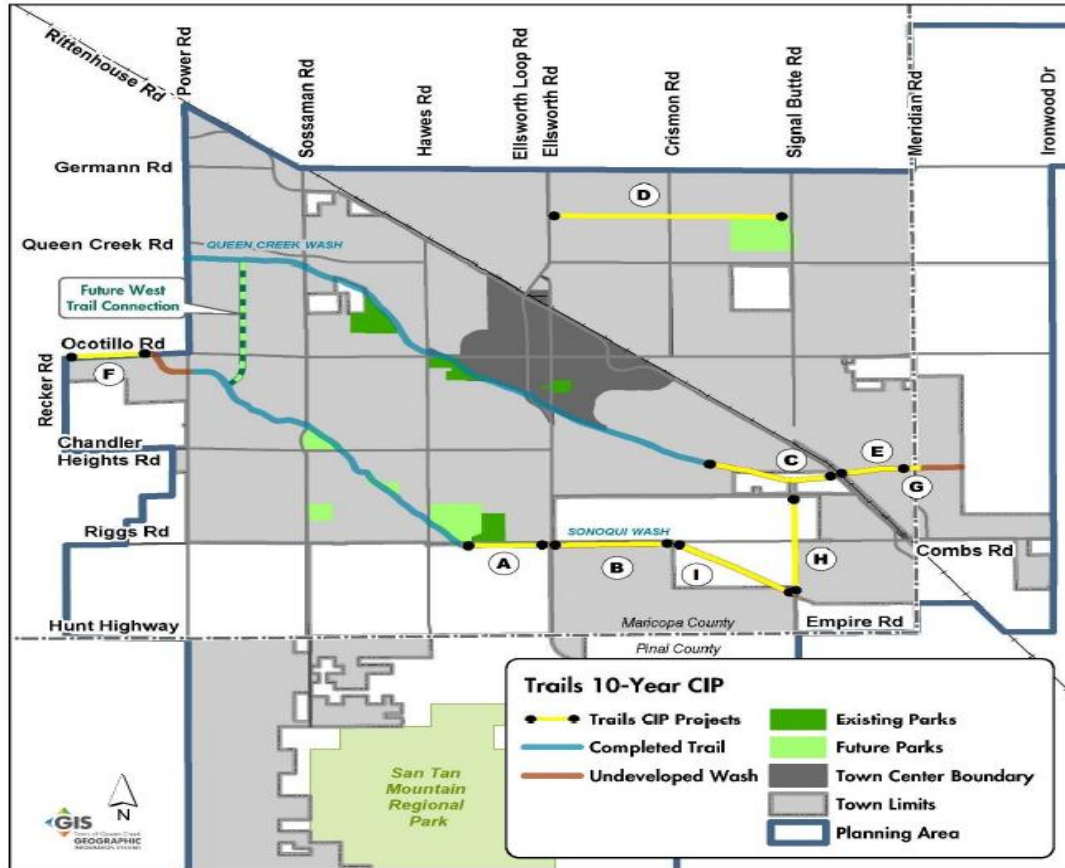
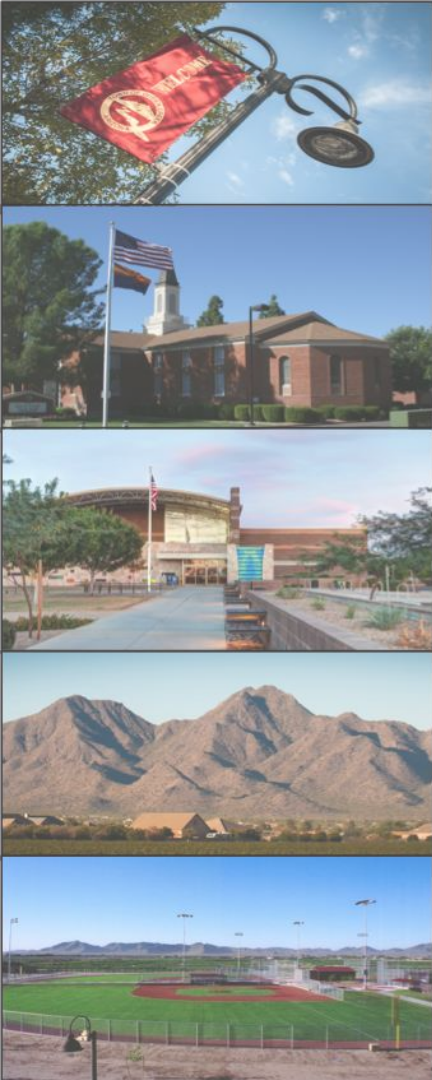
- Town Council Decided in Spring 2018 to Develop a “Transitional Approach” to Improved Parks Level of Service

Level of Service	Improved Acres per 10K Population
Existing Impact Fee	21
“Transition”	40
Adopted Master Plan	51

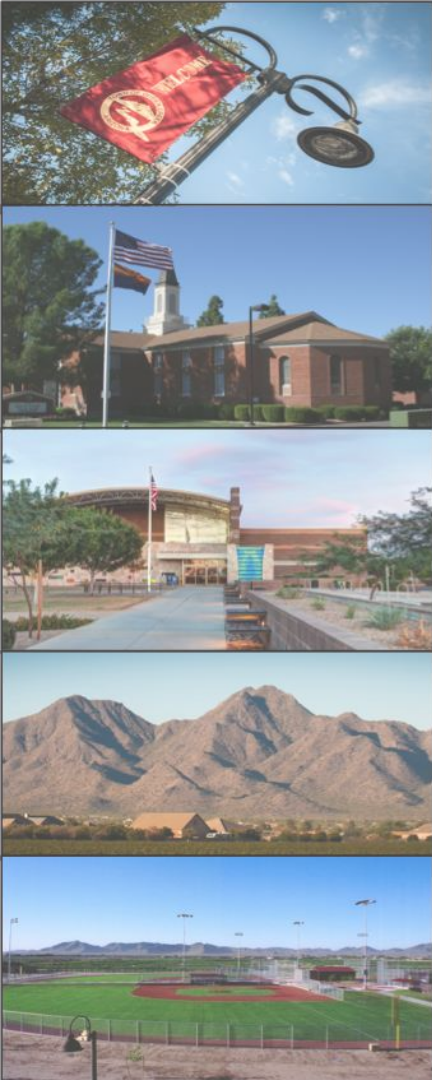
Parks IIP

	Growth	Non Growth	Total IIP
1.Future Parks Improvements (158 Acres)	\$30.9M	\$25.4M	\$56.3M
2.Prior Land Acquisitions (Debt Costs)	\$4.8M	\$4.6M	\$9.4M
3.Future Trails (8.4 Miles)	<u>\$6.6M</u>	<u>\$0.7M</u>	<u>\$7.3M</u>
TOTAL	\$42.3M	\$30.7M	\$73.0M
Allocation Percentage	58%	42%	

Parks and Recreation



- Trail Section**
- A - Sonoqui Wash
 - B - Sonoqui Wash
 - C - Queen Creek Wash
 - D - SRP Trail
 - E - Queen Creek Wash
 - F - Sonoqui Wash
 - G - Queen Creek Wash
 - H - East Trail Connection
 - I - Sonoqui Wash

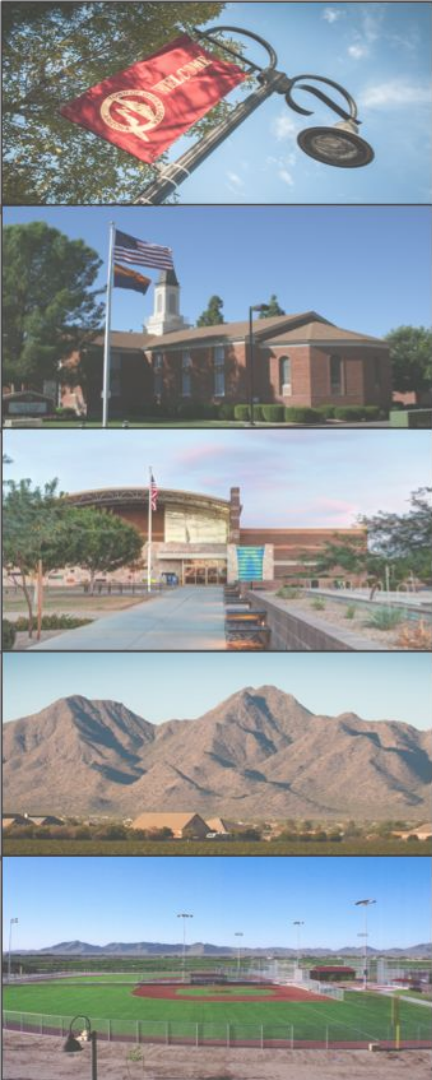


Improved Parks IIP

	Acres	Amount
1. East Park	91	\$38.3M
2. Sossman Cloud Park	22	\$5.4M
4. Desert Wells Park	30	\$10.7M
5. San Marquis (Sonoqui)	<u>15</u>	<u>\$1.9M</u>
TOTAL	158	\$56.3M

Trails IIP

	Linear Feet	% of Miles	Amount
1. Sonoqui Wash (Riggs: Hawes to Ellsworth)	3,683	70.2	\$0.6M
2. Sonoqui Wash (Riggs: Crismon to Ellsworth)	5,416	103.2	\$0.8M
3. QC Wash (Crismon to Rittenhouse)	5,907	112.5	\$0.6M
4. SRP Utility Easement Trail	10,409	198.3	\$1.6M
5. QC Wash (Rittenhouse to Town Limits)	3,245	61.8	\$0.6M
6. Sonoqui Wash (Power to Recker)	3,718	70.8	\$0.9M
7. QC Wash (Bridge to Meridian)	482	9.2	\$0.1M
8. Cloud to Empire	5,700	108.6	\$1.0M
9. Crismon to Signal Butte	<u>6,056</u>	<u>115.4</u>	<u>\$1.1M</u>
TOTAL	44,616	850.0	\$7.3M





4. Summary of Proposed Fees

Fee Overview

- Single-Family and Multi-Family Fees are Decreasing
- Non-Residential Fees Are Increasing

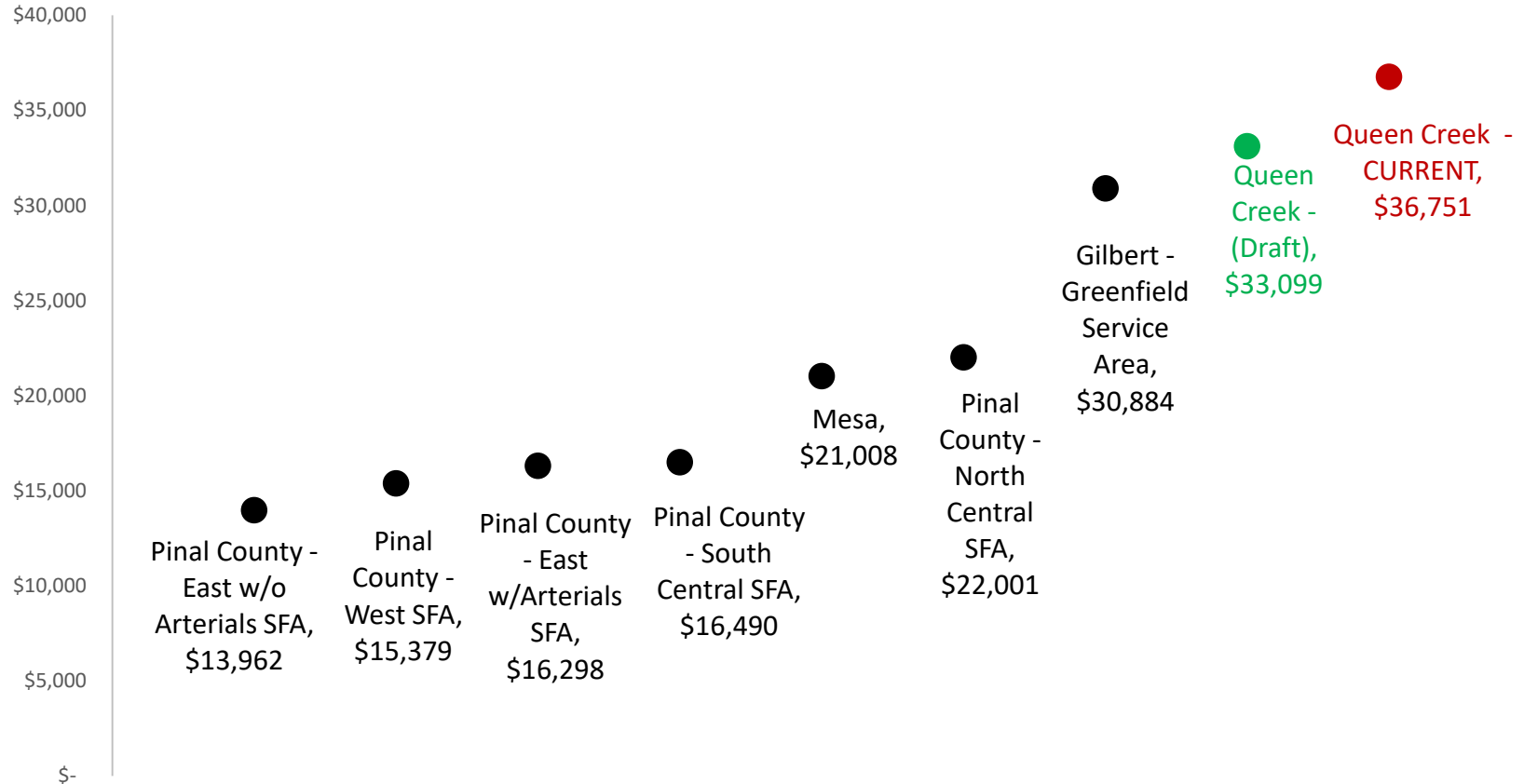


QC's Impact / Capacity Fees

Single Family Home

Fee Type	Current Fee	Draft Fee	\$ Change	% Change
1.Parks and Recreation	\$3,681	\$3,022	(\$659)	(18%)
2.Wastewater	\$5,082	\$2,901	(\$2,181)	(43%)
3.Water	\$4,014	\$2,382	(\$1,632)	(41%)
4.Transportation	\$1,263	\$2,118	\$855	68%
5. Fire / Medical	\$490	\$1,025	\$535	109%
6. Law Enforcement / Police	\$167	\$558	\$391	234%
7. Library	\$723	\$167	(\$556)	(77%)
8. Town Facilities	<u>\$470</u>	<u>\$76</u>	<u>(\$394)</u>	<u>(84%)</u>
TOTAL	\$15,890	\$12,249	-\$3,641	-23%

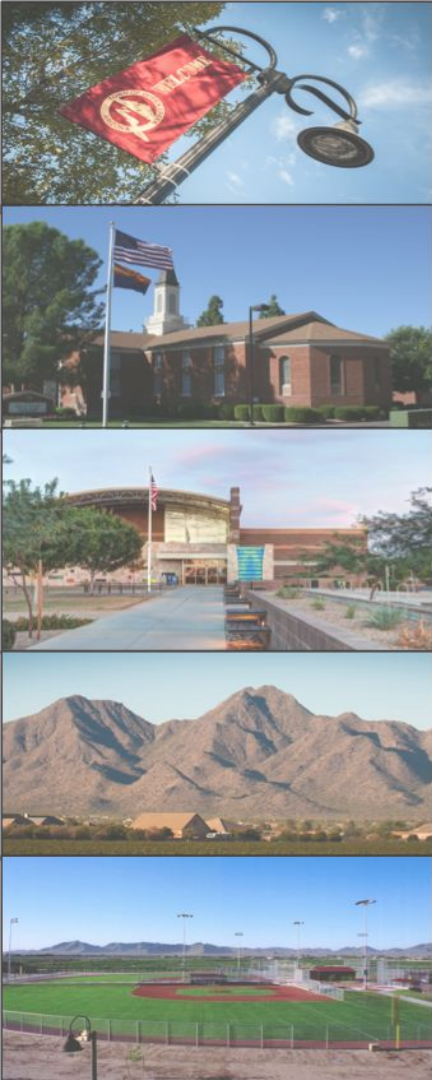
All-In-Cost Comparison: Single-Family Home





5. EDC Recommendation Re. Non-Residential Fee Increase

Non-Residential Impact Fees Are Increasing



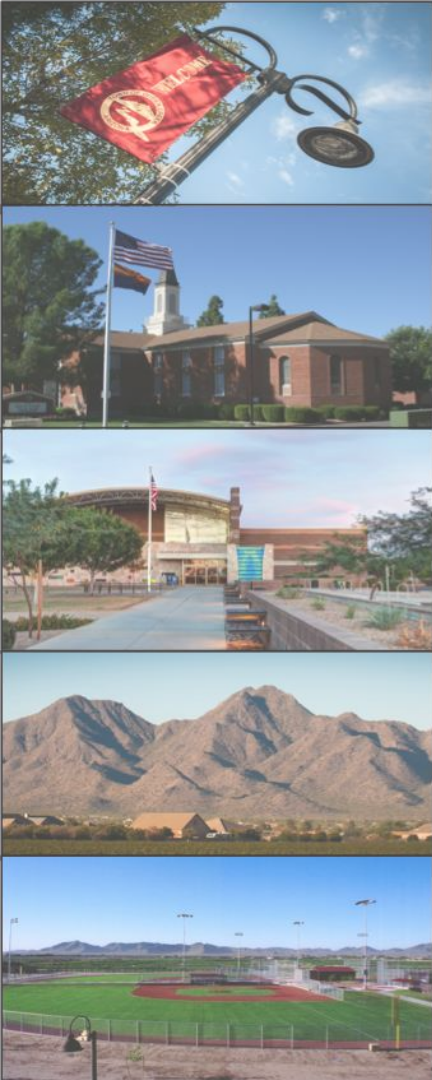
Per 1,000 Square Feet (SF)	Retail*	Office*	Industrial*
Proposed Fee	\$ 4,893	\$ 3,029	\$ 2,467
Current Fee	<u>\$ 3,054</u>	<u>\$ 2,001</u>	<u>\$ 1,936</u>
Increase per 1K SF	\$ 1,839	\$ 1,028	\$ 531

*Excludes Water and Wastewater due to meter size variation



Fee Reduction Options

1. Existing Economic Investment Program
 - Tool Designed to Promote Growth Within Targeted Industries
 - Evaluation Criteria Exists
 - Town Manager Can Approve Up to \$100K for Project Assistance
2. Development Agreement



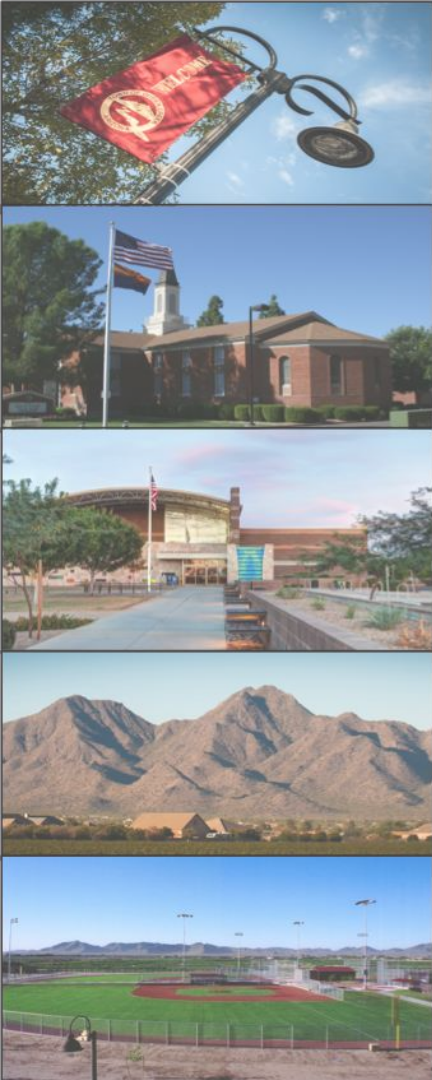
Fee Reduction Options (concluded)

3. “Across the Board” Reduction or Elimination
4. Reduction or Elimination for Targeted Industries or Specific Projects

Resources

- Elliott Pollack Report re. Economic Analysis of Town of Queen Creek's Impact Fee Update
- Conclusions re. Incentives
 - Retail = NO
 - Office = YES
 - Industrial = YES





Resources (concluded)

- Received Stakeholder Feedback
 - Focus Group, EDC, TAC, PRAC
- “General Thoughts” Regarding the Buy-Down of Certain Non-Residential Fees (Town Facilities, Parks, Library)
 - Retail = NO
 - Office = YES
 - Industrial = YES

EDC Recommendation

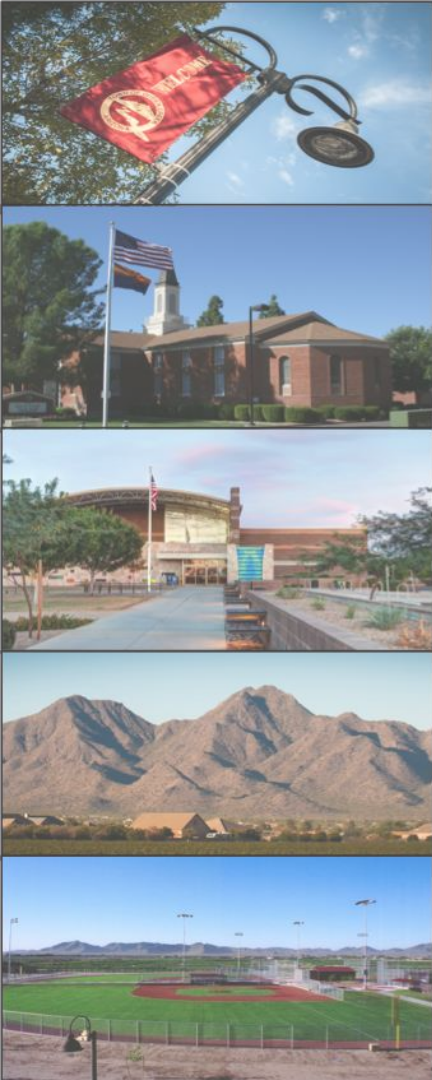
- May 22nd Meeting
- Motion to Recommend to Town Council the Buy-Down the Office and Industrial Impact Fees for Town Facilities, Parks, and Library
 - Estimated 10-Year Cost = \$918K





EDC Recommendation (concluded)

- Rationale / Objectives for Buy-Down
 - Office and Industrial Land Uses Have Little Impact on Parks, Library, and Facilities
 - Expand development in under-represented areas
 - Increase competitiveness with neighboring communities



Fee “Buy Down” Amounts

Per 1,000 Sq Ft	Retail	Office	Industrial
Parks	\$ 703	\$1,041	\$1,057
Library	\$ 39	\$ 57	\$ 58
Town Facilities	<u>\$ 18</u>	<u>\$ 26</u>	<u>\$ 26</u>
Total Buy Down	\$ 760	\$1,124	\$1,141

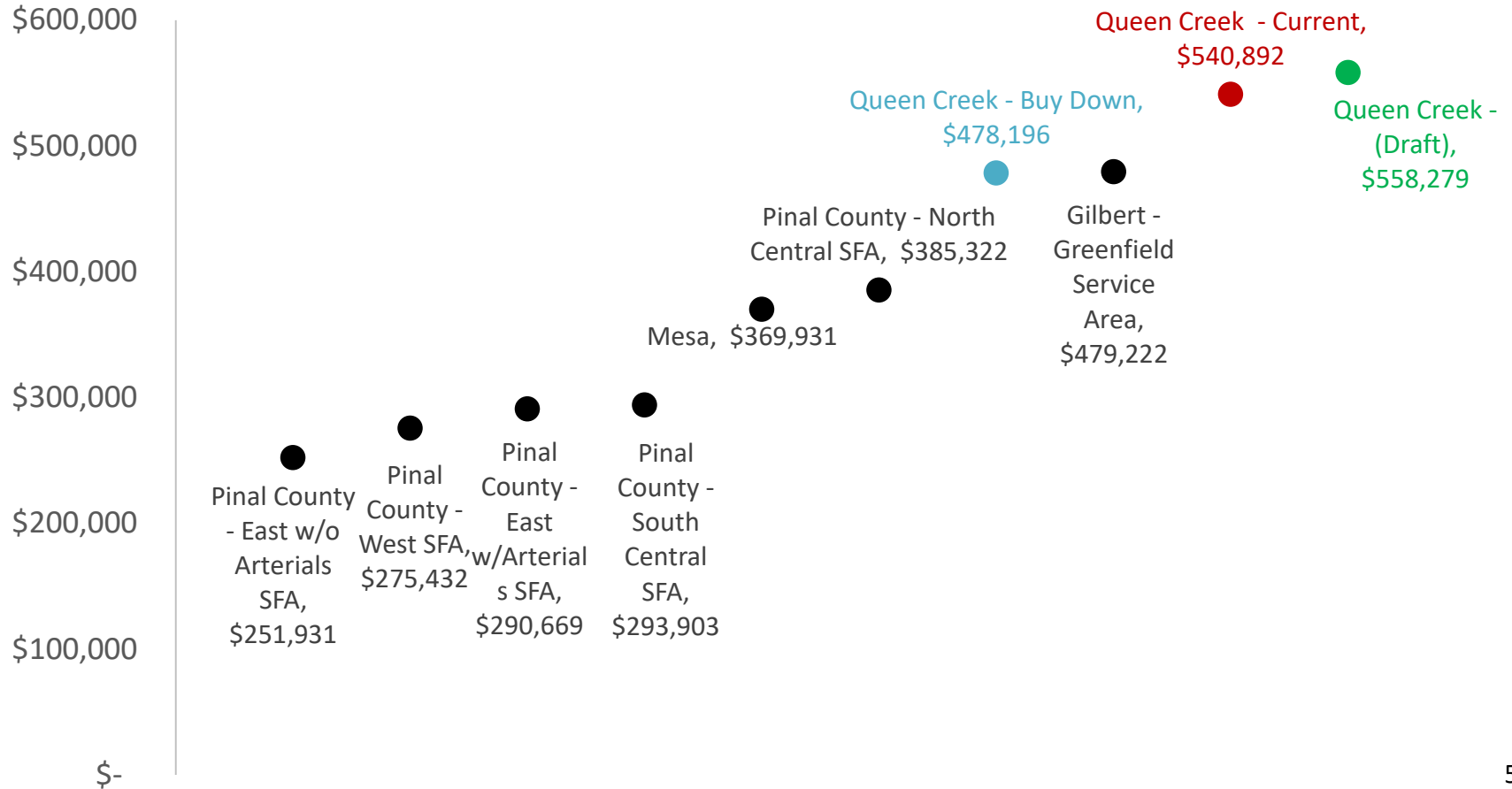
Per 1,000 Sq Ft	Retail	Office	Industrial
Current Costs	\$4,893	\$3,029	\$2,467
Costs After “Buy Down”	\$4,133	\$1,905	\$1,326

10-Year Buy-Down Estimated Costs

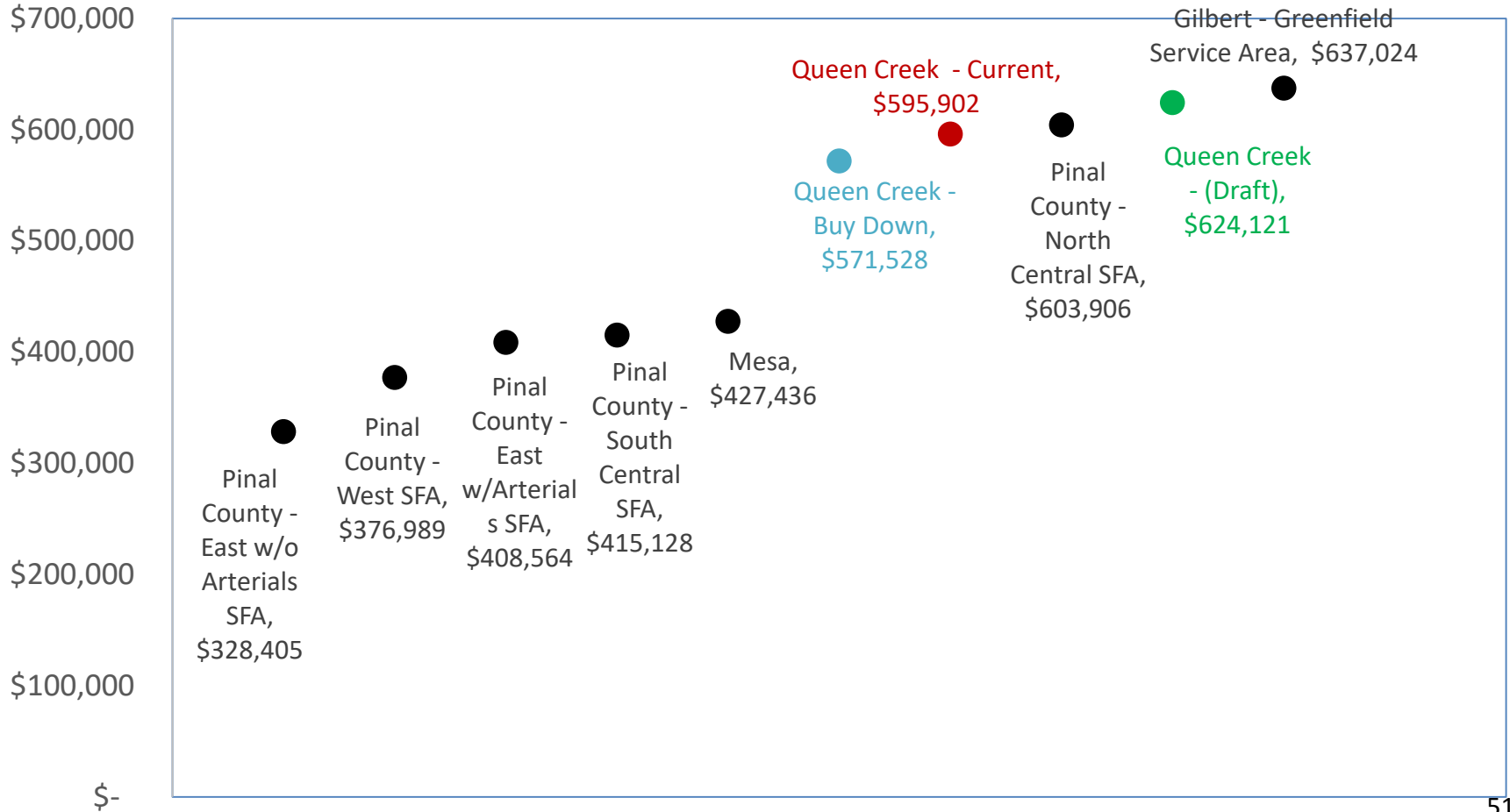
Fee Type	Retail	Office	Industrial	Total
Projected Square Footage	925,000	307,000*	502,000	1,734,000
Parks Revenue	\$650,275	\$319,587	\$530,614	\$1,500,476
Library Revenue	\$36,075	\$17,499	\$29,116	\$82,690
Town Facilities Revenue	<u>\$16,650</u>	<u>\$7,982</u>	<u>\$13,052</u>	<u>\$37,684</u>
Total Revenue	\$703,000	\$345,068	\$572,782	\$1,620,850

* Includes only Office, excludes schools and churches.

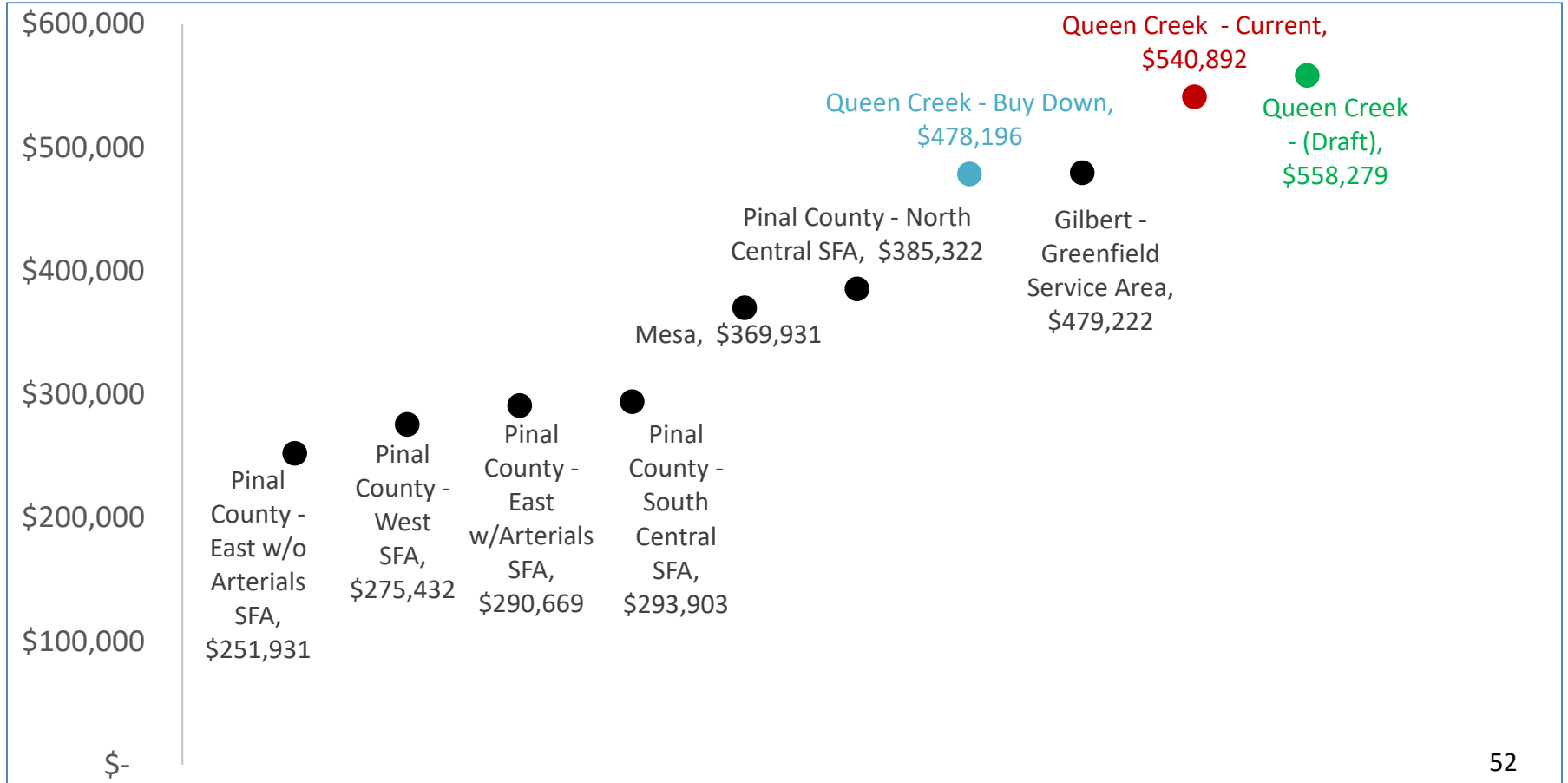
All-In-Cost Comparison: 20k Square Foot Retail



All-In-Cost Comparison: 50k Square Foot Office



All-In-Cost Comparison: 75k Square Foot Industrial



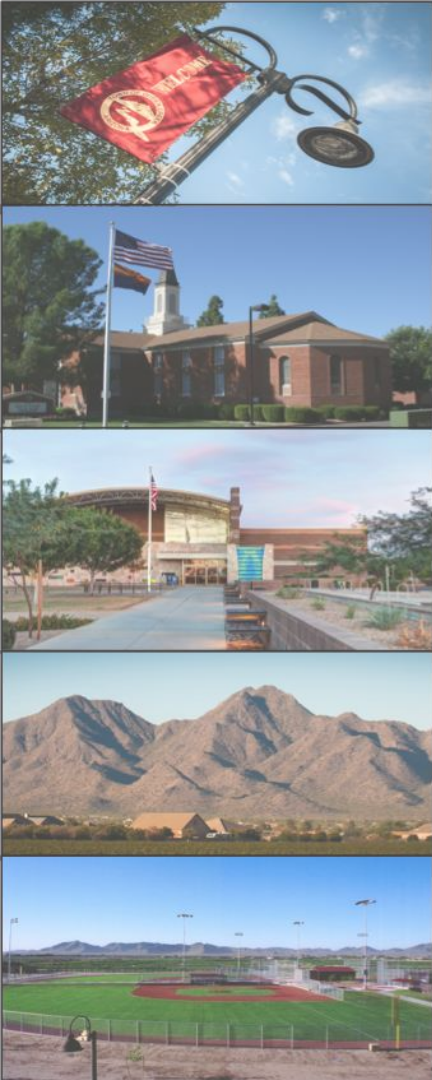


Public Hearing

No Motion, Only a Public Hearing

Public Hearing is Required by Statute
as part of the Process to Update
Impact Fees.

Proposed Calendar - Impact Fees



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1	Parks, Library, Public Facilities, Fire Police, Streets IIP/LUA Reviewed with Town Council	April 3, 2019
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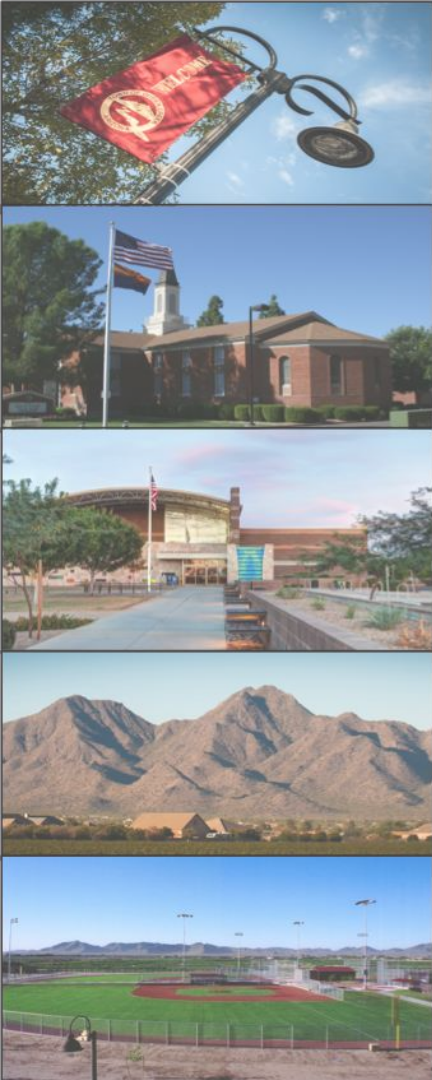


Questions and Comments



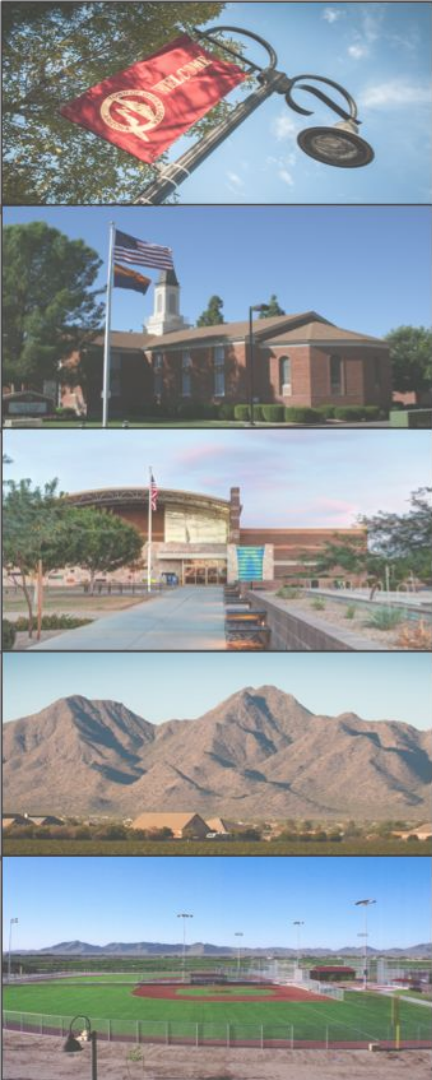
APPENDIX

Proposed Fee Calculations



Caused Fees to Go Down

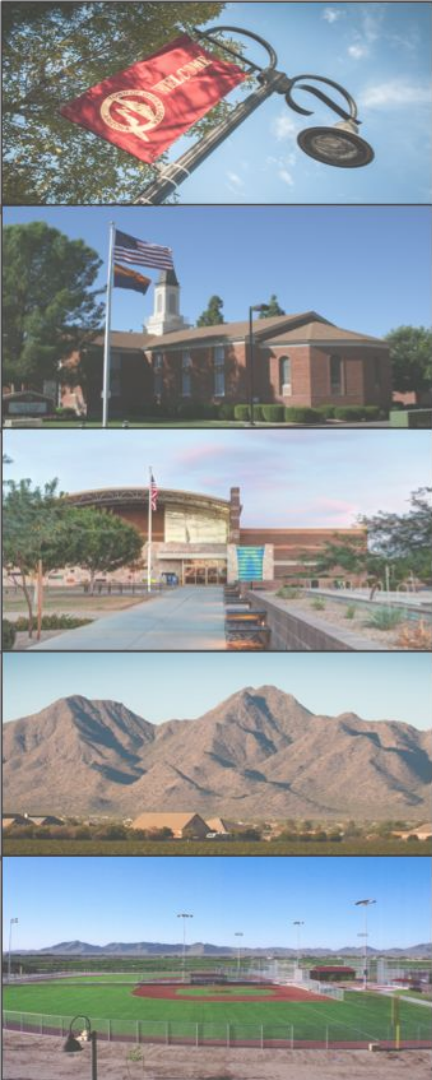
1. Increased Population and Growth Projections (As Compared to Existing Plan)
2. Included Reconciled, Beginning Cash Balances (Excluded from Current Fees, Results in Lower Amount Needed from Fees)
3. Refinanced / Paid Off Debt
 - 2016 Refinancing: \$5.2M Savings in Transportation, Library, Parks, and Building
 - \$20.8M Wastewater Debt Payoff Anticipated



Caused Fees to Go Down (concluded)

4. Changed Assumptions Which Lowered Allocation of New Infrastructure to Growth

- Used Functional Population Which Resulted in a Lower Use of Infrastructure Capacity Assigned to New Development
- Used Regional Data (vs. National Data) for Employees per 1,000 SF for Non-Residential Fee Categories



Caused Fees to Go Up

1. Updated Master Plans which Included Comprehensive Project Lists
 - Transportation
 - Parks
 - Water
 - Wastewater

Summary – Fee Calculation Methodology

Fee Type	Current Fee	Draft Fee	Why the Change?
1.Parks and Recreation	Existing + New Infrastructure	Same	No Change
2.Wastewater	Existing Debt + New Infrastructure	New Infrastructure Only	Existing Debt for Treatment Plant Expansion will be paid off so those costs are removed from the draft fee
3.Transportation	Existing Debt + New Infrastructure	Same	No Change but development will build half-street improvements adjacent to vacant land as developed
4.Water	Existing Debt + New Infrastructure	New Infrastructure Only	Debt associated with prior water company acquisition has been removed from draft fee
5. Fire	New Infrastructure	Debt + New Infrastructure	Debt was issued to construct Fire Station #1
6. Public Safety	New Infrastructure	Debt + New Infrastructure	Debt was issued to construct the Public Safety Building
7. Library	Existing Debt	Same	No Change
8. Town Facilities	Existing Debt	Same	No Change

Town Facilities

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$470	\$76	(\$394)	(84%)
Multi-Family	\$346	\$54	(\$292)	(84%)
Retail (per 1K SF)	\$292	\$18	(\$274)	(94%)
Office (per 1K SF)	\$286	\$26	(\$260)	(91%)
Industrial (per 1K SF)	\$338	\$26	(\$312)	(92%)

Debt Only: \$2.9M
 Per State Law Only
 Allowed to Payoff of
 Existing Debt

Non-Residential
 Fees
 Effected by
 Functional
 Population

Reduced Growth Allocated Debt Costs Via Refinancing
 Included \$1.9M Beginning Cash Balance

Divided By

10-Year Population Increased 26K (from 20K to 46K)

Library

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$723	\$167	(\$556)	(77%)
Multi-Family	\$532	\$120	(\$412)	(77%)
Retail (per 1K SF)	\$111	\$39	(\$72)	(65%)
Office (per 1K SF)	\$109	\$57	(\$52)	(48%)
Industrial (per 1K SF)	\$128	\$58	(\$70)	(55%)

Debt Only: \$2.3M

LOS Attained
No New Facilities

Non-Residential Fees Effected by Functional Population

Reduced Growth Allocated Debt Costs Via Refinancing
Allocated Debt Cost to Operating Budget for Portion of Building Used for Parks/Recreation Use

Divided By

10-Year Population Increased 26K (from 20K to 46K)

Law Enforcement / Police

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$167	\$558	\$391	234%
Multi-Family	\$123	\$402	\$279	227%
Retail (per 1K SF)	\$229	\$530	\$301	131%
Office (per 1K SF)	\$90	\$270	\$180	200%
Industrial (per 1K SF)	\$56	\$214	\$158	282%

Projects/Debt: \$4M
 Existing Public Safety Building Debt
 Future Office Space
 Vehicles

Non-Residential Fees Effected by Functional Population

Growth Costs Increased \$2.7M (from \$1.3M to \$4M)
 Included \$1.8M Beginning Cash Balance

Divided By

10-Year Population Increased 26K (from 20K to 46K)

Fire/Medical

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$490	\$1,025	\$535	109%
Multi-Family	\$361	\$737	\$376	104%
Retail (per 1K SF)	\$290	\$973	\$683	236%
Office (per 1K SF)	\$285	\$496	\$211	74%
Industrial (per 1K SF)	\$335	\$392	\$57	17%

Projects/Debt: \$15.1M

Existing Fire Station Debt

Two New Fire Stations Apparatus / Equipment

More Costs Allocated to Retail Due to Functional Population

Growth Costs Increased \$11.2M (from \$3.9M to \$15.1M)
Included \$1.3M Beginning Cash Balance

Divided By

10-Year Population Increased 26K (from 20K to 46K)

Transportation

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$1,263	\$2,118	\$855	68%
Multi-Family	\$882	\$1,479	\$597	68%
Retail (per 1K SF)	\$1,569	\$2,630	\$1,061	68%
Office (per 1K SF)	\$679	\$1,139	\$460	68%
Industrial (per 1K SF)	\$429	\$720	\$291	68%

Projects/Debt: \$35.5M

Additional Sources from
Dedicated Construction
Sales Tax and Half-
Street Requirements

Increased Project List Significantly
Costs Recovered from Impact Fees Increased \$29M
(from \$6.5M to \$35.5M)

Divided By

10-Year Population Increased 26K
(from 20K to 46K)
New Vehicle Miles Traveled Increased Significantly
(from 510K to 912K)

Parks and Recreation

Projects/Debt:
\$42.3M

Existing Land Debt

New Parks

Trails

	Current Fee	Draft Fee	\$ Change	% Change
Single Family	\$3,681	\$3,022	(\$659)	(18%)
Multi-Family	\$2,710	\$2,174	(\$536)	(20%)
Retail (per 1K SF)	\$563	\$703	\$140	25%
Office (per 1K SF)	\$552	\$1,041	\$489	89%
Industrial (per 1K SF)	\$650	\$1,057	\$407	63%

Non-Residential Fees Effected by Functional Population

Reduced Growth Allocated Debt Costs Via Refinancing
Growth Costs For Trails Costs Increased \$3M (from \$3.6M to \$6.6M)

Growth Costs for Parks Costs Increased \$15.4M (from \$15.5M to \$30.9M)

Divided By

10-Year Population Increased 26K (from 20K to 46K)

Wastewater

	Current Fee	Draft Fee	\$ Change	% Change
¾-inch	\$5,082	\$2,901	(\$2,181)	(43%)
1-inch	\$8,629	\$2,901	(\$5,728)	(66%)
1 ½ - inch	\$16,738	\$9,660	(\$7,078)	(42%)
2-inch	\$26,875	\$15,462	(\$11,413)	(42%)

Changed to the Same Fee

Projects: \$31M
Expanding Treatment Plant Distribution System

Anticipated Payoff of \$20.8M Debt for Treatment Plant Growth Costs Recovered from Capacity Fees Increased \$17M (from \$14M to \$31M)

Divided By

10-Year EDU Projection Doubled (from 7K to 10.7K)

Water

	Current Fee	Draft Fee	\$ Change	% Change
¾-inch	\$4,014	\$2,382	(\$1,632)	(41%)
1-inch	\$6,806	\$3,978	(\$2,828)	(42%)
1 ½ - inch	\$13,189	\$7,933	(\$5,256)	(40%)
2-inch	\$21,166	\$12,697	(\$8,469)	(40%)

Projects: \$54.7M
Expand Distribution System
Wells, Pipes

Removed \$11M Debt for H2O Company Purchase
Growth Costs Recovered from Capacity Fees
Increased \$40.5M (from \$14.2M to \$54.7M)

Divided By

10-Year EDU Projection Increased (from 5K (5 Years) to 23K)