

**Town of Queen Creek
Development Impact Fee
FY 2019-20
Annual Report**

Audited



Date Reissued: January 21, 2021

Table of Contents

DEVELOPMENT IMPACT FEES

BACKGROUND	1
Development Impact Fees	1
Authorization and Purpose	1
Annual Reporting Requirements	1

DEVELOPMENT IMPACT FEE SUMMARIES

Parks, Recreation, Open Space Development Impact Fee.....	3
Town Facilities and Equipment Development Impact Fee.....	3
Transportation Development Impact Fee.....	4
Library Development Impact Fee.....	4
Police Safety Impact Development Impact Fee.....	5
Fire Facilities Impact Development Impact Fee.....	5
AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE	6
DEVELOPMENT IMPACT FEE REVENUES	8
BEGINNING/ENDING FUND BALANCE FOR EACH DEVELOPMENT FEE	9
INTEREST EARNINGS ON FUND BALANCES FOR EACH DEVELOPMENT FEE	9
DEVELOPMENT IMPACT FEES USED TO PAY DEBT SERVICE	10
DEVELOPMENT IMPACT FEES USED FOR PROJECTS	10
ADDITIONAL RESOURCES	12

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 development. 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. 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 Revised Statutes (A.R.S.) 9-463.05, municipalities in Arizona may assess development fees to offset infrastructure costs of 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 development impact 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 [here](#).

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 impact 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 2019-20 reporting period, the report was required to be filed by September 28, 2020. The initial report was filed on September 28, 2020.

Because of the due date 90 days after the end of the fiscal year, the law allows for the initial report to contain financial information that has not yet been audited. As a result, when the Town's FY 2019-20 audited Comprehensive Annual Financial Report (CAFR) is complete, this final report is issued, based on audited financial statements.

The Town is not permitted to collect development impact fees if the report is not posted as

required.

The information provided in this report includes development impact fee revenues and expenses for FY 2019-20 and beginning and ending balances. The Town Council adopted a policy on June 17, 2020, to annually review and approve the impact fee report. The intention of this policy is to improve disclosure to the public and the development community related to the development impact fees collected and expended.

The report required by A.R.S. § 9-463.05(N) is detailed 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 impact fee.
2. The balance of each fund maintained for each type of development impact 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 impact 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 impact fee assessment, including the amount needed to repay the debt service obligations on each facility for which development impact 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 impact fees in order to pay the cost of a capital improvement project that is the subject of a development impact 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 impact fee monies spent on each capital improvement project that is the subject of a development impact 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 impact fee assessment

DEVELOPMENT IMPACT FEE FUND SUMMARIES

PARKS AND RECREATION

Beginning Balance	\$	7,196,681
Revenues		
Development Impact Fees		6,320,877
Government Agency Reimbursement		3,472
Interest Income		129,989
Expenses		
Projects		184,367
2007 Excise Tax Bond		428,819
2008A GADA Bond		84,096
Ending Balance	\$	12,953,736

TOWN FACILITIES

Beginning Balance	\$	2,640,350
Revenues		
Development Impact Fees		584,103
Interest Income		39,045
Expenses		
2007 Excise Tax Bond		65,972
2004B GADA Loan		224,128
Ending Balance	\$	2,973,398

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

FY 2019-20

TRANSPORTATION FACILITIES

Beginning Balance	\$	1,239,674
Revenues		
Development Impact Fees		2,841,573
Interest Income		21,442
Expenses		
Projects		7,370,548
2018B Excise Tax Bond		586,838
Other Financing Source/(Use)		
Bond Proceeds (Series 2020 Bonds)		12,074,825
Ending Balance	\$	8,220,127

LIBRARY FACILITIES

Beginning Balance	\$	1,197,126
Revenues		
Development Impact Fees		891,244
Interest Income		22,365
Expenses		
2007 Excise Tax Bond		26,719
2005B GADA Loan		39,426
2006A GADA Loan		166,745
Ending Balance	\$	1,877,863

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

FY 2019-20

POLICE FACILITIES

Beginning Balance	\$	273,950
Revenues		
Development Impact Fees		489,581
Interest Income		5,870
Expenses		
Projects		278,078
2018B Excise Tax Bond		140,250
Ending Balance	\$	351,072

FIRE FACILITIES

Beginning Balance	\$	2,070,049
Revenues		
Development Impact Fees		1,145,191
Interest Income		32,780
Expenses		
Projects		1,486,591
2018B Excise Tax Bond		497,863
Other Financing Source/(Use)		
Bond Proceeds (Series 2020 Bonds)		12,255,287
Ending Balance	\$	13,518,852

AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE

An impact fee study was adopted by the Town Council on November 20, 2019 and as a result, a new impact fee schedule took effect on February 10, 2020. The information that follows contains a summary of the amount assessed for each type of development impact fee from July 1, 2019, through February 9, 2020 (before the fee changes), as well as a summary of the amount assessed for each type of development impact fee that went into effect on February 10, 2020 (after the fee changes).

Developments that were issued their first building permit prior to February 10, 2020, are eligible for the reduced fee structure below for a period of 24 months from the date of their first permit issuance. The reduced development fee structure was created by comparing the fees effective from July 1, 2019 through February 9, 2020 and the new fees effective after February 10, 2020 and choosing the lesser fee for each development impact fee type. For example, the single family detached fee for Town Facilities from July 1, 2019 through February 9, 2020 was \$470, while the single family detached fee for Town Facilities under the new fee schedule effective February 10, 2020 was \$76. Therefore, the reduced fee would be the lesser of the two, or \$76.

For more details, please see the November 2019 Land Use Assumptions, Infrastructure Improvement Plan and Impact Fee Report [here](#).

Development Impact Fees – Effective July 1, 2019 through February 9, 2020

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
Residential						
(per unit)						
Single Family Detached	\$3,681	\$470	\$1,263	\$723	\$167	\$490
2+ Multi-Family	\$2,710	\$346	\$882	\$532	\$123	\$361
Nonresidential						
(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 Fees – Effective February 10, 2020

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
Residential						
(per unit)						
Single Family Detached	\$3,189	\$76	\$2,118	\$167	\$640	\$1,175
2+ Multi-Family	\$2,293	\$54	\$1,479	\$120	\$460	\$845
Nonresidential						
(per 1,000 sq. ft.)						
Industrial	\$1,115	\$26	\$720	\$58	\$245	\$450
Commercial	\$742	\$18	\$2,630	\$39	\$608	\$1,115
Office & Other Services	\$1,099	\$26	\$1,139	\$57	\$310	\$569

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

FY 2019-20

Reduced Development Impact Fees – Effective February 10, 2020

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
<u>Residential</u>						
(per unit)						
Single Family Detached	\$3,189	\$76	\$1,263	\$167	\$167	\$490
2+ Multi-Family	\$2,293	\$54	\$882	\$120	\$123	\$361
<u>Nonresidential</u>						
(per 1,000 sq. ft.)						
Industrial	\$650	\$26	\$429	\$58	\$56	\$335
Commercial	\$563	\$18	\$1,569	\$39	\$229	\$290
Office & Other Services	\$552	\$26	\$679	\$57	\$90	\$285

DEVELOPMENT IMPACT FEE REVENUES

Single Family	PERMITS	ADJUSTMENTS ¹	PERMIT PAYMENTS	PARKS	TOWN	TRANSPORTATION	LIBRARY	POLICE	FIRE
	ISSUED		RECEIVED		FACILITIES				
JULY	158	0	158	158	158	158	158	158	158
AUGUST	124	4	128	128	128	128	128	128	128
SEPTEMBER	138	(5)	133	133	133	133	133	133	133
OCTOBER	142	0	142	142	142	142	142	142	142
NOVEMBER	117	(4)	113	113	113	113	113	113	113
DECEMBER	147	2	149	149	149	149	149	149	149
JANUARY	149	(1)	148	148	148	148	148	148	148
FEBRUARY	136	11	147	147	147	147	147	147	147
MARCH	169	(10)	159	159	159	159	159	159	159
APRIL	222	(1)	221	221	221	221	221	221	221
MAY	97	(2)	95	95	95	95	95	95	95
JUNE	151	(8)	143	143	143	143	143	143	143
Totals	1,750	(14)	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Less Cross-Year Refunds²				(1)	(1)	(1)	(1)	(1)	(1)
Net Single Family Permits				1,735	1,735	1,735	1,735	1,735	1,735
2+ Multi-Family Permits	50	0	50	50	50	50	50	50	50

Residential and Non-Residential Revenues						
	PARKS	TOWN FACILITIES	TRANSPORTATION	LIBRARY	POLICE	FIRE
Single Family	\$6,038,365	\$529,871	\$2,425,944	\$851,954	\$417,859	\$1,026,505
2+ Multi-Family	\$128,828	\$12,628	\$53,652	\$20,008	\$11,542	\$25,794
Non-Residential	\$157,364	\$42,074	\$363,240	\$20,005	\$60,347	\$93,381
Subtotal	\$6,324,558	\$584,573	\$2,842,836	\$891,967	\$489,748	\$1,145,681
Less Refunds	(\$3,681)	(\$470)	(\$1,263)	(\$723)	(\$167)	(\$490)
Total Development Impact	\$6,320,877	\$584,103	\$2,841,573	\$891,244	\$489,581	\$1,145,191
Non-Residential Permits (Square Feet)						
	PARKS	TOWN FACILITIES	TRANSPORTATION ³	LIBRARY	POLICE	FIRE
Industrial	0	0	0	0	0	0
Commercial	184,232	184,232	184,232	184,232	184,232	184,232
Office & Other Services	64,658	64,658	64,658	64,658	64,658	64,658
Total Square Feet	248,890	248,890	248,890	248,890	248,890	248,890

Notes:

- 1) Permit counts are adjusted to account for timing between permit issuance and permit payment. For example, some permits are paid for at the end of one month and issued at the beginning of the following month. Adjustments are also made to account for refunds from canceled permits.
- 2) Cross-year refunds represent the permits that were issued and paid for in the prior fiscal year, but were refunded in the current fiscal year.
- 3) 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 BALANCES

	Beginning Fund Balance	Ending Balance 6/30/2020	Change
Parks and Recreation	\$7,196,681	\$12,953,736	\$5,757,055
Town Facilities	\$2,640,350	\$2,973,398	\$333,048
Transportation Facilities	\$1,239,674	\$8,220,127	\$6,980,454
Library Facilities	\$1,197,126	\$1,877,863	\$680,737
Police Facilities	\$273,950	\$351,072	\$77,123
Fire Facilities	\$2,070,049	\$13,518,852	\$11,448,803

INTEREST INCOME

	Interest Income
Parks and Recreation	\$129,989
Town Facilities	\$39,045
Transportation Facilities	\$21,442
Library Facilities	\$22,365
Police Facilities	\$5,870
Fire Facilities	\$32,780
Total	\$251,490

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

FY 2019-20

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	\$428,819				\$84,096	
Town Facilities	\$65,972	\$224,128				
Transportation Facilities						\$586,838
Library Facilities	\$26,719		\$39,426	\$166,745		
Police Facilities						\$140,250
Fire Facilities						\$497,863
Totals	\$521,510	\$224,128	\$39,426	\$166,745	\$84,096	\$1,224,950

*Greater Arizona Development Authority; these loans were refinanced by the Series 2016 Bonds. The amounts represent the relative amount of debt service paid from each of the development impact fee funds attributable to the original loan issuances.

DEVELOPMENT IMPACT FEES USED FOR PROJECTS

Parks and Trails Development Impact Fee			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
P0620	East Park	NW Corner of Queen Creek and Signal Butte	\$68,755
TE100	Queen Creek Wash Trail: Crismon to Rittenhouse	Same as Project Description	\$37,833
TE200	Sonoqui Wash Trail: Hawes to Ellsworth	Same as Project Description	\$47,633
TE210	Sonoqui Wash Trail: Ellsworth to Crismon	Same as Project Description	\$30,146
		Total	\$184,367

Transportation Development Impact Fee			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
A0115	OCOTILLO: 226TH TO IRONWOOD	Same as Project Description	\$68,891
A0116	OCOTILLO: SOSSAMAN TO HAWES	Same as Project Description	\$150,339
A0306	RITTENHOUSE: VILLAGE LP TO ALLIANCE	Same as Project Description	\$2,424,284
A0307	RITTENHOUSE BRIDGE AT QC WASH	Same as Project Description	\$1,662,242
A0510	RIGGS: ELLSWORTH TO MERIDIAN	Same as Project Description	\$674,640
A0520	RIGGS RD: POWER TO HAWES	Same as Project Description	\$484,653
A0603	CHANDLER HTS: SOSSAMAN TO POWER	Same as Project Description	\$177,150
A1002	QC RD-ELLSWORTH TO SIGNAL BUTTE	Same as Project Description	\$1,219,409
A1403	POWER: OCOTILLO TO BROOKS FARM	Same as Project Description	\$16,583
A1404	POWER: BROOKS FARM TO CHAND HGTS	Same as Project Description	\$36,064
A1505	MERIDIAN: COMBS TO GERMANN	Same as Project Description	\$187,279
A1802	196TH: OCOTILLO TO APPLEBY2	Same as Project Description	\$26,086
A1803	APPLEBY2: SOSSAMAN TO 196TH	Same as Project Description	\$25,064
A2001	RYAN: CRISMON TO 220TH	Same as Project Description	\$2,598
I0061	OCOTILLO @ VICTORIA (TS)	Same as Project Description	\$215,267
		Total	\$7,370,548

DEVELOPMENT IMPACT FEES USED FOR PROJECTS (concluded)

Public Safety Development Impact Fee			
Project	Project Description	Location	Amount
MF007	Fire Station #4	NE Corner of Signal Butte and Queen Creek	\$273,784
MF009	Fire Station #5	South side of Combs Road at Sangria Ln	\$2,275
MF010	Fire Station #2 - Permanent Facility	East side of Sossaman Rd @ East Vallejo Street	\$2,020
Total			\$278,078

Fire Development Impact Fee			
Project	Project Description	Location	Amount
MF007	Fire Station #4	NE Corner of Signal Butte and Queen Creek	\$1,040,378
MF008	Fire Ladder Truck	n/a	\$68,280
MF009	Fire Station #5	South side of Combs Road at Sangria Ln	\$361,230
MF010	Fire Station #2 - Permanent Facility	East side of Sossaman Rd @ East Vallejo Street	\$7,674
MF011	Fire Resource Center	Town of Queen Creek Corporation Yard @ 220th and Ryan Rd.	\$9,029
Total			\$1,486,591

Town Facilities and Library Facilities development impact fee funds were not used to pay for any projects during FY 2019-20, only debt service costs.

Additional Resources*

Town of Queen Creek FY 2019-20 Annual Budget – Capital Improvement Plan and Infrastructure Improvement Plan

Infrastructure Improvement Plan/Impact Fee Study – November 2019

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