

**Town of Queen Creek
Development Impact Fee
FY 2018-19
Annual Report**

****Reissued****



Date Issued: February 20, 2020

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BACKGROUND

Development Impact Fees

Development impact fees are one-time payments used to construct improvements needed to accommodate new development. They are assessed on both residential and nonresidential growth. The Town's development impact fees are based on one town-wide service area. The fees are collected at the time a building permit is issued for residential, commercial or other non-residential development. The Town collects the following six development impact fees:

- Parks and Recreation
- Town Facilities
- Transportation Facilities
- Library Facilities
- Police Facilities
- Fire Facilities

Authorization and Purpose

Under Authority of Arizona Statute (ARS) 9-463.05, municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality, associated with providing necessary public services to development. The development impact fees must be based on an Infrastructure Improvement Plan (IIP). The amount of the impact development fee must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to serve new development. Development impact fees are calculated based on a development fee study, which was prepared in accordance with state law and is available on the Town's website.

Annual Reporting Requirements

Legislation adopted and signed into law in 2005, and then amended in 2011, requires an annual report be prepared to account for the collection and use of development fees. The report is prepared on a cash basis. The report is due within 90 days of the end of each fiscal year and is required to be maintained in the Town Clerk's Office. For the FY 2018-19 reporting period, the report is required to be filed by September 30, 2019. The information provided in this report includes development impact fee revenues and expenses for FY 2018-19 and beginning and ending balances.

The law also allows for the report to contain financial information that has not yet been audited, because the reporting deadline will occur before the annual audit is completed. As a result, when the FY 2018-19 audited Comprehensive Annual Financial Report (CAFR) is issued, this report will be reissued, based on audited financial statements.

The statute was amended by the 2011 Legislature. As amended, A.R.S. §9-463.05(N) is presented below.

N. Each municipality that assesses development impact fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development fee
2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year
3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year
4. The amount of development fee monies used to repay:
 - (a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment, including the amount needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid
 - (b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality
5. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project
6. The amount of development impact fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment

**Town of Queen Creek
Development Impact Fee Annual Report**

FY 2018-19

A.R.S. § 9-463.05(O) provides:

O – Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

A.R.S. § 9-463.05(P) provides (amended language bolded):

P – A municipality that fails to file the report and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website as required by this section shall not collect development fees until the report is filed and posted.

DEVELOPMENT IMPACT FEE FUND SUMMARIES

PARKS AND RECREATION

Beginning Balance	\$	3,700,761.34
Revenues		
Development Impact Fees		5,002,080.52
Reimb. for Non-Growth Portion of Park Const.		3,455,685.16
Adjustment for Prior Yr. Debt Svs. Allocation		10,127.51
Interest Income		51,795.77
Expenses		
Professional and Technical Services		15,592.13
Reimbursements		4,025.61
Projects		4,491,311.54
2007 Excise Tax Bond		431,521.80
2008A GADA Bond		81,318.40
Ending Balance	\$	7,196,680.82

TOWN FACILITIES

Beginning Balance	\$	2,190,610.25
Revenues		
Development Impact Fees		700,227.33
Adjustment for Prior Yr. Debt Svs. Allocation		2,778.58
Interest Income		38,275.04
Expenses		
Professional and Technical Services		1,293.67
2007 Excise Tax Bond		66,387.96
2004B GADA Loan		223,859.20
Ending Balance	\$	2,640,350.37

TRANSPORTATION FACILITIES

Beginning Balance	\$	6,472,758.97
Revenues		
Development Impact Fees		2,000,597.58
Interest Income		126,856.82
Expenses		
Professional and Technical Services		1,187.50
Projects		6,541,261.28
Reimbursements		346,336.00
2018B Excise Tax Bond		471,754.86
Ending Balance	\$	1,239,673.73

LIBRARY FACILITIES

Beginning Balance	\$	249,392.92
Revenues		
Development Impact Fees		982,214.74
Adjustment for Prior Yr. Debt Svs. Allocation		187,528.35
Interest Income		12,459.18
Expenses		
Professional and Technical Services		1,293.70
Reimbursements		794.13
2007 Excise Tax Bond		26,887.13
2005B GADA Loan		38,845.44
2006A GADA Loan		166,648.32
Ending Balance	\$	1,197,126.47

POLICE FACILITIES

Beginning Balance	\$	189,031.29
Revenues		
Development Impact Fees		260,276.04
Interest Income		3,979.67
Expenses		
Professional and Technical Services		17,532.07
Projects		59,548.37
2018B Excise Tax Bond		102,256.94
Ending Balance	\$	273,949.62

FIRE FACILITIES

Beginning Balance	\$	2,410,170.94
Revenues		
Development Impact Fees		726,696.28
Interest Income		35,944.33
Expenses		
Professional and Technical Services		17,532.08
Projects		727,708.72
2018B Excise Tax Bond		357,521.53
Ending Balance	\$	2,070,049.22

AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE

The information that follows is a summary on the amount assessed for each type of development impact fee that was established August 1, 2014.

Development Impact Fees

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
<u>Residential</u> (per unit)						
Single Family Detached	\$3,681	\$470	\$1,263	\$723	\$167	\$490
2+ Multi-Family	\$2,710	\$346	\$882	\$532	\$123	\$361
<u>Nonresidential</u> (per 1,000 sq. ft.)						
Industrial	\$650	\$338	\$429	\$128	\$56	\$335
Commercial	\$563	\$292	\$1,569	\$111	\$229	\$290
Office & Other Services	\$552	\$286	\$679	\$109	\$90	\$285

DEVELOPMENT IMPACT FEE REVENUES

¹ Single Family	PARKS	TOWN FACILITIES	TRANSPORTATION	LIBRARY	POLICE	FIRE
JULY	164	164	164	164	164	164
AUGUST	149	149	149	149	149	149
SEPTEMBER	69	69	69	69	69	69
OCTOBER	96	96	96	96	96	96
NOVEMBER	71	71	71	71	71	71
DECEMBER	113	113	113	113	113	113
JANUARY	83	83	83	83	83	83
FEBRUARY	107	107	107	107	107	107
MARCH	92	92	92	92	92	92
APRIL	124	124	124	124	124	124
MAY	141	141	141	141	141	141
JUNE	109	109	109	109	109	109
Total Single Family Permits	1,318	1,318	1,318	1,318	1,318	1,318
Less Refunded Permits	(2)	(2)	(2)	(2)	(2)	(2)
Total Single Family Permits	1,316	1,316	1,316	1,316	1,316	1,316

2+ Multi-Family Permits	0	0	0	0	0	0
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Residential and Non-Residential Revenues						
	PARKS	TOWN FACILITIES	TRANSPORTATION	LIBRARY	POLICE	FIRE
Single Family	\$ 4,851,558.00	\$ 619,460.00	\$ 1,664,634.00	\$ 952,914.00	\$ 220,106.00	\$ 645,820.00
2+ Multi-Family	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential	\$ 162,790.85	\$ 84,379.61	\$ 348,197.29	\$ 32,125.23	\$ 42,550.15	\$ 83,970.38
Subtotal	\$ 5,014,348.85	\$ 703,839.61	\$ 2,012,831.29	\$ 985,039.23	\$ 262,656.15	\$ 729,790.38
Less Refunds	\$ (11,716.17)	\$ (3,612.28)	\$ (12,233.71)	\$ (2,824.49)	\$ (2,380.11)	\$ (3,094.10)
Total Development Impact Fee Revenues	\$5,002,632.68	\$700,227.33	\$2,000,597.58	\$982,214.74	\$260,276.04	\$726,696.28
Non-Residential Permits (Square Feet)						
	PARKS	TOWN FACILITIES	TRANSPORTATION ²	LIBRARY	POLICE	FIRE
Industrial	0	0	0	0	0	0
Commercial	110,082	110,082	110,082	110,082	110,082	110,082
Office & Other Services	175,914	175,914	243,209	175,914	175,914	175,914
Total Square Feet	285,996	285,996	353,291	285,996	285,996	285,996

Notes:

- 1) Numbers by month represent number of single family permit fees collected not number of permits issued.
- 2) As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets and water and sewer utility functions. As such, the square footage for transportation may be higher than the other fees because the others are not paid by school districts.

BEGINNING AND ENDING FUND BALANCE

	Beginning Fund Balance 7/1/2018	Ending Balance 6/30/2019	Change
Parks and Recreation	\$ 3,700,761.34	\$ 7,196,680.82	\$ 3,495,919.48
Town Facilities	\$ 2,190,610.25	\$ 2,640,350.37	\$ 449,740.12
Transportation Facilities	\$ 6,472,758.97	\$ 1,239,673.73	\$ (5,233,085.24)
Library Facilities	\$ 249,392.92	\$ 1,197,126.47	\$ 947,733.55
Police Facilities	\$ 189,031.29	\$ 273,949.62	\$ 84,918.33
Fire Facilities	\$ 2,410,170.94	\$ 2,070,049.22	\$ (340,121.72)

INTEREST INCOME

	Interest Income
Parks and Recreation	51,795.77
Town Facilities	38,275.04
Transportation Facilities	126,856.82
Library Facilities	12,459.18
Police Facilities	3,979.67
Fire Facilities	35,944.33
Total	269,310.81

DEVELOPMENT IMPACT FEES USED TO PAY DEBT SERVICE

	2007 Excise Tax Bond	2004B GADA* Loan	2005B GADA* Loan	2006A GADA* Loan	2008A GADA* Loan	2018B Excise Tax Bond
Parks and Recreation	\$ 431,521.80				\$ 81,318.40	
Town Facilities	\$ 66,387.96	\$ 223,859.20				
Transportation Facilities						\$ 471,754.86
Library Facilities	\$ 26,887.13		\$ 38,845.44	\$ 166,648.32		
Police Facilities						\$ 102,256.94
Fire Facilities						\$ 357,521.53
Totals	\$ 524,796.89	\$ 223,859.20	\$ 38,845.44	\$ 166,648.32	\$ 81,318.40	\$ 931,533.33

*Greater Arizona Development Authority

Additional Resources*

Town of Queen Creek FY2018/2019 Annual Budget – Capital Improvement Plan and Infrastructure Improvement Plan

Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees – May 7, 2014

*Available on Town's Website: <http://www.queencreek.org/departments/finance>