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LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLAN

TOWN OF QUEEN CREEK

Date: June 11, 2024

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TOWN OF QUEEN CREEK

LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLAN

Prepared for:

Town of Queen Creek

22358 S. Ellsworth Road

Queen Creek, AZ 85142

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I EXECUTIVE SUMMARY

In order to adequately plan for new development and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, DTA was retained by the Town of Queen Creek (the "Town") to update the demographic projections and planned facilities lists that will be included in the Town's Land Use Assumptions ("LUA") and Infrastructure Improvement Plan ("IIP") and used as the basis for calculating the updated Development Impact Fees ("DIFs") for Police, Fire, Parks, Trails, and Streets. This Land Use Assumptions and Infrastructure Improvement Plan (the "Study") is intended to comply with Arizona Revised Statute ("ARS") §9-463.05 by (i) providing growth projections for the Town, and (ii) identifying additional public facilities ("Future Facilities") required within the Town by new residential and non-residential development. Once the LUA and IIP have been approved by the Town Council, the DIF amounts that will finance facilities at the levels of service ("LOS") required to meet the needs of new development through the 10-year development period (the "10-Year Horizon") will be determined and published by the Town. The 10-Year Horizon concept for the DIF Program is a statutory limitation promulgated by the State of Arizona under ARS §9-463.05. The specific methodologies to be used by the Town to calculate the appropriate DIFs to be imposed on future development during the 10-Year Horizon for each type of Future Facility will be discussed in detail in the next iteration of this Study as a means of justifying the proposed DIF levels using a nexus-based analysis.

A Organization of the Study

The Study is organized as follows:

- Section I – Executive Summary;
- Section II – Introduction of the Study, including a brief description of the Town and background information on the LUA and IIP update;
- Section III – Overview of the legal requirements;
- Section IV – Discussion of LUA, including projected new residential and non-residential development and demand variables such as future population, extrapolated through the 10-Year Horizon of the Town;
- Section V – Review of the various methodologies available to apportion benefit to existing and future development by land use and type of Future Facility; and
- Section VI – Overview of the IIP for the Police, Fire, Parks, Trails, and Streets categories and description of the Future Facilities needed to serve new residential development that are eligible for funding by the DIFs, including estimated costs.

B LUA Overview

The five land-use categories for which DIFs are to be calculated are Single-Family, Multi-Family, Commercial, Office/Other, and Industrial. To the extent that existing development will be utilizing Future Facilities, its fair share of these facilities' costs will need to be covered by the Town through a source of funds other than DIFs. Improvements to any existing facility deficiencies or improvements to the levels of service that are necessary to serve existing development are not eligible for financing through the DIF Program. For purposes of calculating the recommended DIFs, the Town provided existing land-use information within its boundaries, as well as anticipated land-use development occurring within the 10-Year Horizon of the Town. As reflected in Tables ES-1 and ES-2, over the 10-Year Horizon, the Town is expected to grow from an existing population of **76,570** to **127,335** residents, from **26,590** existing single-family and multi-family dwelling units to **42,818** total dwelling units, and from **12 million** existing square feet of non-residential floorspace to **22.4 million** square feet.

Table ES-1: Existing Town Development as of 2023

Land Use	Number of Residents	Residential Dwelling Units	Non-Residential Square Footage
Single-Family	70,547	24,113	-
Multi-Family	6,023	2,477	-
Commercial	-	-	6.4 million
Office/Other	-	-	1.4 million
Industrial	-	-	4.2 million
Total	**76,570**	**26,590**	**12.0 million**

Table ES-2: Town Development at 10-Year Horizon

Land Use	Number of Residents	Residential Dwelling Units	Non-Residential Square Footage
Single-Family	109,569	35,828	-
Multi-Family	17,766	6,990	-
Commercial	-	-	8.7 million
Office/Other	-	-	2.0 million
Industrial	-	-	11.7 million
Total	**127,335**	**42,818**	**22.4 million**

As explained in greater detail in Sections IV and V of this Study, there are a number of different methodologies that can be employed to apportion Future Facilities costs to various land uses occurring during the 10-Year Horizon. The concept of persons served ("Persons Served") is a means by which an equivalent dwelling unit ("EDU") metric can be assigned to each land-use type as a reflection of the level of use, or benefit, that is received by that land

use-type from these facilities. For purposes of a DIF analysis, one EDU represents the level of benefit that a single-family home will receive from one of the five types of Future Facilities.

In the next phase of the DIF update process, the Town will utilize the LUA in the tables above to calculate the number of Persons Served, which consists of residents, employees and visitors, and EDUs in the Town by land-use type.

C IIP Overview

Section VI of this Study lists the specific Future Facilities that are to be constructed within the Town and associated costs through the 10-Year Horizon using DIF financing to cover future development's share of those costs. The total cost of the five types of facilities to be financed with DIFs, plus other sources of revenue to cover costs not allocable to future development, is $585,020,216 in 2024 dollars, as shown in the table below.

Table ES-3: Total Facilities Required by Town (10-Year Horizon)

Facility Type	Cost
Police	$144,054,066
Fire	$67,940,891
Parks	$148,817,848
Trails	$11,534,711
Streets	$212,672,700
Total	**$585,020,216**

II INTRODUCTION

Queen Creek is located primarily in Maricopa County, with eastern portions of the Town in Pinal County, and is located within 10 minutes of Phoenix-Mesa Gateway Airport and 45 minutes of Sky Harbor International Airport. The Town's planning area is bordered to the north by the City of Mesa, to the west by the Town of Gilbert, to the northeast by the City of Apache Junction planning area, and to the southeast by the Town of Florence planning area. The east is bordered by an unincorporated area of Pinal County, San Tan Valley, and the south is bordered by San Tan Mountain Regional Park, a 10,200-acre park managed by Maricopa County.

In 1990, just after the Town incorporated, Queen Creek's population was just over 2,500. Over the next 10 years, the Town experienced a relatively rapid growth rate, with the Town's population escalating significantly by 2010. The Great Recession tempered growth for several years, but by 2015, Queen Creek was one of the fastest growing communities in Arizona. The Town's population continued to increase at a rapid pace, and now has an estimated population of 76,570 as of 2023, with rapid growth to continue at a similar pace over the 10-Year Horizon.

To adequately plan for new residential and non-residential development and identify the public facilities and costs to the Town associated with providing necessary public services to new development, DTA was retained by the Town to prepare an updated LUA and IIP for the following Future Facilities DIF categories: Police, Fire, Parks, Trails, and Streets. This Study updates elements of the LUA and IIP prepared in 2019 by Willdan Financial Services and is intended to comply with ARS §9-463.05, which requires that the LUA and IIP be updated every five years and must identify projections of changes in land uses and demographics, as well as the public facilities required by new residential and non-residential development over a 10-year period. Once the LUA and IIP have been approved by Town Council, DTA will make recommendations regarding the maximum level of DIFs that may be imposed to pay the costs of the Future Facilities based on the cost of each type of Future Facility and the relative benefit received by future development for each of five land-use types. This iteration of the Study will address the LUA and IIP components required by the statute, with the DIF update explaining the computation of the DIFs being prepared at a later date.

Pursuant to ARS §9-463.05, the costs for necessary Future Facilities made necessary by new development shall be based on the same LOS currently being provided to existing development in the service area. The Future Facilities and associated construction costs are identified in Section VI. All residential and non-residential development will be required to pay its "fair share" of the cost of the Future Facilities through the DIF program. The following items will be addressed in the LUA and IIP:

- **Land Use Assumptions**: Identification of future growth that represents the increased demand for public facilities; and

- **Infrastructure Improvement Plan and Costs**: Identification of the Future Facilities required to support the new development and the costs of such facilities.

Once this Study has been approved by the Town Council, the next iteration will focus on the following determinations:

- **Cost Allocation**: Allocation of Future Facilities costs per land-use type; and
- **DIF Schedule**: DIF calculation per residential unit or per non-residential square foot.

III LEGAL REQUIREMENTS TO JUSTIFY DIFS

The levy of DIFs is one authorized method of financing the public facilities necessary to mitigate the impacts of new development. Arizona law requires that a municipality must update the LUA and IIP at least every five years, with the initial five-year period beginning on the day the IIP is adopted. Additionally, "a municipality may assess DIFs to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering, and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvement plan."

Before a DIF program is adopted or amended, ARS §9-463.05 requires that the governing body of a municipality adopt an update to the LUA and IIP for the designated service area. The municipality is also required to conduct a public hearing on the LUA and IIP a minimum of 30 days prior to the adoption or update of the plan. The municipality must release the plan to the public and include the following information:

- LUA;
- The time period of the municipality's growth projections;
- A description of the necessary public services (e.g., facilities) included in the IIP; and
- A map of the service area to which the LUA apply.

The documents used to prepare the LUA and IIP must be available to the public and public notice must be given at least 60 days before the public hearing. ARS §9-463.05 also requires that the LUA and IIP be approved or disapproved between 30 to 60 days after the public hearing on the LUA and IIP and at least 30 days before the public hearing on the DIF study.

IV LAND USE ASSUMPTIONS

Pursuant to ARS §9-463.05, implementation of updated DIFs requires documentation of LUA, which includes "…projections of changes in land uses, densities, intensities, and population for a specified service area over a period of at least 10 years and pursuant to the general plan of the municipality." In order to determine the public facilities needed to serve new development that will ultimately be used to establish DIF amounts to fund such facilities, DTA used projections of future population and development within the Town provided by the Town from sources including the Maricopa Association of Governments ("MAG"), the Nielsen Company, the U.S. Census, and CoStar, a leading real estate software platform. DTA categorized developable residential land uses as Single-Family or Multi-Family. Developable non-residential land uses within the Town are categorized as Commercial, Office/Other, and Industrial. Additional details are included in Table 1 on the following page.

In the next iteration of this Study, DTA will establish DIFs for the five land-use categories detailed on the following page to acknowledge the difference in impacts resulting from various land uses and to facilitate the imposition of DIFs by land-use category. There are a variety of methodologies that can be undertaken to calculate DIFs, as further described in Section V. However, fundamentally, all of these methodologies are based on determining the cost of needed improvements and assigning those costs equitably to various types of development by land-use category. For the Town, each of the DIF calculations will employ the concept of an EDU to allocate benefit among the five land-use classes across the five facility types addressed in this Study. EDUs are a means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. For some of the facilities considered in this Study, EDUs may be calculated based on the number of residents, employees, and visitors, or Persons Served, generated by each land-use class. For other facilities, different measures, such as number of vehicle trips or calls for service might be used if they more accurately represent the benefit provided to each land-use class by some types of facilities. The EDU/average daily vehicular trip methodology might be appropriate because it allows DTA to determine each land-use type's proportionate demand, benefit, and impact for road improvements and allocate the costs of transportation facilities accordingly. Similarly, for public protection facilities, the number of calls for service may provide a better measure of benefit to a type of land use than would the number of Persons Served. DTA is working with the Town to evaluate and determine the most appropriate methodology for each fee category and will address this in the next phase of the DIF update.

Table 1: Summary of Land-Use Categories

Land Use	Definition
Single-Family	Includes structures containing cooking and bathing facilities that is arranged, designed, and intended to be the residence of one (1) family.
Multi-Family	Includes structures arranged, designed, and intended to be the residence of more than one (1) family, with each family having independent cooking and bathing facilities.
Commercial	Includes but is not limited to buildings used as the following: ▪ Retail; ▪ Service-oriented business activities, such as bars/restaurants, health/athletic clubs, barber/beauty shops, and car washes; ▪ Department stores, discount stores, furniture/appliance outlets, home improvement centers; ▪ Entertainment centers; and ▪ Sub-regional and regional shopping centers.
Office/Other	Includes but is not limited to buildings used as the following: ▪ Professional, managerial, administrative, and business functions including accounting, marketing, information/data processing, consulting, human resources, and financial insurance; ▪ Day care facilities; ▪ Animal hospitals/kennels/pounds; ▪ Banks and credit unions; ▪ Professional medical offices and hospitals; ▪ Churches; and ▪ Public schools.
Industrial	Includes, but is not limited to, buildings used as the following: ▪ Light assembly, general and custom manufacturing, warehousing and storage; ▪ Airports; and ▪ Other uses.

As one of the fastest growing cities in the country, the Town has and continues to experience historical growth rates in both residential and non-residentials sectors. Since the last LUA update, there has been an increase in permitting activity within the Town across the multi-family and commercial sectors. Additionally, since the annexation of State Lands in August 2019, there are nearly 4,150 acres of land in the process of being developed or planned for development, with anticipated growth in all land-use categories, most notably in the industrial sector. While it is difficult to predict precisely how this land will be utilized over the next 10 years and beyond, the LUA represent the Town's best educated

projections of the development of State Lands based on current trends, forecasts, and zoning expectations.

For the purposes of projecting growth within the Town, data provided by the Town was used to estimate the number of housing units and commercial, office/other, and industrial building square footage currently existing or to be built within the Town. These estimates generally conform to the Town's 2018 General Plan. The Town's current estimates of the land uses developed to date are listed in Table 2.

Table 2: Existing Town Development as of 2023

Land Use	Number of Residents	Residential Dwelling Units	Non-Residential Square Footage
Single-Family	70,547	24,113	-
Multi-Family	6,023	2,477	-
Commercial	-	-	6.4 million
Office/Other	-	-	1.4 million
Industrial	-	-	4.2 million
Total	**76,570**	**26,590**	**12.0 million**

As of 2023, the Town's development consisted of 76,570 residents, 24,113 single-family dwelling units and 2,477 multi-family dwelling units, as well as 12 million square feet of non-residential development. Tables 3 and 4 summarize the incremental development projected through the 10-Year Horizon, as required under the ARS.

Table 3: Incremental Development Projections for 10-Year Horizon

Development	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Residents	4,904	6,016	5,818	3,064	2,982	2,462	5,408	6,735	7,031	6,345
Single-Family (Units)	1,288	1,083	965	776	550	1,201	1,480	1,616	1,489	1,267
Multi-Family (Units)	698	855	-	206	110	482	662	660	580	260
Commercial (1,000 sq. ft.)	200	200	200	200	200	252	252	252	252	252
Office/Other (1,000 sq. ft.)	53	53	53	53	53	53	68	53	68	53
Industrial (1,000 sq. ft.)	360	1,110	1,110	360	460	460	960	960	960	760

Table 4: Incremental Development Summary for 10-Year Horizon

Development	10-Year Total
Residents	50,765
Single-Family (Units)	11,715
Multi-Family (Units)	4,513
Commercial (1,000 sq. ft.)	2,260
Office/Other (1,000 sq. ft.)	560
Industrial (1,000 sq. ft.)	7,500

By the end of the 10-Year Horizon, the Town's development is anticipated to grow by an additional 50,765 residents, 11,715 single-family units and 4,513 multi-family units, with a projected additional 10.3 million square feet of non-residential development.

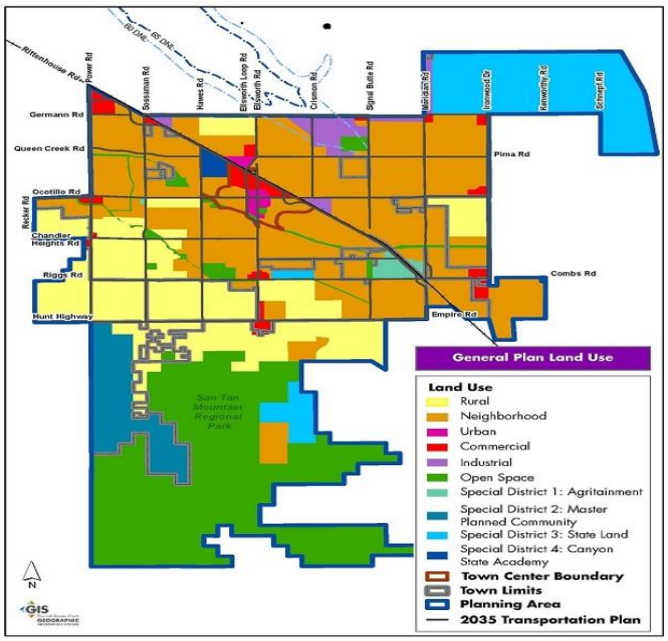
Table 5: Town Development at 10-Year Horizon

Land Use	Number of Residents	Residential Dwelling Units	Non-Residential Square Footage
Single-Family	109,569	35,828	-
Multi-Family	17,766	6,990	-
Commercial	-	-	8.7 million
Office/Other	-	-	2.0 million
Industrial	-	-	11.7 million
Total	**127,335**	**42,818**	**22.4 million**

A Service Area

ARS §9-463.05 requires the identification of the service area for which the fee will be applied. The Town intends to assess all DIFs using a Townwide system, as opposed to individual service areas, as shown in Figure 1.

Figure 1: Townwide Service Area



V FACILITIES COST APPORTIONMENT METHODOLOGIES

Under Arizona law, the levels of development impact fees adopted by a municipality "must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to the development." According to this statute:

1. Development fees shall result in a beneficial use to the development.
2. The municipality shall calculate the development fee based on the infrastructure improvements plan adopted pursuant to this section.
3. The development fee shall not exceed a proportionate share of the cost of necessary public services, based on service units, needed to provide necessary public services to the development.
4. Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area.

Predicting future residents' or employees' specific behavioral patterns and their requirements for facilities related to public protection, parks, trails, transportation facilities and other services is dependent on making numerous assumptions that are subject to substantial variances. As such, State law specifically requires that a "reasonable" relationship be determined, as opposed to a direct cause and effect relationship for each specific parcel on which new development occurs. In developing its DIF program, the Town will undertake an extensive effort to accurately determine the impact that future residential and non-residential development will have on the need for each category of Future Facilities. The Town's objective will be to select the most appropriate methodology to apportion the relative levels of benefit received by each of the five land uses for each of the five types of facilities to be financed with the DIFs.

There are many methods of calculating DIFs for each land-use category. Fundamentally they are all based on determining the cost of needed improvements and assigning these costs equitably based on the relative amounts of benefit received by various types of development. One significant consideration is the allocation of benefit between existing development (to cover existing facilities deficiencies) and future development (to incorporate the need for Future Facilities that it will generate). While the EDU factors discussed in Section IV of this Study provide a comparison of the relative numbers of residents and employees generated by each of the five land-use categories associated with existing and new development, the precise use of these relative numbers is dependent on the specific apportionment methodology applied to each Future Facilities category. Furthermore, as explained below, other metrics can be utilized in place of the EDUs described in Section IV if they better represent the levels of benefit generated by certain types of facilities.

Apportionment methodologies can be separated into three main categories, each of which

allows for variations in the types of criteria and metrics utilized to best reflect the benefits provided by specific types of capital facilities. The methodologies to be employed within this Study may be based on either a finite facilities plan, existing capacity needs, or a services standard, depending on the type of facility being funded, as described below.

A Plan-Based DIFs

The first method of assessing DIFs is based on a "Plan," such as a master plan of facilities, which identifies a finite set of facilities. Within many such plans, facilities costs are known or can be estimated, and these costs can be assigned to all land-use categories planned for the future. Plan-based DIFs typically take the form of a per-unit assessment, in terms of per dwelling unit or per square foot of commercial/industrial floorspace. Facilities costs are allocated in proportion to the level of demand generated by each type of land use for specific facilities. This method can only be utilized when an up-to-date facilities plan has already been prepared, but it is particularly useful when it is difficult to assign a service standard that applies uniformly to each land-use type. For example, the roads needed for future development must be designed and constructed based on specific circumstances related to that development, including local topography, the ability of existing roads to serve future development, the nature of the future development and other factors, and cannot necessarily be based on a "services standard" that applies to future development in all communities (see Section V.C). In the case of roads, the Town could use average daily trips generated by each type of land use, or number of trips during peak hours when the maximum capacity of a road is the crucial factor. This data is made available on a national basis by the Institute of Traffic Engineers or can be derived from data produced by a regional transportation agency or a local traffic model analysis. In some communities, Vehicle Miles Traveled, which tend to be higher for residential uses in low density areas located far from mass transit, or at a greater distance from retail development and schools, are utilized to produce lower DIFs for dense in-town development that relies less on motor vehicle usage.

Plan-based DIFs can also be utilized for public protection facilities, as well as park facilities, in cases where a municipality has approved a master plan for these types of facilities. For public protection facilities, the benefits generated by these facilities can be apportioned based on the number of persons served, which could be linked to household size for residential development or number of employees per square foot for non-residential development. If better data is available through records that reflect the number of calls for service generated by each type of land use, which can be found in many municipalities, that data can be used to apportion costs. Finally, if a service area map is available and the Town decides to allocate costs based on future facilities costs in each service area, a series of zones with different DIF levels could be established for each service area.

However, as mentioned previously, in all cases, there must be an allocation of future facilities costs between existing development and future development because the DIFs imposed on future development cannot include costs related to eliminating current facility deficiencies that will ultimately benefit existing development. Notably, one caveat associated with a plan-based DIF is that it assumes a specific amount and intensity of future land uses, so if future land uses change, the future base of revenue upon which the DIF was calculated may also change. If it is difficult to project future development patterns in a community, it is better to use a Standards-Based approach, as discussed below.

B Capacity-Based DIFs

A second method of DIF assessment can be utilized when there are no facilities plans available, so the specific size and/or cost of the next facilities to be constructed are not currently known, but the size and cost of theoretical future facilities can be estimated. A capacity-based DIF is not dependent on a particular land-use plan, but instead is based on the cost per unit required to utilize existing capacity, or the projected cost of future capacity based on the estimated cost of acquiring or constructing the next increment of some theoretical future facility. The key variable needed to calculate a capacity-based DIF is the amount of capacity that would be required for each type of future land use. Capacity-based DIFs are assessed per unit of demand rate by dividing the theoretical cost of a typical future facility by the facility capacity and then apportioning that cost to future land uses. While these types of DIFs are commonly used to fund the costs of sewer and water facilities in which the cost of future facilities are more easily estimated (e.g., the cost of expanding an existing sewer facility or adding new sewer facilities to meet future needs), they are not typically utilized for public protection, parks, or streets and are therefore unlikely to be employed by the Town.

C Service Standards-Based DIFs

A third method of assessing DIFs is based on "service standards," where costs are based on units of demand. This method establishes a generic unit cost for capacity, which is then applied to development per unit of demand. Parks are a good example of this type of DIF structure. The Town could determine the number of acres of parks serving its current population, and then apply that standard to future development. Initially, the standard isn't based on cost, but rather the number of acres of existing parks per thousand existing residents. Once the standard has been established, it is multiplied by a typical cost for providing that standard to develop a DIF level. This method has several advantages, in that a DIF can be calculated and implemented without knowing the cost or size of a specific future facility that will actually be acquired and/or constructed to serve future development. Similar methodology can be used to determine DIFs for public protection facilities by determining the number of police or fire personnel currently serving the existing Town population. It is more difficult to apply this standard for transportation facilities because the existing linear mileage may not reflect the street mileage necessary to serve future development.

In some cases, a municipality can utilize service standards-based DIFs as a mechanism to determine a buy-in amount when future development is asked to pay for its fair share of existing facilities, especially when the current facilities have been oversized at some point in the past. Under these circumstances, the municipality or prior developers may have directly paid for the oversizing and would essentially be reimbursed for the share of the oversized facilities to be used by future development. In other cases, a municipality may have sold bonds and is making debt service payments, and DIFs from future development may be used to pay down the debt or assist the municipality in making the debt service payments. The Town may use this methodology to pay down a portion of its existing facilities debt.

In determining an appropriate methodology for a specific type of facility, the Town will consider each facility type separately from the others and determine the portion of the benefit from each type of facility that applies to future development, as opposed to the portion (if any) benefiting existing development, which cannot be funded through a DIF.

VI INFRASTRUCTURE IMPROVEMENT PLAN

ARS §9-463.05 requires the identification of those facilities for which DIFs are going to be used as the key financing mechanism. Identification of the facilities may be made in an applicable general or specific plan, other public documents, or by reference to a Capital Improvement Program ("CIP").

DTA has worked closely with Town staff to develop the list of Future Facilities to be included in the DIF Study. For purposes of the Town's DIF program, the IIP is intended to be the official public document identifying the Future Facilities eligible to be financed, in whole or in part, through the levy of a DIF on new development within the Town. The IIP is organized by facility element (or type) and includes the total estimated facility cost including engineering, design, construction, land acquisition, equipment, and outstanding debt (as applicable and allowable by ARS §9-463.05). Notably, the costs shown in this section represent the Future Facilities costs that are eligible to be financed by DIFs. Any ineligible costs, such as those attributable to portions of public safety facilities dedicated to training, have been excluded from the IIP.

Actual needs are likely to change over time as a result of changing technology and approaches for delivering public services. The IIP is illustrative of the required Future Facilities if all the facilities were constructed and operational as of the date of this Study. The list of Future Facilities on the IIP is a list of DIF-eligible projects that will be used as a basis for updating the impact fees. Notably, the cost assigned to each Future Facility is an estimate based on the anticipated construction parameters of each of the projects identified. Therefore, while the total IIP budget under each fee category will be fixed, any increases in cost for a specific project on the IIP could be offset by cost savings achieved on a different project on the IIP.

DTA surveyed Town staff on the required Future Facilities needed to serve new development as a starting point for its DIF calculations. Through discussions between DTA and Town staff, the IIP has gone through a series of revisions to fine-tune the needs and costs of Future Facilities that have been included. This section summarizes the final IIP for Police, Fire, Parks, Trails, and Streets. The methodologies that will ultimately be used in allocating the costs for each facility to new and existing development are being evaluated and will be assessed on an individual basis by fee category. This will be discussed in detail in the report associated with the next step of the DIF process.

A Existing Level of Service ("LOS")

ARS §9-463.05 requires that "costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area." This requirement ensures that new development does not pay for increases to the LOS for existing development. While the DIF may be based on a higher LOS than currently exists, there must be an identified plan that utilizes revenue sources or funds other than DIFs to address the existing deficiency and need to increase the LOS for existing

development to the LOS provided to new development. As explained in Section V, DTA is working with the Town to determine the most appropriate methodology to allocate the costs of Future Facilities between new and existing development and apportion the costs to each of the five land uses for each of the five types of facilities to be financed with the DIFs. Additionally, new development will be assigned its fair share of any outstanding debt associated with existing facilities. Notably, a portion of the cost of Future Facilities will be assigned to existing development and such costs would be funded by other revenue sources outside of the DIF program. Therefore, new development will not fund any costs associated with existing development's LOS.

B Police Infrastructure Improvement Plan

The Police facilities category includes those facilities used by the Town to provide police protection services to residents, employees, and visitors within the Town.

Table 6: Police Facilities Element

Purpose of DIF	Police facilities
Eligible Use of DIF	Police facilities, including all appurtenances, equipment, and vehicles. Police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes, or a facility that is used for training officers from more than one station or substation.
DIF Justification	New residential and non-residential development will generate additional residents and employees who will increase service calls and in turn increase the need for trained police personnel. Equipment and vehicles used to provide these services will have to be purchased and replaced to meet this increased demand. Thus, a reasonable relationship exists between the need for Police facilities and the impact of residential and non-residential development. Notably, DIFs collected from new development will be used exclusively on Police facilities identified in the IIP.

B.1 Outstanding Debt

The Town previously issued debt to finance Police facilities that benefit both new and existing development. The portion of this debt allocable to new development over the 10-Year Horizon has been or will be paid off with accumulated impact fee cash on hand.

B.2 Planned Improvements

Table 7 identifies the Police facilities that will commence in the next 10 years that are proposed to be funded in whole or in part with the DIFs. The costs provided are based on estimates provided by the Town.

Table 7: Police Facilities Costs

Police Facilities	Cost
Police - Radio Towers and Infrastructure	$4,000,000
Police - Equipment	$8,831,000
Police - Public Safety Complex (Non-Training Portion)	$31,160,621
Police - Complex 2	$29,827,100
Police - Complex 3 - Land Acquisition (5 acres of Pima/Meridian Park)	$2,500,000
Police - Fleet Facility	$13,000,000
Police - Parking Structure	$15,000,000
Police - Complex 3	$33,325,345
Project Management Costs	$6,660,000
Total	**$144,054,066**

C Fire Infrastructure Improvement Plan

The Fire facilities category includes those facilities used by the Town to provide fire protection services to residents, employees, and visitors within the Town.

Table 8: Fire Facilities Element

Purpose of DIF	Fire facilities
Eligible Use of DIF	Fire facilities, including all appurtenances, equipment, and vehicles. Fire facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes, or a facility that is used for training firefighters from more than one station or substation.
DIF Justification	New residential and non-residential development will generate additional residents and employees who will increase service calls and in turn increase the need for trained fire personnel. Equipment and vehicles used to provide these services will have to be purchased and replaced to meet this increased demand. Thus, a reasonable relationship exists between the need for Fire facilities and the impact of residential and non-residential development. Notably, DIFs collected from new development will be used exclusively on Fire facilities identified in the IIP.

C.1 Outstanding Debt

The Town previously issued debt to finance Fire facilities that benefit both new and existing development. The portion of this debt allocable to new development over the 10-Year Horizon for the 2018B bonds has been or will be paid off with accumulated impact fee cash on hand. The portion of this debt allocable to new development over the 10-Year Horizon for the 2020 bonds totals $5,956,625.

C.2 Planned Improvements

Table 9 identifies the Fire facilities that will commence in the next 10 years that are proposed to be funded in whole or in part with the DIFs. The costs provided are based on estimates provided by the Town.

Table 9: Fire Facilities Costs

Fire Facilities	Cost
Fire - Public Safety Complex (Non-Training Portion)	$9,092,111
Fire Station #6 Design and Construction	$13,728,000
Fire Station #6 Fire Truck and Equipment	$1,488,750
Fire Station #6 Ambulance	$450,000
Fire Station #7 (ASLD) - Land	$1,432,000
Fire Station #7 (ASLD) - Design and Construction	$13,730,000
Fire Station #7 (ASLD) - Ladder Tender and Equipment	$1,488,750
Fire Station #7 (ASLD) - Ladder Truck and Equipment	$2,489,280
Fire Station #7 (ASLD) - Hazmat Unit	$2,000,000
Fire Station #8 (Box Canyon) - Land, Design, Construction, Equipment	$18,862,000
Project Management Costs	$3,180,000
Total	**$67,940,891**

D Parks Infrastructure Improvement Plan

The Parks facilities category identifies facilities that will serve the Town's residents by enhancing the community's appeal and quality of life. This includes (i) the acquisition, planning, and design of parkland needed for park facilities, and (ii) the construction and development of park facilities needed to serve new and existing development.

Table 10: Parks Facilities Element

Purpose of DIF	Parks facilities
Eligible Use of DIF	Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment, or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.
DIF Justification	New development will generate additional residents who will increase the demand for Parks facilities within the Town. Land will have to be purchased and improved to meet this increased demand; thus, a reasonable relationship exists between the need for Parks facilities and the impact of development. DIFs collected from new development will be used exclusively for Parks facilities.

D.1 Outstanding Debt

The Town previously issued debt to finance Parks facilities that benefit both new and existing development. The portion of this debt allocable to new development over the 10-Year Horizon has been or will be paid off with accumulated impact fee cash on hand.

D.2 Planned Improvements

Table 11 on the following page identifies the Parks facilities that will commence in the next 10 years that are proposed to be funded in whole or in part with the DIFs. The costs provided are based on estimates provided by the Town.

Table 11: Parks Facilities Costs

Parks Facilities	Cost	DIF-Eligible Cost [1]
Frontier Family Park (85 acres)	$72,780,000	$15,084,309
Southeast Park Site - Land (74 acres)	$22,066,983	$9,003,539
Southeast Park Site - Construction (74 acres)	$73,527,700	$30,000,000
Pima/Meridian Park Site - Land (52 acres)	$23,400,000	$13,500,000
Pima/Meridian Park - Design and Construction (52 acres)	$52,000,000	$30,000,000
Bosma Parkland Purchase (30 acres)	$15,000,000	$15,000,000
Bosma Park - Design and Construction (30 acres)	$30,000,000	$30,000,000
Project Management Costs	$6,230,000	$6,230,000
Total	**$295,004,683**	**$148,817,848**

Note:

1. Pursuant to ARS §9-463.05, "neighborhood parks and recreational facilities on real property up to thirty acres in area" are eligible for DIFs, with further justification needed to support facilities greater than 30 acres. The DIF-eligible costs shown in this table reflect the "up to thirty acres" limitation.

E Trails Infrastructure Improvement Plan

The Trails facilities category identifies facilities that will serve the Town's residents by enhancing the community's appeal and quality of life. This includes the construction and development of trails facilities needed to serve new and existing development.

Table 12: Trails Facilities Element

Purpose of DIF	Trails facilities
Eligible Use of DIF	See Parks facilities
DIF Justification	New development will generate additional residents who will increase the demand for Trails facilities within the Town. Land will have to be purchased and improved to meet this increased demand; thus, a reasonable relationship exists between the need for Trails facilities and the impact of development. DIFs collected from new development will be used exclusively for Trails facilities.

E.1 Outstanding Debt

There is currently no outstanding debt related to Trails facilities.

E.2 Planned Improvements

Table 13 on the following page identifies the Trails facilities that will commence in the next 10 years that are proposed to be funded in whole or in part with the DIFs. The costs provided are based on estimates provided by the Town.

Table 13: Trails Facilities Costs

Trails Facilities	Cost
QC Wash Trail Improvements - Rittenhouse to Meridian	$4,783,711
Sonoqui Wash Power to Recker	$1,346,000
SRP Utility Easement Trail - Ellsworth to Signal Butte	$1,500,000
Trail by Southeast Park Site	$3,375,000
Project Management Costs	$530,000
Total	**$11,534,711**

F Streets Infrastructure Improvement Plan

The Streets facilities category includes those facilities used by the Town to provide safe and efficient vehicular access throughout the Town. In order to meet the traffic demand of new development, the Town identified the need for new road construction and equipment as shown in the IIP.

Table 14: Streets Facilities Element

Purpose of DIF	Streets facilities
Eligible Use of DIF	Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals, and rights-of-way and improvements thereon.
DIF Justification	New residential and non-residential development will generate additional residents and employees who will create additional vehicular and non-vehicular traffic within the Town limits. Streets will have to be improved or extended to meet the increased demand and traffic signals will have to be installed to efficiently direct increased traffic flow. Thus, there is a relationship between new development and the need for new Streets facilities. DIFs collected from new development will be used exclusively for streets facilities on the IIP.

F.1 Outstanding Debt

The Town previously issued debt to finance Streets facilities that benefit both new and existing development. The portion of this debt allocable to new development over the 10-Year Horizon for the 2018B bonds has been or will be paid off with accumulated impact fee cash on hand. The portion of this debt allocable to new development over the 10-Year Horizon for the 2020 bonds totals $3,373,882.

F.2 Planned Improvements

Table 15 on the following page identifies the Streets facilities that will commence in the next 10 years that are proposed to be funded in whole or in part with the DIFs. The costs provided are based on estimates provided by the Town.

Table 15: Streets Facilities Cost

Streets Facilities	Cost
Ocotillo Road: West of Sossaman Rd to Hawes Rd	$9,840,138
Hawes Road: Ocotillo to Rittenhouse	$3,334,295
Chandler Heights: Hawes to Ellsworth	$3,336,500
Chandler Heights: Sossaman to Hawes	$10,549,879
Signal Butte: Ocotillo to Queen Creek	$1,387,930
Germann Rd: Ellsworth to Crismon	$3,150,000
Power Road: Chandler Heights to Riggs	$11,722,254
Power Road: Riggs to Hunt Hwy	$5,183,713
Ryan Road: Crismon to Signal Butte	$6,127,905
Hunt Hwy: Power to Sossaman	$3,267,000
Traffic Signal: Ocotillo and Scottland Court	$1,000,000
Meridian Road: Queen Creek Road to Germann	$7,592,883
220th: Queen Creek to Ryan	$3,299,986
Sossaman Railroad Crossing at Germann	$4,625,751
ASLD Infrastructure Improvements	$44,218,060
Ironwood Road Improvements	$895,926
Sossaman: Sonoqui Wash to Chandler Heights	$10,560,000
Sossaman: Chandler Heights to Riggs	$3,583,500
Hawes: Chandler Heights to Ocotillo	$14,000,000
Hawes: Riggs North to Sunset Drive (1/2 mile, 3 lanes)	$6,450,000
Southeast Park - Riggs Road (1/4 mile, 3 lanes)	$3,225,000
Southeast Park - Crismon Road to Cul-De-Sac (1/4 mile, 3 lanes)	$3,225,000
Combs: Meridian to Gantzel - West of Sangria	$1,250,000
Ironwood: Pima to Germann	$30,000,000
Traffic Signal: Germann Road and 196th Street	$1,831,505
Traffic Signal: Harvest at Riggs Road	$1,200,000
Traffic Signal: Signal Butte and Riggs	$1,425,000
Traffic Signal: Combs at Sangria	$1,375,000
Traffic Signal: 220th at Queen Creek Road	$1,250,000
Traffic Signal: Power Road at San Tan	$420,000
Traffic Signal: Ocotillo at Recker (IGA with Gilbert)	$750,000
Traffic Signal: Riggs at 206th	$1,500,000
Traffic Signal: Queen Creek at 188th	$303,963
Traffic Signal: Gary Road and Grange Parkway	$341,907
Traffic Signal: Ellsworth at San Tan Blvd	$381,735
Traffic Signal: Riggs at Crismon High School	$297,871
Project Management Costs	$9,770,000
Total	**$212,672,700**

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18201 VON KARMAN AVENUE, SUITE 220
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