

**Town of Queen Creek  
Development Impact Fee  
FY 2020-21  
Annual Report**

**Audited**



**Date: December 16, 2021**

## Table of Contents

---

### **DEVELOPMENT IMPACT FEES**

<b>BACKGROUND</b> .....	<b>1</b>
Development Impact Fees .....	1
Authorization and Purpose .....	1
Annual Reporting Requirements .....	1

### **DEVELOPMENT IMPACT FEE SUMMARIES**

Parks, Recreation, Open Space Development Impact Fee.....	<b>3</b>
Town Facilities and Equipment Development Impact Fee.....	<b>3</b>
Transportation Development Impact Fee.....	<b>4</b>
Library Development Impact Fee.....	<b>4</b>
Police Safety Impact Development Impact Fee.....	<b>5</b>
Fire Facilities Impact Development Impact Fee.....	<b>5</b>

<b>AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE</b> .....	<b>6</b>
--	----------

<b>DEVELOPMENT IMPACT FEE REVENUES</b> .....	<b>8</b>
--	----------

<b>CUMULATIVE IMPACT FEE ANALYSIS – (FY18 – FY21)</b> .....	<b>10</b>
---	-----------

<b>BEGINNING/ENDING FUND BALANCE FOR EACH DEVELOPMENT FEE</b> .....	<b>11</b>
---	-----------

<b>INTEREST EARNINGS ON FUND BALANCES FOR EACH DEVELOPMENT FEE</b> .....	<b>11</b>
--	-----------

<b>DEVELOPMENT IMPACT FEES USED TO PAY DEBT SERVICE</b> .....	<b>12</b>
---	-----------

<b>DEVELOPMENT IMPACT FEES USED FOR PROJECTS</b> .....	<b>13</b>
--	-----------

<b>ADDITIONAL RESOURCES</b> .....	<b>14</b>
-----------------------------------	-----------

## **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 2020-21 reporting period, the report was required to be filed by September 28, 2021.

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 2020-21 audited Annual Comprehensive Financial Report (ACFR) is complete, a final report will be 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 2020-21 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	\$	12,953,735.77
Revenues		
Development Impact Fees		7,701,470.43
Interest Income		113,004.43
Expenses		
Projects		427,304.48
2007 Excise Tax Bond		428,686.33
2008B GADA Bond		83,840.00
Ending Balance	\$	19,828,379.82

**TOWN FACILITIES**

Beginning Balance	\$	2,973,398.49
Revenues		
Development Impact Fees		184,521.41
Interest Income		21,143.40
Expenses		
2007 Excise Tax Bond		65,951.74
2004B GADA Loan		221,004.80
Ending Balance	\$	2,892,106.76

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

**FY 2020-21**

**TRANSPORTATION FACILITIES**

Beginning Balance	\$ 8,220,127.24
Revenues	
Development Impact Fees	5,019,181.13
Interest Income	16,614.76
Expenses	
Projects	4,335,123.85
20181 B Excise Tax	585,787.50
2020 Excise Tax	145,909.01
Other Financing Source/(Use)	
<sup>1</sup> Bond Proceeds (FY20 Correction) - Transfer Out	(2,000,000.00)
<sup>2</sup> Prior Year Construction Sales Tax Recovery - Transfer In	6,058,844.30
<sup>3</sup> Prior Year Corrections: Other Funding Sources Applied - Transfer In	1,818,545.63
Ending Balance	\$ 14,066,492.70

<sup>1</sup> 2020 Excise Tax proceeds overapplied. Transfer back to Construction Sales Tax Fund.

<sup>2</sup> Reimbursing Transportation Fund from Construction Sales Tax Fund.

<sup>3</sup> Transportation Fund reimbursed due to other funding sources applied.

**LIBRARY FACILITIES**

Beginning Balance	\$ 1,877,863.46
Revenues	
Development Impact Fees	404,817.68
Interest Income	14,133.87
Expenses	
2007 Excise Tax	26,710.46
2005B GADA Loan	39,840.77
2006A GADA Loan	166,358.02
Ending Balance	\$ 2,063,905.76

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

**FY 2020-21**

**POLICE FACILITIES**

---

Beginning Balance	\$	351,072.25
Revenues		
Development Impact Fees		1,282,818.17
Interest Income		5,605.51
Expenses		
Projects		858,027.85
20182B Excise Tax		142,875.00
Ending Balance	\$	638,593.08

**FIRE FACILITIES**

---

Beginning Balance	\$	13,518,852.49
Revenues		
Development Impact Fees		2,480,644.70
Interest Income		26,654.86
Expenses		
Projects		3,365,042.28
20183B Excise Tax		494,537.50
2020 Excise Tax		257,772.02
Ending Balance	\$	11,908,800.25

**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.

Developments that were issued their first building permit prior to February 10, 2020, are eligible for the reduced fee structure below for a grandfathering period of 24 months from the date of their first permit issuance. For example, the new single family development fee for Town Facilities prior to February 10, 2020 was \$470, while the new single family development fee for Town Facilities under the new fee schedule effective February 10, 2020 is \$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 August 1, 2014 through February 9, 2020**

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
<b>Residential</b>						
<b>(per unit)</b>						
Single Family Detached	\$3,681	\$470	\$1,263	\$723	\$167	\$490
2+ Multi-Family	\$2,710	\$346	\$882	\$532	\$123	\$361
<b>Nonresidential</b>						
<b>(per 1,000 sq. ft.)</b>						
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
<b>Residential</b>						
<b>(per unit)</b>						
Single Family Detached	\$3,189	\$76	\$2,118	\$167	\$640	\$1,175
2+ Multi-Family	\$2,293	\$54	\$1,479	\$120	\$460	\$845
<b>Nonresidential</b>						
<b>(per 1,000 sq. ft.)</b>						
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



**AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE (CONT'D)**

**Reduced Development Impact Fees – Effective February 10, 2020**

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

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

**FY 2020-21**

**DEVELOPMENT IMPACT FEE REVENUES**

<b>SF Count</b>							
<b>Munis Data</b>							
<b>FY21</b>							
<b>Single Family</b>	<b>Permits Issued</b>	<b>PARKS</b>	<b>TOWN FACILITIES</b>	<b>TRANSPORTATION</b>	<b>LIBRARY</b>	<b>POLICE</b>	<b>FIRE</b>
JULY	164	166	167	165	166	168	176
AUGUST	173	171	171	171	171	171	171
SEPTEMBER	186	181	181	181	181	181	181
OCTOBER	219	225	225	225	225	225	225
NOVEMBER	138	137	137	137	137	137	137
DECEMBER	181	178	178	178	178	178	178
JANUARY	164	169	169	169	169	169	169
FEBRUARY	215	216	216	216	216	216	216
MARCH	183	179	179	179	179	179	179
APRIL	274	273	273	273	273	273	273
MAY	149	151	151	151	151	151	151
JUNE	177	174	174	174	174	174	174
<b>Subtotal</b>	2223	2,220	2,221	2,219	2,220	2,222	2,230
<b>Less Refunded Permits</b>	(5)	(5)	(5)	(5)	(5)	(5)	(5)
<b><sup>1</sup> Less/Add FY20 Corrections</b>	0	0	(1)	1	0	(2)	(10)
<b><sup>2</sup> Impact Fees Uncollected</b>	(2)	0	0	0	0	0	0
<b>Permit Withdrawn</b>	(1)	0	0	0	0	0	0
<b>Total Single Family Permits</b>	<b>2,215</b>	<b>2,215</b>	<b>2,215</b>	<b>2,215</b>	<b>2,215</b>	<b>2,215</b>	<b>2,215</b>
<b>2+Multi-Family Permits</b>		128	128	128	128	128	128
<b>Notes:</b>							
<sup>1</sup> Total single family permit count for FY21 2015. Some funds total count vary due to FY20 adjustments. Breakdown below.							
Parks		2215	(correct)				
Town		2216	(FY20 - JE corr. From Transportation +1)				
Transportation		2214	(FY20 - JE corr. to Town Fac -1)				
Library		2215	(Correct)				
Police		2217	(FY20 - JE corr. From General Fund + 2)				
Fire		2225	(FY20 - JE corr. From General Fund + 10)				
<sup>2</sup> Impact fees waived due to existing house on site. These permits are adding another house onto the same property (B20-4174, B21-0355)							

**DEVELOPMENT IMPACT FEE REVENUES (CONT'D)**

<b>Residential and Non-Residential Revenues</b>						
	<u>PARKS</u>	<u>TOWN FACILITIES</u>	<u>TRANSPORTATION</u>	<u>LIBRARY</u>	<u>POLICE</u>	<u>FIRE</u>
Single Family	\$7,079,580	\$169,983	\$4,059,447	\$370,740	\$1,066,384	\$2,099,650
2+ Multi-Family	\$293,504	\$6,912	\$189,312	\$15,360	\$58,880	\$108,160
Non-Residential	\$347,257.43	\$9,042.41	\$776,644.13	\$19,694.03	\$158,575.17	\$271,011.42
<b>Subtotal</b>	<b>\$7,720,341.43</b>	<b>\$185,937.41</b>	<b>\$5,025,403.13</b>	<b>\$405,794.03</b>	<b>\$1,283,839.17</b>	<b>\$2,478,821.42</b>
<b>Less Refunds/Corrections</b>	<b>(\$18,871.00)</b>	<b>(\$1,416.00)</b>	<b>(\$6,222.00)</b>	<b>(\$976.35)</b>	<b>(\$1,021.00)</b>	<b>\$1,823.28</b>
<b>Total Development Impact Fee Revenue</b>	<b>\$7,701,470.43</b>	<b>\$184,521.41</b>	<b>\$5,019,181.13</b>	<b>\$404,817.68</b>	<b>\$1,282,818.17</b>	<b>\$2,480,644.70</b>
<b>Projected Revenue Per Study</b>	<b>\$5,199,333</b>	<b>\$123,186</b>	<b>\$3,572,279</b>	<b>\$272,059</b>	<b>\$1,072,840</b>	<b>\$1,969,281</b>
<b>\$ Variance</b>	<b>\$2,502,137</b>	<b>\$61,335</b>	<b>\$1,446,902</b>	<b>\$132,759</b>	<b>\$209,978</b>	<b>\$511,364</b>
<b>% Variance</b>	<b>48%</b>	<b>50%</b>	<b>41%</b>	<b>49%</b>	<b>20%</b>	<b>26%</b>
<b>Non-Residential Permits (Square Feet)</b>						
	<u>PARKS</u>	<u>TOWN FACILITIES</u>	<u>TRANSPORTATION</u>	<u>LIBRARY</u>	<u>POLICE</u>	<u>FIRE</u>
Industrial	-	-	-	-	-	-
Commercial	281,013	281,013	281,013	281,013	281,013	281,013
Office & Other Services	153,237	153,237	179,493	153,237	153,237	153,237
<b>Total Square Feet</b>	<b>434,250</b>	<b>434,250</b>	<b>460,506</b>	<b>434,250</b>	<b>434,250</b>	<b>434,250</b>
<b>Projected Sqft Per Study</b>	<b>176,000</b>	<b>176,000</b>	<b>176,000</b>	<b>176,000</b>	<b>176,000</b>	<b>176,000</b>
<b>SF Variance</b>	<b>258,250</b>	<b>258,250</b>	<b>284,506</b>	<b>258,250</b>	<b>258,250</b>	<b>258,250</b>
<b>% Variance</b>	<b>147%</b>	<b>147%</b>	<b>162%</b>	<b>147%</b>	<b>147%</b>	<b>147%</b>

**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.

**CUMULATIVE IMPACT FEE ANALYSIS – (FY 17-18 to FY20-21)**

<u>Impact Fees</u>							
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Variance</u>		<u>10-Yr Totals Per Report</u>	<u>% of 10-Yr Actual</u>
<b>Units</b>							
Single-Family	5,020	6,361	1,341	27%		11,863	54%
Multi-Family	284	128	(156)	-55%		1,857	7%
<b>Square Feet (1K)</b>							
Commercial	679,000	744,593	65,593	10%		925,000	80%
Office & Other Services	722,000	586,817	(135,183)	-19%		1,287,000	46%
Industrial	327,000	0	(327,000)	-100%		502,000	0%
Revenue	\$47,579,979	\$47,419,541	(\$160,438)	-0.34%		\$107,308,730	44%

**BEGINNING AND ENDING FUND BALANCES**

	<b>Beginning Balance 7/1/2020</b>	<b>Ending Balance 6/30/2021</b>	<b>Change</b>
Parks and Recreation	\$ 12,953,735.77	\$ 19,828,379.82	\$ 6,874,644.05
Town Facilities	\$ 2,973,398.49	\$ 2,892,106.76	\$ (81,291.73)
Transportation Facilities	\$ 8,220,127.24	\$ 14,066,492.70	\$ 5,846,365.46
Library Facilities	\$ 1,877,863.46	\$ 2,063,905.76	\$ 186,042.30
Police Facilities	\$ 351,072.25	\$ 638,593.08	\$ 287,520.83
Fire Facilities	\$ 13,518,852.49	\$ 11,908,800.25	\$ (1,610,052.24)

**INTEREST INCOME**

	<b>Interest Income</b>
Parks and Recreation	\$113,004.43
Town Facilities	\$21,143.40
Transportation Facilities	\$16,614.76
Library Facilities	\$14,133.87
Police Facilities	\$5,605.51
Fire Facilities	\$26,654.86

**DEVELOPMENT IMPACT FEES USED TO PAY DEBT SERVICE**

	2007 Excise Bond	2004B GADA* Bond	2005B GADA* Bond	2006A GADA* Bond	2008B GADA* Bond	20181 B Excise Tax	20182 B Excise Tax	20183 B Excise Tax	2020 Excise Tax	Total Debt Service
Parks and Recreation	\$428,686.33	-	-	-	\$83,840.00	-	-	-	-	\$512,526.33
Town Facilities	\$65,951.74	\$221,004.80	-	-	-	-	-	-	-	\$286,956.54
Transportation Facilities	-	-	-	-	-	\$585,787.50	-	-	\$145,909.01	\$731,696.51
Library Facilities	\$26,710.46	-	\$39,840.77	\$166,358.02	-	-	-	-	-	\$232,909.25
Police Facilities	-	-	-	-	-	-	\$142,875.00	-	-	\$142,875.00
Fire Facilities	-	-	-	-	-	-	-	\$494,537.50	\$257,772.02	\$752,309.52
	\$521,348.53	\$221,004.80	\$39,840.77	\$166,358.02	\$83,840.00	\$585,787.50	\$142,875.00	\$494,537.50	\$403,681.03	\$2,659,273.15

\*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.

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

**FY 2020-21**

**DEVELOPMENT IMPACT FEES USED FOR PROJECTS**

<b>Parks and Trails Development Impact Fee</b>			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
P0620	East Park	NW Corner of Queen Creek and Signal Butte	\$111,146.55
TE100	QC Wash Trail -Crismon to Rittenhouse	Same as Project Description	\$43,950.30
TE101	QC Wash Trail -Rittenhouse to Meridian	Same as Project Description	\$4,838.20
TE102	Signal Butte Rd. Trail Alignment	Same as Project Description	\$685.71
TE200	Sonoqui Wash - Hawes to Ellsworth	Same as Project Description	\$135,408.62
TE210	Sonoqui Wash - Ellsworth to Crismon	Same as Project Description	\$131,275.10
		<b>Total</b>	<b>\$427,304.48</b>
<b>Transportation Development Impact Fee</b>			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
A0115	A0115 - OCOTILLO: 226TH TO IRONWOOD	Same as Project Description	\$58,882.90
A0116	A0116 - OCOTILLO: SOSSAMAN TO HAWES	Same as Project Description	\$87,546.32
A0306	A0306 - RITTENHOUSE: VILLAGE LP TO ALLIANCE	Same as Project Description	\$2,120,579.34
A0307	A0307 - RITTENHOUSE BRIDGE AT QC WASH	Same as Project Description	\$161,884.81
A0510	A0510 - RIGGS: ELLSWORTH TO MERIDIAN	Same as Project Description	\$509.13
A0602	A0602 - CHANDLER HGTS - HAWES TO SOSSAMAN	Same as Project Description	\$1,342.20
A0603	A0603 - CHANDLER HTS: SOSSAMAN TO POWER	Same as Project Description	\$296,951.47
A0801	A0801 - SIGNAL BUTTE: OCOTILLO TO QC RD	Same as Project Description	\$4,398.69
A1001	A1001- QUEEN CREEK RD: ELLSWORTH TO CRISMON	Same as Project Description	\$163,193.50
A1002	A1002 - QC RD - ELLSWORTH TO SIGNAL BUTTE	Same as Project Description	\$1,310,180.74
A1404	A1404 - POWER: BROOKS FARM TO CHAND HGTS	Same as Project Description	\$114,307.64
A1505	A1505 - MERIDIAN: COMBS TO QC WASH	Same as Project Description	\$15,347.13
		<b>Total</b>	<b>\$4,335,123.85</b>
<b>Police Facilities Development Impact Fee</b>			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
MF007	Fire Station #4	20155 S SIGNAL BUTTE RD	\$383,309.77
MF009	Fire Station #5	245 W COMBS RD	\$198,504.22
MF010	Fire Station #2	24787 S SOSSAMAN RD	\$276,213.86
		<b>Total</b>	<b>\$858,027.85</b>
<b>Fire Facilities Development Impact Fee</b>			
<u>Project</u>	<u>Project Description</u>	<u>Location</u>	<u>Amount</u>
MF007	Fire Station #4	20155 S SIGNAL BUTTE RD	1,456,577.06
MF009	Fire Station #5	245 W COMBS RD	852,856.40
MF010	Fire Station #2	24787 S SOSSAMAN RD	1,049,612.66
MF011	Fire Resource Center	RYAN RD/220TH ST	5,996.16
		<b>Total</b>	<b>\$3,365,042.28</b>

Town Facilities and Library Facilities development impact fee funds were not used to pay for any projects during FY 2020-21, only debt service costs.

**Additional Resources\***

Town of Queen Creek FY 2020-21 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>