

**Town of Queen Creek  
Development Impact Fee  
FY 2022-23  
Annual Report**

**Audited**



**Date: February 21, 2024**

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## BACKGROUND

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### 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 2022-23 reporting period, the report is required to be filed by September 28, 2023.

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 2022-23 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 2022-23 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	\$25,843,760
Revenues	
Development Impact Fees	\$5,266,835
Interest Income	\$474,309
Expenses	
Professional and Technical Services	\$8,350
Projects	\$10,459,168
2007 Excise Tax Bond - Debt Service	\$428,713
2008B GADA Bond - Debt Service	\$84,915
Ending Balance	<u>\$20,603,758</u>

**TOWN FACILITIES**

Beginning Balance	\$2,797,598
Revenues	
Development Impact Fees <sup>1</sup>	\$12,996
Expenses	
Professional and Technical Services	\$146
2007 Excise Tax Bond - Debt Service	\$65,956
2004B GADA Bond - Debt Service	\$222,771
Ending Balance	<u>\$2,521,721</u>

**Note:**

<sup>1</sup>Town Facilities impact fee was discontinued effective May 23, 2022 because sufficient revenues have been collected to defease the outstanding debt. Any applications submitted prior to May 23, 2022 were assessed this fee.

**DEVELOPMENT IMPACT FEE FUND SUMMARIES (CONTINUED)**

**TRANSPORTATION FACILITIES**

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Beginning Balance	\$15,250,145
Revenues	
Development Impact Fees	\$4,228,456
Interest Income	\$267,133
Expenses	
Professional and Technical Services	\$8,350
Projects	\$1,897,038
2018 B Excise Tax Bond - Debt Service	\$581,388
2020 Excise Tax Bond - Debt Service	\$336,756
Ending Balance	<u>\$16,922,202</u>

**LIBRARY FACILITIES**

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Beginning Balance	\$2,263,340
Revenues	
Development Impact Fees	\$274,963
Interest Income	\$36,947
Expenses	
Professional and Technical Services	\$2,820
2007 Excise Tax Bond - Debt Service	\$26,712
2005B GADA Bond - Debt Service	\$40,242
2006A GADA Bond - Debt Service	\$165,777
Ending Balance	<u>\$2,339,699</u>

**DEVELOPMENT IMPACT FEE FUND SUMMARIES (CONCLUDED)**

**POLICE FACILITIES**

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Beginning Balance	\$1,056,948
Revenues	
Development Impact Fees	\$1,229,499
Interest Income	\$24,735
Expenses	
Professional and Technical Services	\$6,728
Projects	\$24,901
2018 B Excise Tax Bond - Debt Service	\$142,175
Ending Balance	<hr/> \$2,137,378

**FIRE FACILITIES**

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Beginning Balance	\$9,509,494
Revenues	
Development Impact Fees	\$2,257,100
Interest Income	\$216,370
Expenses	
Professional and Technical Services	\$6,728
Projects	\$1,736,377
2018 B Excise Tax Bond - Debt Service	\$494,538
2020 Excise Tax Bond - Debt Service	\$597,550
Ending Balance	<hr/> \$9,147,771

**DEVELOPMENT IMPACT FEES PAID BY THE TOWN ASSOCIATED WITH DEVELOPMENT AGREEMENTS**

	<u>Parks</u>	<u>Streets</u>	<u>Library</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
July	\$0	\$0	\$0	\$0	\$0	\$0
August	\$0	\$0	\$0	\$0	\$0	\$0
Shell Building - Costco DA <sup>1</sup>	\$7,053	\$24,998	\$371	\$5,779	\$10,598	\$48,799
Shell Building - Costco DA <sup>2</sup>	\$8,310	\$29,456	\$437	\$6,810	\$12,488	\$57,501
September	\$0	\$0	\$0	\$0	\$0	\$0
October	\$0	\$0	\$0	\$0	\$0	\$0
November	\$0	\$0	\$0	\$0	\$0	\$0
December	\$0	\$0	\$0	\$0	\$0	\$0
January	\$0	\$0	\$0	\$0	\$0	\$0
Ashley Furniture - Costco DA <sup>3</sup>	\$33,393	\$118,361	\$1,755	\$27,362	\$50,179	\$231,051
February	\$0	\$0	\$0	\$0	\$0	\$0
March	\$0	\$0	\$0	\$0	\$0	\$0
April	\$0	\$0	\$0	\$0	\$0	\$0
May	\$0	\$0	\$0	\$0	\$0	\$0
June	\$0	\$0	\$0	\$0	\$0	\$0
	\$48,756	\$172,815	\$2,563	\$39,951	\$73,266	\$337,350

**Notes:**

<sup>1</sup>Multi-Tenant Shell Building B -Queen Creek Crossing (Costco Development Agreement)

<sup>2</sup>Multi-Tenant Shell Building A - Queen Creek Crossing (Costco Development Agreement)

<sup>3</sup>Ashely Furniture - Queen Creek Crossing (Costco Development Agreement)



**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.

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

**DEVELOPMENT FEE SCHEDULE (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

**DEVELOPMENT FEE SCHEDULE (EFFECTIVE MAY 23, 2022)**

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

**DEVELOPMENT IMPACT FEE PERMIT ACTIVITY AND REVENUES**

**Residential Permit Count  
FY 2022-2023**

<u>Single Family</u>	<u>PARKS</u>	<u>TOWN FACILITIES<sup>1</sup></u>	<u>TRANSPORTATION</u>	<u>LIBRARY</u>	<u>POLICE</u>	<u>FIRE</u>
JULY	74	8	74	74	74	74
AUGUST	79	2	79	79	79	79
SEPTEMBER	49	1	49	49	49	49
OCTOBER	55	1	55	55	55	55
NOVEMBER	25	0	25	25	25	25
DECEMBER	31	2	31	31	31	31
JANUARY	54	0	54	54	54	54
FEBRUARY	50	3	50	50	50	50
MARCH	138	0	138	138	138	138
APRIL	76	1	76	76	76	76
MAY	124	0	124	124	124	124
JUNE	100	3	100	100	100	100
<b>Subtotal</b>	855	21	855	855	855	855
<b>Less Refunded Permits</b>	(17)	(14)	(17)	(17)	(17)	(17)
<b>Total Single Family Permits</b>	838	7	838	838	838	838
<b>2+Multi-Family Units</b>	693	204	693	693	693	693

Notes:

<sup>1</sup>Town Facilities impact fee was discontinued effective May 23, 2022 because sufficient revenues have been collected to defease the outstanding debt. Any applications submitted prior to May 23, 2022 were assessed this fee.

**DEVELOPMENT IMPACT FEE PERMIT ACTIVITY AND REVENUES (CONCLUDED)**

**Residential and Non-Residential Revenues**

FY 2022-2023

	<u>PARKS</u>	<u>TOWN FACILITIES<sup>1</sup></u>	<u>TRANSPORTATION<sup>2</sup></u>	<u>LIBRARY</u>	<u>POLICE</u>	<u>FIRE</u>
Single Family	\$2,726,595	\$1,596	\$1,810,890	\$142,785	\$547,200	\$1,004,625
2+ Multi-Family	\$1,589,049	\$11,016	\$1,024,947	\$83,160	\$318,780	\$585,585
Non-Residential	\$1,005,896	\$1,842	\$1,427,770	\$52,413	\$373,926	\$686,180
<b>Subtotal</b>	<b>\$5,321,540</b>	<b>\$14,454</b>	<b>\$4,263,607</b>	<b>\$278,358</b>	<b>\$1,239,906</b>	<b>\$2,276,390</b>
<b>Less Refunds/Corrections</b>	<b>(\$54,705)</b>	<b>(\$1,458)</b>	<b>(\$35,151)</b>	<b>(\$3,395)</b>	<b>(\$10,407)</b>	<b>(\$19,290)</b>
<b>Revenue</b>	<b>\$5,266,835</b>	<b>\$12,996</b>	<b>\$4,228,456</b>	<b>\$274,963</b>	<b>\$1,229,499</b>	<b>\$2,257,100</b>
<b>Projected Revenue Per Study</b>	<b>\$4,144,524</b>	<b>\$98,195</b>	<b>\$3,045,736</b>	<b>\$216,865</b>	<b>\$897,666</b>	<b>\$1,647,736</b>
<b>\$ Variance</b>	<b>\$1,122,311</b>	<b>(\$85,199)</b>	<b>\$1,182,720</b>	<b>\$58,098</b>	<b>\$331,833</b>	<b>\$609,364</b>
<b>% Variance</b>	<b>27%</b>	<b>-87%</b>	<b>39%</b>	<b>27%</b>	<b>37%</b>	<b>37%</b>

**Non-Residential Permits (Square Feet)**

	<u>PARKS</u>	<u>TOWN FACILITIES<sup>1</sup></u>	<u>TRANSPORTATION<sup>2</sup></u>	<u>LIBRARY</u>	<u>POLICE</u>	<u>FIRE</u>
Industrial	482,987	0	482,987	482,987	482,987	482,987
Commercial	310,413	74,237	310,413	310,413	310,413	310,413
Office & Other Services	215,686	19,433	231,461	215,686	215,686	215,686
<b>Total Square Feet</b>	<b>1,009,086</b>	<b>93,670</b>	<b>1,024,861</b>	<b>1,009,086</b>	<b>1,009,086</b>	<b>1,009,086</b>
<b>Projected Square Feet Per Study</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>
<b>Square Feet Variance</b>	<b>698,086</b>	<b>(217,330)</b>	<b>713,861</b>	<b>698,086</b>	<b>698,086</b>	<b>698,086</b>
<b>% Variance</b>	<b>224%</b>	<b>-70%</b>	<b>230%</b>	<b>224%</b>	<b>224%</b>	<b>224%</b>

**Notes:**

<sup>1</sup>Town Facilities impact fee was discontinued effective May 23, 2022 because sufficient revenues have been collected to defease the outstanding debt. Any applications submitted prior to May 23, 2022 were assessed this fee.

<sup>2</sup>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, water and wastewater utility functions. As such, square footage for transportation may be higher than the other fees because the others are not paid by school districts.

**CUMULATIVE IMPACT FEE ANALYSIS – 6 YEARS**

	<u>Cumulative to Date</u>				<u>10-Year Totals Per Impact Fee Study</u>	<u>% of 10-Year Totals Per Impact Fee Study</u>
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Variance</u>		
<b>Units</b>						
Single-Family	7,366	8,958	1,592	22%	11,863	76%
Multi-Family	1,467	1,834	367	25%	1,857	99%
<b>Square Feet</b>						
Commercial Office & Other Services	825,000	1,412,298	587,298	71%	925,000	153%
Industrial	962,000	876,116	(85,884)	-9%	1,287,000	68%
Revenue	397,000	482,987	85,987	22%	502,000	96%
	\$70,134,623	\$80,536,400	\$10,401,777	15%	\$107,128,730	75%

**BEGINNING AND ENDING FUND BALANCES**

	<u>Beginning Balance 7/1/2022</u>	<u>Ending Balance 6/30/2023</u>	<u>Change</u>
Parks and Recreation	\$25,843,760	\$20,603,757	(\$5,240,003)
Town Facilities	\$2,797,598	\$2,521,720	(\$275,878)
Transportation Facilities	\$15,250,145	\$16,922,202	\$1,672,057
Library Facilities	\$2,263,340	\$2,339,699	\$76,359
Police Facilities	\$1,056,948	\$2,137,378	\$1,080,430
Fire Facilities	\$9,509,494	\$9,147,771	(\$361,723)

**DEVELOPMENT IMPACT FEE INTEREST INCOME**

	<u>Interest Income</u>
Parks and Recreation	\$474,309
Transportation Facilities	\$267,133
Library Facilities	\$36,947
Police Facilities	\$24,735
Fire Facilities	\$216,370

**DEVELOPMENT IMPACT FEES EXPENDED ON DEBT SERVICE**

	<u>Parks and Recreation</u>	<u>Town Facilities</u>	<u>Transportation Facilities</u>	<u>Library Facilities</u>	<u>Police Facilities</u>	<u>Fire Facilities</u>	<u>Total Debt Service</u>
2007 Excise Bond	\$428,713	\$65,956	\$0	\$26,712	\$0	\$0	\$521,381
2004B GADA Bond*	\$0	\$222,771	\$0	\$0	\$0	\$0	\$222,771
2005B GADA Bond*	\$0	\$0	\$0	\$40,242	\$0	\$0	\$40,242
2006A GADA Bond*	\$0	\$0	\$0	\$165,777	\$0	\$0	\$165,777
2008B GADA Bond*	\$84,915	\$0	\$0	\$0	\$0	\$0	\$84,915
2018 B Excise Tax Bond	\$0	\$0	\$581,388	\$0	\$0	\$0	\$581,388
2018 B Excise Tax Bond	\$0	\$0	\$0	\$0	\$142,175	\$0	\$142,175
2018 B Excise Tax Bond	\$0	\$0	\$0	\$0	\$0	\$494,538	\$494,538
2020 Excise Tax Bond	\$0	\$0	\$336,756	\$0	\$0	\$597,550	\$934,306
<b>Total</b>	<b>\$513,628</b>	<b>\$288,727</b>	<b>\$918,144</b>	<b>\$232,731</b>	<b>\$142,175</b>	<b>\$1,092,088</b>	<b>\$3,187,493</b>

\*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 EXPENDED ON PROJECTS**

Parks and Trails Development Impact Fee

<u>Project Number</u>	<u>Status</u>	<u>Project Description</u>	<u>Project Location</u>	<u>Amount</u>
P0620	Active	Frontier Family Park - Drainage	Queen Creek Rd/Signal Butte	\$579,731
P0625	Active	Frontier Family Park	Queen Creek Rd/Signal Butte	\$9,041,495
TE100	Active	QC Wash - Crismon - Rittenhouse	Same as Project Description	\$425,263
TE101	Active	QC Wash - Rittenhouse - Meridian	Same as Project Description	\$8,292
TE201	Active	Sonoqui Wash - Hawes - Crismon	Same as Project Description	\$404,388
				\$10,459,168

Transportation Development Impact Fee

<u>Project Number</u>	<u>Status</u>	<u>Project Description</u>	<u>Project Location</u>	<u>Amount</u>
A0115	Active	Ocotillo - 226th to Ironwood	Same as Project Description	\$89,992
A0116	Active	Ocotillo - Sossaman to Hawes	Same as Project Description	\$183,167
A0306	Active	Rittenhouse - Village LP to Alliance	Same as Project Description	\$19,905
A0401	Active	Hawes Rd. Rittenhouse to Ocotillo	Same as Project Description	\$38,816
A0602	Active	Chandler HGTS - Hawes to Sossaman	Same as Project Description	\$142,379
A0603	Active	Chandler HGTS - Sossaman to Power	Same as Project Description	\$9,636
A0801	Active	Signal Butte - Ocotillo to QC Rd.	Same as Project Description	\$763
A1001	Active	Queen Creek Rd. - Ellsworth to Crismon	Same as Project Description	\$1,070,474
A1404	Active	Power - Brooks Farm to Chandler HGTS	Same as Project Description	\$79,992
A1405	Active	Power - Chandler HGTS to Riggs	Same as Project Description	\$55,360
A1406	Active	Power - Riggs to Hunt Highway	Same as Project Description	\$123,456
A1505	Active	Meridian - Combs to QC Wash	Same as Project Description	\$295
A1002	Complete	Queen Creek Rd. - Ellsworth to Signal Butte	Same as Project Description	\$12,332
PMGT		Project Management Overhead	Same as Project Description	\$70,473
				\$1,897,038

**DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS (CONCLUDED)**

Police Development Impact Fee

<u>Project Number</u>		<u>Project Description</u>	<u>Project Location</u>	<u>Amount</u>
MF009	Active	Fire Station #5 - Police Substation	245 W. Combs Rd.	\$7,418
MF010	Active	Fire Station #2 - Police Substation	24787 S. Sossaman Rd.	\$17,483
				<u>\$24,901</u>

Fire Development Impact Fee

<u>Project Number</u>		<u>Project Description</u>	<u>Project Location</u>	<u>Amount</u>
MF009	Active	Fire Station #5	245 W. Combs Rd.	\$28,189
MF010	Active	Fire Station #2	24787 S. Sossaman Rd.	\$66,435
MF019	Active	Public Safety Complex #1 PD/FIRE	22050 E. Queen Creek Rd.	\$1,644,873
MF011	Complete	Fire Resource Center <sup>1</sup>	Ryan Rd/220th St.	<u>(\$3,120)</u>
				<u>\$1,736,377</u>

**Note:**

<sup>1</sup>Prior Year Correction

<sup>2</sup>Town Facilities and Library Facilities development impact fee funds were not used to pay for any projects during FY 2022-23 only debt payments and professional and technical services.



**Additional Resources\***

Town of Queen Creek FY 2022-23 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>