



TOWN OF  
**QUEEN CREEK**  
 ARIZONA

**TO:** HONORABLE MAYOR AND TOWN COUNCIL

**THROUGH:** BRUCE GARDNER, TOWN MANAGER

**FROM:** SCOTT MCCARTY, FINANCE DIRECTOR

**RE:** PUBLIC HEARING ON THE TOWN'S LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLAN ASSOCIATED WITH THE DEVELOPMENT IMPACT FEE UPDATE.

**DATE:** May 15, 2024

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**Suggested Action:**

No motion is needed. The item is a public hearing.

**Relevant Council Goal(s):**

- Effective Government: KRA Financial Management, Internal Services & Sustainability
- Superior Infrastructure - Capital Improvement Program

**Discussion:**

Development impact fees are an integral part of the Town's ability to build the necessary infrastructure associated with new development. These fees are paid by new development (not existing residents and businesses) and are intended to offset the cost of capital improvements related to growth. The accurate assessment of these fees is critical to the Town's financial sustainability by ensuring costs are fairly paid by both existing and new residents and businesses. The objective is to prevent existing taxpayers from subsidizing the cost of growth, while ensuring developers pay no more than their fair share (i.e. "growth pays for growth").

The Town has four impact fees (police, fire & medical, transportation and parks & trails) that must be updated at this time. State law is very prescriptive regarding the process to update development impact fees. State law requires the Land Use Assumptions (LUA) and Infrastructure Improvement Plans (IIP) be updated at least every five years. The Town last updated its LUA and IIP on July 17, 2019. As such, we are on a tight timeline to complete this update before the five years expires. Approval of the updated LUA and IIPs is scheduled for the June 19, 2024, Town Council meeting.

The process to update development impact fees is outlined in state law and involves a process that takes about a year to complete. It is a two-step process. One, adopting the Land Use Assumptions and Infrastructure Improvement Plans and two, calculating the fees. Town staff does not expect the new fees to be implemented before February 2025. The proposed calendar for the first step is shown below which culminates at the June 19<sup>th</sup> Town Council meeting when the Land Use Assumptions and Infrastructure Improvements Plans are adopted. The Town is early in the process.

**Proposed Impact Fee Update Schedule**

<b>Action</b>	<b>Date</b>
Review Land Use Assumptions and Infrastructure Improvement Plan	March 6, 2024 Council Meeting
Publish Land Use Assumptions and Infrastructure Improvement Plan and Provide Notice of Public Hearing	March 7, 2024
Conduct Public Hearing #1 on Land Use Assumptions and Infrastructure Improvement Plan	May 15, 2024 Council Meeting
Approve Land Use Assumptions and Infrastructure Improvement Plan	June 19, 2024 Council Meeting

Unique to the Town’s process, we use our Development Impact Fee Focus Group to obtain stakeholder feedback during the process. The Focus Group consists of stakeholders including a representative from the Home Builders Association of Central Arizona, land use attorneys, developers, landowners, and home builders. The attached presentation summarizes the feedback received from the Focus Group thus far and we hope that members will speak at the public hearing.

**Land Use Assumptions**

The schedule below summarizes the Land Use Assumptions for the 10-year planning required under state law. These projections show that the Town is expected to continue its strong growth across all five types of land use. The most impactful is the fact we expect our population to grow by ~52K (66%) over the next ten years, from 76.5K to 128.3K.

<b>Land Use Category</b>	<b>Existing Inventory</b>	<b>10-Year Projection</b>	<b>10-Year Increase</b>	<b>% Increase</b>
1.Single-Family Homes	23,387	35,803	11,916	50%
2.Multi-Family Homes	2,879	6,968	4,089	142%
3.Commercial (Square Feet)	4.6M	6.9M	2.3M	50%
4.Office / Other (Square Feet)	1.4M	2.2M	0.8M	50%
5.Industrial (Square Feet)	0.6M	0.9M	0.3M	50%

**Infrastructure Improvement Plans**

To meet these expected growth projections, the Town has corresponding aggressive infrastructure improvement plans for all four fees as well. The schedule below summarizes these plans. The proposed plans total \$686.5M and represent a \$445.5M increase over the current plans. For example, the current Police IIP was very small as compared to the proposed \$144.1M plan because we are only a few years into creating our own police department. Additionally, all costs have been affected by

the large, unit cost increases experienced over the last several years because of inflation and supply chain issues.

	<b>Current</b>	<b>Proposed</b>	<b>\$</b>
<b>Impact Fee</b>	<b>IIP</b>	<b>IIP</b>	<b>Increase</b>
Police	\$2.8M	\$144.1M	\$141.3M
Fire & Medical	\$27.5M	\$67.9M	\$40.4M
Streets	\$147.1M	\$196.8M	\$49.7M
Parks	\$57.0M	\$266.2M	\$209.2M
Trails	\$6.6M	\$11.5M	\$4.9M
<b>TOTAL</b>	<b>\$241.0M</b>	<b>\$686.5M</b>	<b>\$445.5M</b>

*NOTE. The proposed fee update will break out the current "Parks & Trails" fee into separate fees.*

**Attachment(s):**

1. [Presentation](#)