www.FinanceDTA.com

DRAFT LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENT PLAN, AND DEVELOPMENT IMPACT FEE STUDY

TOWN OF QUEEN CREEK

Date: October 15, 2024

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

Irvine | San Jose | San Francisco | Riverside
Dallas | Houston | Raleigh | Tampa

www.FinanceDTA.com
18201 Von Karman Avenue, Suite 220
Irvine, CA 92612

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

TABLE OF CONTENTS

APPENDICES

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 were included in the Town's Land Use Assumptions ("LUA") and Infrastructure Improvement Plan ("IIP") approved by Town Council on June 19, 2024, and used as the basis for calculating the updated Development Impact Fees ("DIFs") for Police, Fire, Parks, Trails, and Streets. The Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Study (the "Study") are intended to comply with Arizona Revised Statute ("ARS") §9-463.05 by (i) providing growth projections for the Town, (ii) identifying additional public facilities ("Future Facilities") required within the Town by new residential and non-residential development, and (iii) calculating 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"). 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 are discussed in detail in Section VI 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, IIP, and DIF update;
- Section III – Overview of the legal requirements for implementing and imposing the fee amounts identified in the Study;
- Section IV – Discussion of the 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 – Overview of the IIP for the Police, Fire, Parks, Trails, and Streets facilities categories and description of the Future Facilities needed to serve new residential development that are eligible for funding by the DIFs, including estimated costs;
- Section VI – Review of the various methodologies available to calculate DIFs, apportionment of benefit to existing and future development by land use and type of Future Facility, and description of the methodology used to determine the fees for all facility types; and
- Section VII – A summary of the proposed maximum fees justified by this Study.

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 Section VI 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.

DTA has utilized the LUA in the tables above and in Section IV 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 V 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**

D Impact Fee Summary

The total fee amounts required to finance new residential and non-residential development's share of the costs of facilities are summarized in Table ES-4 on the following page. Fees within this Fee Study reflect the maximum fee levels that may be imposed on new residential and non-residential development. 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.

Table ES-4: Development Impact Fee Summary

Land Use Classification	Police	Fire	Parks	Trails	Streets	Total Fees
Single-Family Residential (Per Unit)	$422	$840	$1,933	$128	$1,189	**$4,512**
Multi-Family Residential (Per Unit)	$330	$656	$1,510	$100	$803	**$3,400**
Commercial (Per Non-Res. SF)	$0.34	$0.67	$0.51	$0.03	$1.33	**$2.88**
Office/Other (Per Non-Res. SF)	$0.22	$0.44	$0.83	$0.05	$0.57	**$2.11**
Industrial (Per Non-Res. SF)	$0.13	$0.27	$0.59	$0.04	$0.43	**$1.46**

Tables E-5 through E-9 provide a comparison of the proposed fees to the current fees per unit for Single-Family and Multi-Family Residential, and per building square foot for Commercial, Office/Other, and Industrial.

Table ES-5: Single-Family Residential Development Impact Fee Comparison

Fee	Proposed	Current	Difference ($)	Difference (%)
Police	$422	$640	($217.80)	(34.0%)
Fire	$840	$1,175	($334.71)	(28.5%)
Parks	$1,933	$2,719	($785.77)	(28.9%)
Trails	$128	$470	($342.48)	(72.9%)
Streets	$1,189	$2,118	($929.17)	(43.9%)
Total	**$4,512**	**$7,122**	**($2,609.93)**	**(36.6%)**

Table ES-6: Multi-Family Residential Development Impact Fee Comparison

Fee	Proposed	Current	Difference ($)	Difference (%)
Police	$330	$460	($130.17)	(28.3%)
Fire	$656	$845	($188.56)	(22.3%)
Parks	$1,510	$1,955	($444.74)	(22.7%)
Trails	$100	$338	($238.38)	(70.5%)
Streets	$803	$1,479	($675.53)	(45.7%)
Total	**$3,400**	**$5,077**	**($1,677.38)**	**(33.0%)**

Table ES-7: Commercial Development Impact Fee Comparison

Fee	Proposed	Current	Difference ($)	Difference (%)
Police	$0.34	$0.61	($0.27)	(45.0%)
Fire	$0.67	$1.12	($0.45)	(40.4%)
Parks	$0.51	$0.63	($0.12)	(18.5%)
Trails	$0.03	$0.11	($0.08)	(69.2%)
Streets	$1.33	$2.63	($1.30)	(49.4%)
Total per Building SF	**$2.88**	**$5.10**	**($2.22)**	**(43.5%)**
Example Calculation: 20,000 SF Retail Building	***$57,606.52***	***$102,000.00***	***($44,393.44)***	***(43.5%)***

Table ES-8: Office/Other Development Impact Fee Comparison

Fee	Proposed	Current	Difference ($)	Difference (%)
Police	$0.22	$0.31	($0.09)	(29.0%)
Fire	$0.44	$0.57	($0.13)	(23.2%)
Parks	$0.83	$0.94	($0.11)	(12.0%)
Trails	$0.05	$0.16	($0.11)	(65.9%)
Streets	$0.57	$1.14	($0.57)	(50.1%)
Total	**$2.11**	**$3.12**	**($1.01)**	**(32.4%)**
Example Calculation: 50,000 SF Office Building	***$105,431.10***	***$156,000.00***	***($50,568.90)***	***(32.4%)***

Table ES-9: Industrial Development Impact Fee Comparison

Fee	Proposed	Current	Difference ($)	Difference (%)
Police	$0.13	$0.25	($0.12)	(46.1%)
Fire	$0.27	$0.45	($0.18)	(40.4%)
Parks	$0.59	$0.95	($0.36)	(38.3%)
Trails	$0.04	$0.16	($0.12)	(75.8%)
Streets	$0.43	$0.72	($0.29)	(40.3%)
Total	**$1.46**	**$2.53**	**($1.07)**	**(42.4%)**
Example Calculation: 75,000 SF Industrial Building	***$109,292.97***	***$189,750.00***	***($80,457.03)***	***(42.4%)***

Notably, the variance between the different land uses is a result of a number of factors, including utilization of different methodologies as well as changes in parameters (e.g., persons per household, and employees per 1,000 square feet).

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, IIP, and DIF Study for the following Future Facilities DIF categories: Police, Fire, Parks, Trails, and Streets. This Study updates elements of the report 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 5 years and that they 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 ("Future Facilities"). Additionally, ARS §9-463.05 requires calculation of the level of fees that may be imposed to pay the costs of the Future Facilities. Fee amounts have been determined that will finance facilities at the current level of service ("LOS") deemed necessary to meet the needs of new development. In this Study, 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.

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 steps followed in the Fee Study include:

- **Land Use Assumptions**: Identification of future growth that represents the increased demand for public facilities;
- **Infrastructure Improvement Plan and Costs**: Identification of the Future Facilities required to support the new development and the costs of such facilities;
- **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, 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 at 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 applies.

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.

Development fees assessed by a municipality are subject to the requirements under ARS §9-463.05, including, but not limited to, the following:

- Development fees shall result in a beneficial use to new development;
- The municipality shall calculate the development fee based on the infrastructure improvement plan adopted pursuant to this section;
- 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 new development;
- Cost for necessary public services made necessary by new development shall be based on the same level of service provided to the existing development in the service area; and
- Development fees may not be used for any of the following:

- Construction, acquisition, or expansion of public facilities or assets other than necessary public services of facility expansions identified in the infrastructure improvement plan;
- Repair, operation, or maintenance of existing or new necessary public services or facility expansions;
- Upgrading, updating, expanding, correcting, or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards;
- Upgrading, updating, expanding, correcting, or replacing existing necessary public services to provide a higher level of service to existing development; and
- Administrative, maintenance, or operating costs of the municipality.

Additionally, in relation to a forecast of revenues that are projected to be generated from the proposed impact fees, ARS §9-463.05 states that the following must be included in the analysis:

> "A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway user revenue, federal revenues, ad valorem property taxes, construction contracting or other similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development…"

This forecast can be found in Appendix B of this Report.

IV LAND USE ASSUMPTIONS

Pursuant to ARS §9-463.05, implementation of updated DIFs requires documentation of the 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 below.

In 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 VI. 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 has been working with the Town to evaluate and determine the most appropriate methodology for each fee category, which is addressed in greater detail in Section VI.

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 Office/Others 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 2021 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.

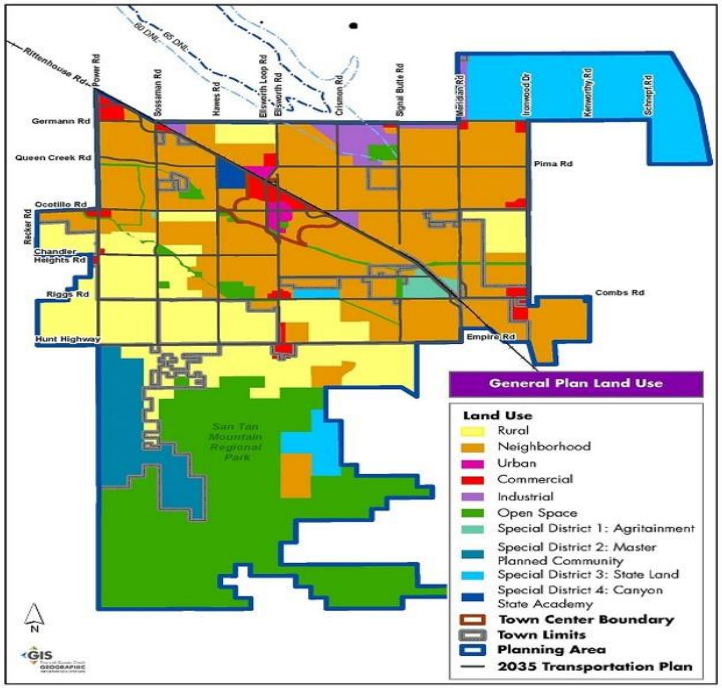
Table 5: Town Development at 10-Year Horizon

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 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 has utilized various methodologies 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 has been assigned its fair share of any outstanding debt associated with existing facilities. Notably, a portion of the cost of Future Facilities has been 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 are planned for construction over 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 are planned for construction over 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 parks facilities, and (ii) the construction and development of parks 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 30 acres in area, or parks and recreational facilities larger than 30 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 are planned for construction over 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 30 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, included below, identifies the Trails facilities that are planned for construction over 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	Streets 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 are planned for construction over 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**

VI METHODOLOGIES USED FOR CALCULATING IMPACT FEES

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; and
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, and other facilities and 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 has undertaken 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 has been 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 this section 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 if they better represent the levels of benefit generated by certain types of facilities.

There are a number of apportionment methodologies, 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 employed within this Study are based on either a services standard or a finite facilities plan, depending on the type of facility being funded, as described below.

A Methodologies Utilized in this Study

A.1 Service Standards-Based DIFs

The first method of assessing DIFs, which has been utilized for Police, Fire, Parks, and Trails, 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 their fair share of 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.

A.2 Plan-Based DIFs

The second method of assessing DIFs, which has been utilized for Streets, 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/office/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 parks 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. In the case of the Streets fee, Future Facility costs have been allocated between existing and future development on a Town-wide basis.

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.

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.

B EDU Calculation

As previously mentioned, an 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. DTA utilized three (3) separate EDU calculations, one for public safety (i.e., Police and Fire), one for Parks and Trails, and one for Streets. Each of these EDU calculations attempts to approximate the unique demand for service for each of the facility types. DTA followed the steps outlined below to determine the number of existing and projected EDUs for each facility type:

- Calculate the Persons Served per unit and per 1,000 sq. ft.:
  - Persons Served per Unit equals population divided by the number of units for each residential land use category; and
  - Persons Served per 1,000 sq. ft equals number of Persons Served divided by (the number of non-residential sq. ft. divided by 1,000) for each non-residential land use category.
- Calculate the total EDUs per unit or per 1,000 sq. ft., which, for each land use category, equals the Persons Served per unit or per 1,000 sq. ft. for the specific land use category, divided by the Persons Served per unit for the Single-Family land use category.
- Calculate the total number of EDUs, which equals the EDUs per unit or per 1,000 sq. ft. multiplied by the number of units or non-residential square feet for each respective land use category.
- Divide the existing EDUs by the total number of EDUs (existing + new) to determine the percentage of costs allocated to non-growth (existing) and the projected EDUs by the total number of EDUs (existing + new) to determine the percentage of costs allocated to growth (new).

Notably, the Persons Served (or service population) is determined for Police/Fire and Parks/Trails based on the following:

- For Police and Fire, the calculation of the number of Persons Served (or service population), is based on residents, plus 50% of employees, plus 5% of visitors (where visitors to non-residential land uses are estimated based on the trip generation rate associated with that land use). Notably, this service population estimate accounts for the fact that generally, residents require services for 16 hours per day, employees/business require services for 8 hours per day, and visitors (e.g., shoppers

at a retail site) require services for approximately 30-40 minutes while on site. As a result, this estimate of services population would best approximate the need for service (e.g., responding to emergencies) by each land use, and therefore the need for Future Facilities by such land use.

- For Parks and Trails, the calculation of the number of Persons Served is based on residents, plus 50% of employees. Similar to public safety, this service population estimate accounts for the fact that generally, residents would have access to facilities for 16 hours per day and employees have access to facilities for 8 hours per day. However, unlike public safety, DTA assumes that the impact of visitors to non-residential land uses on park and trail facilities is negligible.

Finally, for Streets, the calculation is based on the Vehicle Miles Travelled ("VMT") for each land use.

Appendix A provides additional detail on the Persons Served calculation for Police/Fire and Parks/Trails, as well as on the VMT calculation for Streets.

Table 16 below shows total existing and projected EDUs by facility type that were used in this Fee Study. Notably, Persons Served equals residents plus 50% of employees plus 5% of visitors and is a customary industry practice designed to capture the reduced levels of service demanded by employees and visitors.

Table 16: Equivalent Dwelling Units (10-Year Projections)*

Facility Type	Service Factor	Existing EDUs	Projected EDUs	% Increase (Existing to Projected)	Total EDUs
Police	Persons Served (Public Safety)	34,362	19,824	58%	54,185
Fire		34,362	19,824	58%	54,185
Parks	Persons Served (Parks/Trails)	30,267	18,433	61%	48,700
Trails		30,267	18,433	61%	48,700
Streets	Vehicle Miles Traveled	35,179	20,374	58%	55,553

*Note: Figures may not sum due to rounding.

A summary of the methodology used for each specific facility is presented in Table 17.

Table 17: Town of Queen Creek Impact Fee Calculation Methodology (By Facility Type)

Facility Type	Methodology	Sources of Apportioning Costs
Police	Standards-Based	Existing Standard
Fire		
Parks		
Trails		
Streets	Plan-Based	Existing Infrastructure Plan

The following sections present the reasonable relationship of benefit, impact, and rough proportionality tests for each fee element and the analysis undertaken to apportion costs for each type of facility. More detailed fee calculation worksheets for each type of facility are included in Appendix A.

C Allocation of Costs Between New and Existing Development

C.1 Allocation of Future Facilities

Based on the methodologies described in Section B above, DTA has allocated varying percentages of the cost of each of the five categories of facilities to new development. As listed in Table 18, 100% of Parks and Trails facilities costs have been allocated to new development, whereas 21% of Police facilities costs, 74% of Fire facilities costs, and 42% of Streets facilities costs have been apportioned to new development. Details on the derivation of the amounts allocated for each fee category may be found in Section VI of the Study.

Table 18: Allocation of Future Facilities to New Development

Facility Type	Total DIF-Eligible Facilities	Percent Allocated to New Development	Maximum Amount Funded by DIF
Police	$144,054,066	21.10%	$30,389,752
Fire	$67,940,891	73.87%	$50,188,389
Parks	$148,817,848	100.00%	$148,817,848
Trails	$11,534,711	100.00%	$11,534,711
Streets	$212,672,700	42.08%	$89,322,534
Total	**$585,020,216**	-	**$330,253,234**

C.2 Outstanding Debt

The Town previously issued debt to finance Police, Fire, Parks, and Streets facilities that benefit both new and existing development. There is currently no outstanding debt related to Trails facilities.

The portion of this debt allocable to new development over the 10-Year Horizon for Police and Parks has been or will be paid off with accumulated impact fee cash on hand, as well as the 2018B bonds associated with Fire and Streets.

The portion of this debt allocable to new development over the 10-Year Horizon for the 2020 bonds associated with Fire and Streets is equal to $5,956,625 and $3,373,882, respectively.

A summary of the debt allocable to new development and eligible for financing through the proposed DIFs is in the table below.

Table 19: DIF-Eligible Outstanding Debt

Facility Type	Amount Funded by DIF
Police	$0
Fire	$5,956,625
Parks	$0
Trails	$0
Streets	$3,373,882
Total	**$9,330,507**

C.3 Existing Cash Balance

Table 20 below summarizes the current cash on hand for each of the fee categories as of June 30, 2024. Any balances will be used to offset the costs of Future Facilities allocable to new development in each respective fee category.

Table 20: Allocation of Existing Cash Balance to Offset DIFs

Facility Type	Total Fund Balance as of 6/30/2024
Police	$2,179,972
Fire	$0
Parks	$28,709,510
Trails	$3,611,989
Streets	$11,058,319
Total	**$45,559,791**

C.4 Construction Sales Tax Offset

Per Arizona law, "...if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed." The Town imposes an excess construction sales tax in the amount of 2.0% above the general sales tax rate that has historically been dedicated to fund Transportation projects.

By the end of the 10-Year Horizon, the Town anticipates that it will have collected approximately $199.3 million in Construction Sales Tax ("CST") revenues, which is intended to offset the costs of Future Facilities allocable to new development. Additionally, there's an existing balance of $7,519,570 in the CST account, and this amount has been added to the CST, for a total of $206,789,735. In the prior study, the estimated CST of approximately $24 million was applied as an offset solely to the Streets fee. After a number of discussions with the Town, it is DTA's recommendation that the $207 million be allocated across all fee categories based on each respective fee category's percentage share of net costs funded by DIFs. In this case, the net cost for each fee category is equal to the maximum amount funded by DIF for the applicable fee category (see Table 18), plus existing debt funded by DIF for the fee category (see Table 19), minus the existing cash balance for that fee category, as shown in Table 21.

Table 21: Allocation of CST to Offset DIFs

Facility Type	Net Cost Funded by DIFs	Percent Allocated to New Development	Total CST Offset
Police	$28,209,780	9.59%	$19,840,197
Fire	$56,145,014	19.10%	$39,487,302
Parks	$120,108,338	40.85%	$84,473,293
Trails	$7,922,722	2.69%	$5,572,123
Streets	$81,638,097	27.77%	$57,416,821
Total	**$294,023,950**	**100%**	**$206,789,735**

C.5 Total Costs Allocable to New Development

Table 22 below provides a summary of costs and offsetting revenues, as well as the resulting total amount that is anticipated to be funded by DIFs. Notably, the Town completed an analysis of fee credits. This analysis was done in compliance with State law and concludes that there is no further reduction due to fee credits.

Table 22: Total Costs Allocable to New Development

Facility Type	Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
	[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
Police	$30,389,752	$0	($2,179,972)	($19,840,197)	$8,369,584
Fire	$50,188,389	$5,956,625	$0	($39,487,302)	$16,657,712
Parks	$148,817,848	$0	($28,709,510)	($84,473,293)	$35,635,044
Trails	$11,534,711	$0	($3,611,989)	($5,572,123)	$2,350,599
Streets	$89,322,534	$3,373,882	($11,058,319)	($57,416,821)	$24,221,276
Total	**$330,253,234**	**$9,330,507**	**($45,559,791)**	**($206,789,735)**	**$87,234,215**

D Police Proposed Fee Calculation

D.1 Calculation Methodology

To meet the LOS required, the Town will need to acquire or construct additional Police facilities. Assuming the EDUs grow by 19,824, or 58%, over the next 10 years, the Town will need to acquire or construct the following infrastructure in order to maintain the same LOS. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of EDUs within the Town. For example, and as shown in the following table, the amount of building square feet per 1,000 EDUs is determined by dividing the total existing building square feet (15,694) by the total existing EDUs (34,362) converted to 1,000 EDUs (34.362).

Table 23: Police Existing Facility Standard as of 2024

Facility Type	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
	[a]	*[b]*	*[c] = [a] / ([b] / 1,000)*
Buildings (Square Feet)	15,694	34,362	456.73
Land (Acres)	6.82		0.20
Radio Towers (Units)	0.00		0.00
Vehicles (Number of Vehicles)	106		3.08
Fleet Facility (Units)	1		0.03
Parking (Spaces)	167		4.86

Based on the current LOS calculated above, the facilities units (i.e. building square feet, land acres, etc.) required for new development, are determined in the table below. For example, the amount of building square feet required for new development is determined by multiplying the building square feet per 1,000 EDUs (456.73) by the total future EDUs (19,824) converted to 1,000 EDUs (19.824).

Table 24: Police Future Facility Standard in 2033

Facility Type	Facility Units per 1,000 EDUs	Total Future EDUs	Facility Units Funded by New Development
	[a]	*[b]*	*[c] = [a] x ([b] / 1,000)*
Buildings (Square Feet)	456.73	19,824	9,054.18
Land (Acres)	0.20		3.93
Radio Towers (Units)	0.00		0.00
Vehicles (Number of Vehicles)	3.08		61.15
Fleet Facility (Units)	0.03		0.58
Parking (Spaces)	4.86		96

Once the LOS for new development by facility type, has been determined, the Study

evaluates the LOS created by the facilities on the Infrastructure Improvement Plan. First, as shown in the table below, each of the facilities on the Police Infrastructure Improvement Plan (the "Police IIP") are categorized into the applicable facility types, and the total facilities units (i.e., building square feet, land acres, etc.) being added by facilities on the Police IIP are summarized.

Table 25: Police Future Facility Units

Facility	Building Sq. Ft.	Land Acres	Radio Towers	Vehicles	Fleet Facility	Parking Spaces
Radio Towers and Infrastructure	-	-	2.00	-	-	-
Equipment	-	-	-	130	-	-
Public Safety Complex (Non-Training Portion)	25,034	-	-	-	-	-
Complex 2	29,523	-	-	-	-	-
Complex 3 – Land Acquisition (5 Acres of Pima/Meridian Park)	-	5.00	-	-	-	-
Fleet Facility	-	-	-	-	1	-
Parking Structure	-	-	-	-	-	263
Complex 3	30,345	-	-	-	-	-
Project Management Costs	-	-	-	-	-	-
Total	**84,902**	**5.00**	**2.00**	**130**	**1**	**263**

Second, as shown in Table 26, the total facility costs identified on the Police IIP are categorized into the applicable facility types, and the total cost for each facility type is determined. The unit cost for each facility type is also calculated by dividing the total cost of each facility type by the total facilities units determined in Table 25. For example, the cost per building square foot ($1,169.42) is calculated by dividing total Police IIP cost for building square feet ($99,285,830) by the total building square feet anticipated from the facilities (84,902).

Table 26: Police Future Facility Costs

Facility	Building Sq. Ft.	Land Acres	Radio Towers	Vehicles	Fleet Facility	Parking Spaces	Total
Radio Towers and Infrastructure	-	-	$4,000,000	-	-	-	**$4,000,000**
Equipment	-	-	-	$8,831,000	-	-	**$8,831,000**
Public Safety Complex (Non-Training Portion)	$31,160,621	-	-	-	-	-	**$31,160,621**
Complex 2	$29,827,100	-	-	-	-	-	**$29,827,100**
Complex 3 – Land Acquisition (5 Acres of Pima/Meridian Park)	-	$2,500,000	-	-	-	-	**$2,500,000**
Fleet Facility	-	-	-	-	$13,000,000	-	**$13,000,000**
Parking Structure	-	-	-	-	-	$15,000,000	**$15,000,000**
Complex 3	$33,325,345	-	-	-	-	-	**$33,325,345**
Project Management Costs	**$4,972,764**	**$0**	**$210,905**	**$0**	**$685,440**	**$790,892**	**$6,660,000**
Total	**$99,285,830**	**$2,500,000**	**$4,210,905**	**$8,831,000**	**$13,685,440**	**$15,790,892**	**$144,304,066**
Total per Unit	**$1,169.42**	**$500,000**	**$2,105,452**	**$67,931**	**$13,685,440**	**$60,041**	-

Finally, Table 27 shows the total cost required to be funded by new development in order to maintain the current LOS. The cost is determined for each facility type by multiplying the applicable facility units required for new development, by the cost per facility unit calculated in the table above. For example, the cost of additional buildings assigned to new development ($10,588,115) is equal to the square feet of building required for new development (9,054.18) multiplied by the cost per building square foot ($1,169.42). Notably, the total cost calculated above represents the maximum amount that may be funded by new development based on the current LOS. This total cost is then compared to the total facilities cost on the Police IIP. In this case, the maximum amount that may be funded by new development ($30,389,752) is less than the total cost of facilities on the IIP ($144,304,066). Therefore, only $30,389,752 of the total $144,304,066 identified on the Police IIP is included in the DIF calculation. The remaining cost of $113,914,314 on the Police IIP would then be funded by other sources.

Table 27: Police Allocation to New Development

Facility Type	Facility Units Funded by New Development	Cost per Facility Unit	Total Cost Assigned to New Development
	[a]	*[b]*	*[c] = [a] x [b]*
Buildings (Square Feet)	9,054.18	$1,169.42	$10,588,115
Land (Acres)	3.93	$500,000.00	$1,967,297
Radio Towers (Units)	0.00	$2,105,452	$0
Vehicles (Number of Vehicles)	61.15	$67,930.77	$4,154,206
Fleet Facility (Units)	0.58	$13,685,440	$7,895,405
Parking (Spaces)	96.35	$60,041.41	$5,784,729
Maximum Cost to be Funded by New Development		*[a]*	**$30,389,752**
Facilities Cost on IIP		*[b]*	**$144,304,066**
Facilities Funded with Impact Fees		*[c] = min ([a], [b])*	**$30,389,752**
Remaining Cost Funded from Other Sources		*[d] = [b] – [c]*	**$113,914,314**

D.2 Total Funded by DIF

Importantly, the amount to be funded with impact fees is also adjusted to account for (i) any existing debt service (i.e., additional cost), (ii) any existing cash balance in the current impact fee account (i.e., offsetting revenue), and (iii) the anticipated construction sales tax revenues (i.e., offsetting revenue). Table 28 below provides a summary of costs and offsetting revenues, as well as the resulting total amount that is anticipated to be funded by the Police DIF.

Table 28: Police Future Facility Costs Allocable to New Development

Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
$30,389,752	$0	($2,179,972)	($19,840,197)	$8,369,584

*Note: Some figures may not sum due to rounding.

D.3 Fee Amounts

Once the total amount to be funded has been determined, the Police DIF amount is calculated by dividing the total amount funded by DIFs ($8,369,584) by the projected Police EDUs (19,824) to come up with a per EDU rate ($422.20 per EDU). Since a Single-Family unit equals one (1) EDU, this land use type will pay $422.20 per unit. A Multi-Family unit, which equals 0.78 EDUs, will be responsible for approximately 78% of the per EDU Police DIF amount. Therefore, the fee for this land use type equals $329.83 per unit.

This same methodology applies to the Commercial, Office/Other, and Industrial land

use types. Please see Table 29 for all the Police DIF amounts and the corresponding costs to be financed with the fees. Additional details regarding the analysis related to Police facilities are included in Appendix A of this Fee Study.

Table 29: Police Facilities Fee Summary*

Land Use Type	EDUs per Unit/per 1,000 Non-Res. SF	Fee per Res. Unit	Fee per Non-Res. SF.	Number of Units/ Non-Res. SF	Costs Financed by Fees
	[a]	[b] = [a] x $422.20	[b] = [a] / 1,000 x $422.20	[c]	[d] = [b] x [c]
Single-Family	1.00	$422.20	-	11,715	$4,946,045
Multi-Family	0.78	$329.83	-	4,513	$1,488,507
Commercial	0.79	-	$0.34	2,278,326	$764,190
Office/Other	0.52	-	$0.22	721,409	$158,686
Industrial	0.32	-	$0.13	7,513,766	$1,012,156
				Total	**$8,369,584**

*Note: Some figures may not sum due to rounding.

E Fire Proposed Fee Calculation

E.1 Calculation Methodology

To meet the LOS required, the Town will need to acquire or construct additional Fire facilities. Assuming the EDUs grow by 19,824, or 58%, over the next 10 years, the Town will need to acquire or construct the following infrastructure in order to maintain the same LOS. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of EDUs within the Town. For example, as shown in the following table, the amount of building square feet per 1,000 EDUs (1,974.13) is determined by dividing the total existing building square feet (67,834) by the total existing EDUs (34,362) converted to 1,000 EDUs (34.362).

Table 30: Fire Existing Facility Standard as of 2024

Facility Type	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
	[a]	*[b]*	*[c] = [a] / ([b] / 1,000)*
Buildings (Square Feet)	67,834	34,362	1,974.13
Land (Acres)	21.55		0.63
Ladder Truck (Number of Vehicles)	2		0.06
Fire Truck (Number of Vehicles)	4		0.12
Ambulance (Number of Vehicles)	1		0.03
Hazmat Unit (Number of Vehicles)	0		0.00
Other Vehicles (Number of Vehicles)	17		0.49

Utilizing the current LOS calculated above, the facilities units required for new development, are determined in the table below. As an example, the amount of building square feet required for new development (39,134.80) is determined by multiplying the building square feet per 1,000 EDUs (1,974.13) by the total future EDUs (19,824) converted to 1,000 EDUs (19.824).

Table 31: Fire Future Facility Standard in 2033

Facility Type	Facility Units per 1,000 EDUs	Total Future EDUs	Facility Units Funded by New Development
	[a]	*[b]*	*[c] = [a] x ([b] / 1,000)*
Buildings (Square Feet)	1,974.13	19,824	39,134.80
Land (Acres)	0.63		12.43
Ladder Truck (Number of Vehicles)	0.06		1.15
Fire Truck (Number of Vehicles)	0.12		2.31
Ambulance (Number of Vehicles)	0.03		0.58
Hazmat Unit (Number of Vehicles)	0.00		0.00
Other Vehicles (Number of Vehicles)	0.49		9.81

Similar to the approach used for Police, once the LOS for new development by facility type, has been determined, the Study evaluates the LOS created by the facilities on the Infrastructure Improvement Plan. First, each of the facilities on the Fire Infrastructure Improvement Plan (the "Fire IIP") are categorized into the applicable facility types, and the total facilities units anticipated from facilities on the Fire IIP are summarized in the table below.

Table 32: Fire Future Facility Units

Facility	Building Sq. Ft.	Land Acres	Ladder Truck Vehicles	Fire Truck Vehicles	Ambulance Vehicles	Hazmat Vehicles	Other Vehicles
Public Safety Complex (Non-Training Portion)	15,737	-	-	-	-	-	-
Fire Station #6 - Design and Construction	13,000	-	-	-	-	-	-
Fire Station #6 - Fire Truck and Equipment	-	-	-	1	-	-	-
Fire Station #6 - Ambulance	-	-	-	-	1	-	-
Fire Station #7 (ASLD) - Land	-	3.00	-	-	-	-	-
Fire Station #7 (ASLD) - Design and Construction	13,000	-	-	-	-	-	-
Fire Station #7 (ASLD) - Ladder Tender and Equipment	-	-	-	1	-	-	-
Fire Station #7 (ASLD) - Ladder Truck and Equipment	-	-	1	-	-	-	-
Fire Station #7 (ASLD) – Hazmat Unit	-	-	-	-	-	1	-
Fire Station #8 (Box Canyon) - Land, Design, Construction, Equipment	-	-	-	-	-	-	-
Fire Station #8 - Land	-	3.00	-	-	-	-	-
Fire Station #8 - Design and Construction	13,000	-	-	-	-	-	-
Fire Station #8 - Ladder Tender and Equipment	-	-	-	1	-	-	-
Fire Station #8 - Ladder Truck and Equipment	-	-	1	-	-	-	-
Project Management Costs	-	-	-	-	-	-	-
Total	**54,737**	**6.00**	**2**	**3**	**1**	**1**	**0**

Second, as shown in Table 33, the total facility costs identified on the Fire IIP are categorized into the applicable facility types, and the total cost for each facility type is determined. The unit cost for each facility type is then calculated by dividing the total cost of each facility type by the total facilities units determined in Table 32. For example, the cost per building square foot ($976.12) is calculated by dividing total Fire IIP cost for building square feet ($53,430,111) by the total building square feet anticipated from the facilities (54,737).

Table 33: Fire Future Facility Costs

Facility	Building Sq. Ft.	Land Acres	Ladder Truck Vehicles	Fire Truck Vehicles	Ambulance Vehicles	Hazmat Vehicles	Other Vehicles	Total
Public Safety Complex (Non-Training Portion)	$9,092,111	-	-	-	-	-	-	$9,092,111
Fire Station #6 - Design and Construction	$13,728,000	-	-	-	-	-	-	$13,728,000
Fire Station #6 - Fire Truck and Equipment	-	-	-	$1,488,750	-	-	-	$1,488,750
Fire Station #6 - Ambulance	-	-	-	-	$450,000	-	-	$450,000
Fire Station #7 (ASLD) - Land	-	$1,432,000	-	-	-	-	-	$1,432,000
Fire Station #7 (ASLD) - Design and Construction	$13,730,000	-	-	-	-	-	-	$13,730,000
Fire Station #7 (ASLD) - Ladder Tender and Equipment	-	-	-	$1,488,750	-	-	-	$1,488,750
Fire Station #7 (ASLD) - Ladder Truck and Equipment	-	-	$2,489,280	-	-	-	-	$2,489,280
Fire Station #7 (ASLD) – Hazmat Unit	-	-	-	-	-	$2,000,000	-	$2,000,000
Fire Station #8 (Box Canyon) - Land, Design, Construction, Equipment	-	-	-	-	-	-	-	$0
Fire Station #8 - Land	-	$1,183,970	-	-	-	-	-	$1,183,970
Fire Station #8 - Design and Construction	$13,700,000	-	-	-	-	-	-	$13,700,000
Fire Station #8 - Ladder Tender and Equipment	-	-	-	$1,488,750	-	-	-	$1,488,750
Fire Station #8 - Ladder Truck and Equipment	-	-	$2,489,280	-	-	-	-	$2,489,280
Project Management Costs	$3,180,000	$0	$0	$0	$0	$0	$0	$3,180,000
Total	**$53,430,111**	**$2,615,970**	**$4,978,560**	**$4,466,250**	**$450,000**	**$2,000,000**	**$0**	**$67,940,891**
Total per Unit	***$976.12***	***$435,995***	***$2,489,280***	***$1,488,750***	***$450,000***	***$2,000,000***	***$0***	-

Finally, Table 34 shows the total cost required to be funded by new development in order to maintain the current LOS. Again, the cost is determined for each facility type by multiplying the applicable facility units required for new development, by the cost per facility unit calculated in the table above. For example, the cost of additional buildings assigned to new development ($38,200,421) is equal to the square feet of building required for new development (39,134.80) multiplied by the cost per building square foot ($976). The total cost calculated above represents the maximum amount that may be funded by new development based on the current LOS. Comparing this total cost to the total facilities cost on the Fire IIP, the maximum amount that may be funded by new development ($50,188,389) is less than the total cost of facilities on the IIP ($67,940,891). Therefore, only $50,188,389 of the total $67,940,891 identified on the Fire IIP is included in the DIF calculation. The remaining cost of $17,752,502 on the Fire IIP would then be funded by other sources.

Table 34: Fire Allocation to New Development

Facility Type	Facility Units Funded by New Development	Cost per Facility Unit	Total Cost Assigned to New Development
Buildings (Square Feet)	39,134.80	$976	$38,200,421
Land (Acres)	12.43	$435,995	$5,420,563
Ladder Truck (Number of Vehicles)	1.15	$2,489,280	$2,872,231
Fire Truck (Number of Vehicles)	2.31	$1,488,750	$3,435,559
Ambulance (Number of Vehicles)	0.58	$450,000	$259,614
Hazmat Unit (Number of Vehicles)	0.00	$2,000,000	$0
Other Vehicles (Number of Vehicles)	9.81	$0	$0
Maximum Cost to be Funded by New Development		*[a]*	**$50,188,389**
Facilities Cost on IIP		*[b]*	**$67,940,891**
Facilities Funded with Impact Fees		*[c] = min ([a], [b])*	**$50,188,389**
Remaining Cost Funded from Other Sources		*[d] = [b] – [c]*	**$17,752,502**

E.2 Total Funded by DIF

Additionally, the amount to be funded with impact fees is adjusted to account for (i) any existing debt service (i.e., additional cost), (ii) any existing cash balance in the current impact fee account (i.e., offsetting revenue), and (iii) the anticipated construction sales tax revenues (i.e., offsetting revenue). Table 35 below provides a summary of costs and offsetting revenues, and the resulting total amount that is anticipated to be funded by the Fire DIF.

Table 35: Fire Future Facility Costs Allocable to New Development*

Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
$50,188,389	$5,956,625	$0	($39,487,302)	$16,657,712

*Note: Some figures may not sum due to rounding.

E.3 Fee Amounts

Once the total future facility cost has been determined, the fee amount can be calculated. This is done by dividing the total amount funded by DIFs ($16,657,712) by the projected Fire EDUs (19,824) to come up with a per EDU rate, which equals $840.29 per EDU. Since a Single-Family unit equals one (1) EDU, this land use type will pay the Fire DIF amount in its entirety. A Multi-Family unit, which equals 0.78 EDUs, will be responsible for approximately 78% of the per unit EDU Fire DIF amount. Therefore, the fee for this land use type equals $656.44.

This same methodology applies to the Commercial, Office/Other, and Industrial land use types. Please see Table 36 for all the DIF amounts and the corresponding costs to be financed with the fees. Additional details regarding the analysis related to Police facilities are included in Appendix A of this Fee Study.

Table 36: Fire Facilities Fee Summary*

Land Use Type	EDUs per Unit/per 1,000 Non-Res. SF	Fee per Res. Unit	Fee per Non-Res. SF.	Number of Units/Non-Res. SF	Costs Financed by Fees
	[a]	[b] = [a] x $840.29	[b] = [a] / 1,000 x $840.29	[c]	[d] = [b] x [c]
Single-Family	1.00	$840.29	-	11,715	$9,843,953
Multi-Family	0.78	$656.44	-	4,513	$2,962,527
Commercial	0.79	-	$0.67	2,278,326	$1,520,943
Office/Other	0.52	-	$0.44	721,409	$315,827
Industrial	0.32	-	$0.27	7,513,766	$2,014,461
				Total	**$16,657,712**

*Note: Some figures may not sum due to rounding.

F Parks Proposed Fee Calculation

F.1 Calculation Methodology

To meet the LOS required, the Town will need to acquire or construct additional Parks facilities. Assuming the EDUs grow by 18,433, or 61%, over the next 10 years, the Town will need to acquire or construct the following park facilities in order to maintain the same LOS. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of EDUs within the Town. For example, and as shown in the following table, the acreage for Desert Mountain Park per 1,000 EDUs (0.96) is determined by dividing the total acreage for the park (29.00) by the total existing EDUs (30,267) converted to 1,000 EDUs (30.267).

Table 37: Parks Existing Facility Standard as of 2024

Facility Type	Quantity (Acres)	Total Existing EDUs	Facility Units per 1,000 EDUs
	[a]	*[b]*	*[c] = [a] / ([b] / 1,000)*
Desert Mountain Park	29.00	30,267	0.96
Pup for Parks	1.00		0.03
Founders Park	11.00		0.36
Mansel Carter (Phase 1)	48.00		1.59
Frontier Family Park	85.00		2.81
Mansel Carter (Phase 2)	13		0.43
HPEC (Old Landfill)	90.00		2.97
Total	**277.00**		**9.15**

Based on the current LOS calculated above, the facilities units (i.e. parks acres) required for new development, are determined in the table below. For example, the amount of acres of park land required for new development (168.69) is determined by multiplying the acres per 1,000 EDUs (9.15) by the total future EDUs (18,433) converted to 1,000 EDUs (18.433).

Table 38: Parks Future Facility Standard in 2033

Facility Type	Facility Units per 1,000 EDUs	Total Future EDUs	Facility Units Funded by New Development
	[a]	*[b]*	*[c] = [a] x ([b] / 1,000)*
Parks (Land)	9.15	18,433	168.69
Parks (Improvements)	9.15		168.69

Once the LOS for new development, by facility type, has been determined, the Study evaluates the LOS created by the facilities on the Infrastructure Improvement Plan.

As a first step, each of the facilities on the Park Infrastructure Improvement Plan (the "Parks IIP") are categorized into the applicable facility types, and the total facilities units (i.e., park acres) being added by facilities on the Parks IIP are summarized in the table below.

Table 39: Parks Future Facility Units

Facility	Land Acres	Improvement Acres
Frontier Family Park (85 acres)	30.00	30.00
Southeast Park Site - Land (74 acres)	30.00	-
Southeast Park Site - Construction (74 acres)	-	30.00
Pima/Meridian Park Site - Land (52 acres)	30.00	-
Pima/Meridian Park - Design and Construction (52 acres)	-	30.00
Bosma Parkland Purchase (30 acres)	30.00	-
Bosma Park - Design and Construction (30 acres)	-	30.00
Project Management Costs	-	-
Total	**120.00**	**120.00**

Next, the total facility costs identified on the Parks IIP are categorized into the applicable facility types, and the total cost for each facility type is determined. The unit cost for each facility type is also calculated by dividing the total cost of each facility type by the total facilities units determined in Table 39. For example, the cost per acre of land ($312,529) is calculated by dividing total Parks IIP cost for land acres ($37,503,539) by the total acres anticipated (120.00).

Table 40: Parks Future Facility Costs

Facility	Land Costs	Improvement Costs	Total
Frontier Family Park (85 Acres)	-	$15,084,309	$15,084,309
Southeast Park Site - Land (74 Acres)	$9,003,539	-	$9,003,539
Southeast Park Site - Construction (74 Acres)	-	$30,000,000	$30,000,000
Pima/Meridian Park Site - Land (52 acres)	$13,500,000	-	$13,500,000
Pima/Meridian Park - Design and Construction (52 Acres)	-	$30,000,000	$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	$0	$6,230,000	$6,230,000
Total	**$37,503,539**	**$111,314,309**	**$148,817,848**
Total per Unit	***$312,529***	***$927,619***	-

Finally, the total cost required to be funded by new development in order to maintain

the current LOS is determined for each facility type by multiplying the applicable facility units required for new development, by the cost per facility unit calculated in the table above. For example, the cost of the additional acres assigned to new development ($52,721,675) is equal to the land acres required for new development (168.69) multiplied by the cost per acre ($312,529). Notably, the total cost calculated above represents the maximum amount that may be funded by new development based on the current LOS in the Town. This total cost is then compared to the total facilities cost on the Parks IIP. In this case, the maximum amount that may be funded by new development ($209,204,957) is greater than the total cost of facilities on the Parks IIP ($148,817,848). Therefore, the entire $148,817,848 identified on the Parks IIP is included in the DIF calculation.

Table 41: Parks Allocation to New Development

Facility Type	Facility Units Funded by New Development	Cost per Facility Unit	Total Cost Assigned to New Development
Parks – Land (Acres)	168.69	$312,529	$52,721,675
Parks – Improvements (Acres)	168.69	$927,619	$156,483,282
Maximum Cost to be Funded by New Development		*[a]*	**$209,204,957**
Facilities Cost on IIP		*[b]*	**$148,817,848**
Facilities Funded with Impact Fees		*[c] = min ([a], [b])*	**$148,817,848**
Remaining Cost Funded from Other Sources		*[d] = [b] – [c]*	**$0**

F.2 Total Funded by DIF

Similar to the other fee categories, the amount to be funded with impact fees is also adjusted to account for (i) any existing debt service (i.e., additional cost), (ii) any existing cash balance in the current impact fee account (i.e., offsetting revenue), and (iii) the anticipated construction sales tax revenues (i.e., offsetting revenue). This information is summarized in Table 42 below.

Table 42: Parks Future Facility Costs Allocable to New Development

Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
$148,817,848	$0	($28,709,510)	($84,473,293)	$35,635,044

*Note: Some figures may not sum due to rounding.

F.3 Fee Amounts

Having determined the total amount to be funded, the Park DIF is calculated by dividing the total amount funded by DIFs ($35,635,044) by the projected Parks EDUs

(18,433) to come up with a per EDU rate, which equals $1,933.23 per EDU. Since a Single-Family unit equals one (1) EDU, this land use type will pay the DIF amount in its entirety. A Multi-Family unit, which equals 0.78 EDUs, will be responsible for approximately 78% of the per unit EDU DIF amount. Therefore, the DIF for this land use type equals $1,510.26.

This same methodology applies to the Commercial, Office/Other, and Industrial land use types. Please see Table 43 for all the Park DIF amounts and the corresponding costs to be financed with the fees.

Table 43: Parks Facilities Fee Summary*

Land Use Type	EDUs per Unit/per 1,000 Non-Res. SF	Fee per Res. Unit	Fee per Non-Res. SF.	Number of Units/ Non-Res. SF	Costs Financed by Fees
	[a]	[b] = [a] x $1,933.23	[b] = [a] / 1,000 x $1,933.23	[c]	[d] = [b] x [c]
Single-Family	1.00	$1,933.23	-	11,715	$22,647,771
Multi-Family	0.78	$1,510.26	-	4,513	$6,815,823
Commercial	0.27	-	$0.51	2,278,326	$1,170,257
Office/Other	0.43	-	$0.83	721,409	$596,648
Industrial	0.30	-	$0.59	7,513,766	$4,404,545
				Total	**$35,635,044**

*Note: Some figures may not sum due to rounding.

G Trails Proposed Fee Calculation

G.1 Calculation Methodology

To meet the LOS required, the Town will need to acquire or construct additional Trails facilities. Assuming the EDUs grow by 18,433, or 61%, over the next 10 years, the Town will need to acquire or construct the following Trails facilities in order to maintain the same LOS. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing EDUs within the Town. For example, the number of linear feet per 1,000 EDUs for the Queen Creek Wash trail from Power Rd to Crimson Rd (907.11) is determined by dividing the total existing linear feet (27,456) by the total existing EDUs (30,267) converted to 1,000 EDUs (30.267).

Table 44: Trails Existing Facility Standard as of 2024

Facility Type	Quantity (Linear Feet)	Total Existing EDUs	Facility Units per 1,000 EDUs
	[a]	*[b]*	*[c] = [a] / ([b] / 1,000)*
Queen Creek Wash from Power Rd to Crimson Rd alignment	27,456	30,267	907.11
Sonoqui Wash from Power Rd to Ellsworth Rd alignment	19,536		645.45
Multi-Use Trail from Desert Mountain Park to HPEC overflow	10,560		348.89
Multi-Use Trail from Founders Park along Ellsworth Rd	1,584		52.33
Sonoqui Wash - Riggs Road Channel; Hawes to Ellsworth and Ellsworth to Crismon	13,153		434.56
Total	**72,289**		**2,388.34**

Based on the current LOS calculated above, the facilities units (i.e., linear feet of trails) required for new development, are determined in the table below. As an example, the amount of linear feet required for new development (44,024.12) is determined by multiplying the linear feet per 1,000 EDUs (2,388.34) by the total future EDUs (18,433) converted to 1,000 EDUs (18.433).

Table 45: Trails Future Facility Standard in 2033

Facility Type	Facility Units per 1,000 EDUs	Total Future EDUs	Facility Units Funded by New Development
	[a]	*[b]*	*[c] = [a] x ([b] / 1,000)*
Trails (Linear Feet)	2,388.34	18,433	44,024.12

Once the LOS for new development by facility type has been determined, the Study evaluates the LOS created by the facilities on the Infrastructure Improvement Plan. Similar to other fee categories, each of the facilities on the Trails Infrastructure Improvement Plan (the "Trails IIP") are firstly categorized into the applicable facility

types, and the total facilities units (i.e., linear feet of trails) being added by facilities on the Trails IIP are summarized, as shown in the table below.

Table 46: Trails Future Facility Units

Facility	Linear Feet
QC Wash Trail Improvements - Rittenhouse to Meridian	6,937
Sonoqui Wash Power to Recker	5,808
SRP Utility Easement Trail - Ellsworth to Signal Butte	10,560
Trail by Southeast Park Site	6,105
Project Management Costs	-
Total	**29,410**

Secondly, as shown in Table 47, the total facility costs identified on the Trails IIP are categorized into the applicable facility types, and the total cost for each facility type is determined. Again, the unit cost for each facility type is also calculated by dividing the total cost of each facility type by the total facilities units determined in Table 46. For example, the cost per linear foot of trails ($392) is calculated by dividing total Trails IIP cost for linear feet of trails ($11,534,711) by the total linear feet of trails anticipated (29,410).

Table 47: Trails Future Facility Costs

Facility	Total
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**
Total per Unit	**$392**

Finally, Table 48 shows the total cost required to be funded by new development in order to maintain the current LOS. The cost is determined for each facility type by multiplying the applicable facility units required for new development, by the cost per facility unit calculated in the table above. For example, the cost of additional linear feet assigned to new development ($17,266,421) is equal to the linear feet required for new development (44,024.12) multiplied by the cost per linear foot ($392). Notably, the total cost calculated above represents the maximum amount that may be funded by new development based on the current LOS in the Town. This total cost is then compared to the total facilities cost on the Trails IIP. In this case, the maximum amount that may be funded by new development ($17,266,421) is greater than the total cost of facilities on the Trails IIP ($11,534,711). Therefore, the

entire $11,534,711 identified on the Trails IIP is included in the DIF calculation.

Table 48: Trails Allocation to New Development

Facility Type	Facility Units Funded by New Development	Cost per Facility Unit	Total Cost Assigned to New Development
Trails (Linear Feet)	44,024.12	$392	$17,266,421
Maximum Cost to be Funded by New Development		*[a]*	**$17,266,421**
Facilities Cost on IIP		*[b]*	**$11,534,711**
Facilities Funded with Impact Fees		*[c] = min ([a], [b])*	**$11,534,711**
Remaining Cost Funded from Other Sources		*[d] = [b] – [c]*	**$0**

G.2 Total Funded by DIF

The amount to be funded with impact fees is further adjusted to account for (i) any existing debt service (i.e., additional cost), (ii) any existing cash balance in the current impact fee account (i.e., offsetting revenue), and (iii) the anticipated construction sales tax revenues (i.e., offsetting revenue). This information is summarized in Table 42 below.

Table 49: Trails Future Facility Costs Allocable to New Development

Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
$11,534,711	$0	($3,611,989)	($5,572,123)	$2,350,599

*Note: Some figures may not sum due to rounding.

G.3 Fee Amounts

Once the total future facility cost has been determined, the fee amount can be calculated. Again, this is done by dividing the total amount funded by DIFs ($2,350,599) by the projected EDUs (18,433) to come up with a per EDU rate, which equals $127.52 per EDU. Since a Single-Family unit equals one (1) EDU, this land use type will pay the fee amount in its entirety. A Multi-Family unit, which equals 0.78 EDUs, will be responsible for approximately 78% of the per unit EDU fee amount. Therefore, the Trails DIF for this land use type equals $99.62.

This same methodology applies to the Commercial, Office/Other, and Industrial land use types. Please see Table 50 for all the Trails DIF amounts and the corresponding costs to be financed with the fees.

Table 50: Trails Facilities Fee Summary*

Land Use Type	EDUs per Unit/per 1,000 Non-Res. SF	Fee per Res. Unit	Fee per Non-Res. SF.	Number of Units/Non-Res. SF	Costs Financed by Fees
	[a]	[b] = [a] x $127.52	[b] = [a] / 1,000 x $127.52	[c]	[d] = [b] x [c]
Single-Family	1.00	$127.52	-	11,715	$1,493,918
Multi-Family	0.78	$99.62	-	4,513	$449,593
Commercial	0.27	-	$0.03	2,278,326	$77,194
Office/Other	0.43	-	$0.05	721,409	$39,357
Industrial	0.30	-	$0.04	7,513,766	$290,538
				Total	**$2,350,599**

*Note: Some figures may not sum due to rounding.

H Streets Proposed Fee Calculation

H.1 Calculation Methodology

The Streets facilities category includes those facilities used to provide safe and efficient vehicular access throughout the Town. In order to meet the traffic demand of new development through the 10-Year Horizon, the Town identified the need for new road construction and equipment.

Streets facilities benefit both residents and employees by providing safe and efficient vehicular access throughout the Town. Therefore, fee amounts were calculated for both residential and non-residential land uses as detailed in Appendix A.

Fees for arterials and traffic signals were calculated for each of the five (5) land use categories based on the number of average vehicle miles traveled ("VMT") generated by each land use. VMT is a representation of both the number of trips and the length of such trips. Total VMT rates were calculated based on the product of (i) the trip generation rates published by the institute of Transportation Engineers ("ITE"), (ii) trip adjustment factors published by the National Household Travel Survey, to account for trips that are not considered primary trips (i.e., a resident stopping at the gas station on the way home from work), (iii) the average trip length, estimated for the Town, and (iv) the trip length weighting factor which represents the distribution of the trip lengths across different land uses. By applying the above VMT calculation to the various dwelling unit counts and non-residential square feet identified in Section IV of this report, DTA estimated the average VMTs generated by each land use type. Next, the EDUs per unit for residential or per 1,000 square feet for non-residential, were determined based on the average VMTs for each land use and the total EDUs for each land use were calculated based on the number of residential units and non-residential square feet. Next, the total facilities cost was then divided by the total EDUs to establish a uniform cost per EDU. This unit cost was then applied to the various land uses and their respective EDUs to determine the proposed fees. Additional detail on these calculations is included in Appendix A. These rates are an estimate and rely on several assumptions.

To meet the LOS required, the Town will need to acquire or construct additional Streets facilities. Assuming the number of EDUs grow by 20,374, or 58%, over the next 10 years, the Town will need to acquire or construct the following Streets facilities in order to maintain the same LOS. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the estimated existing EDUs within the Town. For example, the number of lane miles of arterials per 1,000 EDUs (7.59) is determined by dividing the total lane miles of arterials (267) by the total existing EDUs (35,179) converted to 1,000 EDUs (35.179).

Table 51: Streets Existing Facility Standard as of 2024

Facility Type	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
	[a]	*[b]*	*[c] = [a] / ([b] / 1,000)*
Arterials (Lane Miles)	267	35,179	7.59
Traffic Signals (Quantity)	87		2.47

Based on the current LOS calculated above, the facilities units (i.e. arterials lane miles and traffic signals) required for new development, are determined in the table below. For example, the number of lane miles of arterials required for new development (154.64) is determined by multiplying the lane mile of arterials per 1,000 EDUs (7.59) by the total future EDUs (20,374) converted to 1,000 EDUs (20.374).

Table 52: Streets Future Facility Standard in 2033

Facility Type	Facility Units per 1,000 EDUs	Total Future EDUs	Facility Units Funded by New Development
	[a]	*[b]*	*[c] = [a] x ([b] / 1,000)*
Arterials (Lane Miles)	7.59	20,374	154.64
Traffic Signals (Quantity)	2.47		50.39

Once the LOS for new development by facility type, has been determined, the Study evaluates the LOS created by the facilities on the Infrastructure Improvement Plan. First, each of the facilities on the Streets Infrastructure Improvement Plan (the "Streets IIP") are categorized into the applicable facility types, and the total facilities units (i.e., arterial lane miles and number of traffic signals) being added by facilities on the Streets IIP, are summarized in the table below. Notably, some of the projects and costs on the Streets IIP involve reconstruction/realignment of existing arterial lanes. Therefore, the table also includes the total arterial lane miles (i.e., existing and added lane miles) for each facility after construction.

Table 53: Streets Future Facility Units

Facility	Arterials (Total Lane Miles)	Arterials (Lane Miles Added)	Traffic Signals (Quantity)
Ocotillo Road: West of Sossaman Rd to Hawes Rd	6.25	3.00	-
Hawes Road: Ocotillo to Rittenhouse	6.25	2.00	-
Chandler Heights: Hawes to Ellsworth	5.00	0.50	-
Chandler Heights: Sossaman to Hawes	4.18	2.30	-
Signal Butte: Ocotillo to Queen Creek	1.63	0.33	-
Germann Rd: Ellsworth to Crismon	0.33	0.20	-
Power Road: Chandler Heights to Riggs	5.00	1.67	-
Power Road: Riggs to Hunt Hwy	5.00	3.00	-
Ryan Road: Crismon to Signal Butte	3.00	3.00	-
Hunt Hwy: Power to Sossaman	5.00	3.00	-
Traffic Signal: Ocotillo and Scottland Court	-	-	1
Meridian Road: Queen Creek Road to Germann	3.00	3.00	-
220th: Queen Creek to Ryan	3.50	2.13	-
Sossaman Railroad Crossing at Germann	1.00	1.00	-
ASLD Infrastructure Improvements	16.00	9.00	-
Ironwood Road Improvements	-	-	1
Sossaman: Sonoqui Wash to Chandler Heights	2.00	0.90	-
Sossaman: Chandler Heights to Riggs	5.00	1.66	-
Hawes: Chandler Heights to Ocotillo	5.00	0.79	-
Hawes: Riggs North to Sunset Drive (1/2 mile, 3 lanes)	2.50	0.50	-
Southeast Park - Riggs Road (1/4 mile, 3 lanes)	0.80	0.75	-
Southeast Park - Crismon Road to Cul-De-Sac (1/4 mile, 3 lanes)	0.80	0.75	-
Combs: Meridian to Gantzel - West of Sangria	4.00	0.00	-
Ironwood: Pima to Germann	6.00	2.00	-
Traffic Signal: Germann Road and 196th Street	-	-	1
Traffic Signal: Harvest at Riggs Road	-	-	1
Traffic Signal: Signal Butte and Riggs	-	-	1
Traffic Signal: Combs at Sangria	-	-	1
Traffic Signal: 220th at Queen Creek Road	-	-	1
Traffic Signal: Power Road at San Tan	-	-	1
Traffic Signal: Ocotillo at Recker (IGA with Gilbert)	-	-	1
Traffic Signal: Riggs at 206th	-	-	1
Traffic Signal: Queen Creek at 188th	-	-	1
Traffic Signal: Gary Road and Grange Parkway	-	-	1
Traffic Signal: Ellsworth at San Tan Blvd	-	-	1
Traffic Signal: Riggs at Crismon High School	-	-	1
Total	**91.24**	**41.48**	**14**

Second, as shown in Table 54, the total facility costs identified on the Streets IIP are categorized into the applicable facility types, and the total cost for each facility type

is determined. The unit cost for each facility type is also calculated by dividing the total cost of each facility type by the total facilities units determined in Table 53. For example, the cost per lane mile ($2,181,884) is calculated by dividing total Streets IIP cost for arterial lane miles ($199,075,134) by the total lane miles anticipated from the facilities (91.24). Importantly, the Study conservatively utilizes the total lanes miles of the completed road segment (not just the added lane miles) in determining the cost per lane mile.

Table 54: Streets Future Facility Costs

Facility	Arterials	Traffic Signals	Total
Ocotillo Road: West of Sossaman Rd to Hawes Rd	$9,840,138	-	$9,840,138
Hawes Road: Ocotillo to Rittenhouse	$3,334,295	-	$3,334,295
Chandler Heights: Hawes to Ellsworth	$3,336,500	-	$3,336,500
Chandler Heights: Sossaman to Hawes	$10,549,879	-	$10,549,879
Signal Butte: Ocotillo to Queen Creek	$1,387,930	-	$1,387,930
Germann Rd: Ellsworth to Crismon	$3,150,000	-	$3,150,000
Power Road: Chandler Heights to Riggs	$11,722,254	-	$11,722,254
Power Road: Riggs to Hunt Hwy	$5,183,713	-	$5,183,713
Ryan Road: Crismon to Signal Butte	$6,127,905	-	$6,127,905
Hunt Hwy: Power to Sossaman	$3,267,000	-	$3,267,000
Traffic Signal: Ocotillo and Scottland Court	-	$1,000,000	$1,000,000
Meridian Road: Queen Creek Road to Germann	$7,592,883	-	$7,592,883
220th: Queen Creek to Ryan	$3,299,986	-	$3,299,986
Sossaman Railroad Crossing at Germann	$4,625,751	-	$4,625,751
ASLD Infrastructure Improvements	$44,218,060	-	$44,218,060
Ironwood Road Improvements	-	$895,926	$895,926
Sossaman: Sonoqui Wash to Chandler Heights	$10,560,000	-	$10,560,000
Sossaman: Chandler Heights to Riggs	$3,583,500	-	$3,583,500
Hawes: Chandler Heights to Ocotillo	$14,000,000	-	$14,000,000
Hawes: Riggs North to Sunset Drive (1/2 mile, 3 lanes)	$6,450,000	-	$6,450,000
Southeast Park - Riggs Road (1/4 mile, 3 lanes)	$3,225,000	-	$3,225,000
Southeast Park - Crismon Road to Cul-De-Sac (1/4 mile, 3 lanes)	$3,225,000	-	$3,225,000
Combs: Meridian to Gantzel - West of Sangria	$1,250,000	-	$1,250,000
Ironwood: Pima to Germann	$30,000,000	-	$30,000,000
Traffic Signal: Germann Road and 196th Street	-	$1,831,505	$1,831,505
Traffic Signal: Harvest at Riggs Road	-	$1,200,000	$1,200,000
Traffic Signal: Signal Butte and Riggs	-	$1,425,000	$1,425,000
Traffic Signal: Combs at Sangria	-	$1,375,000	$1,375,000
Traffic Signal: 220th at Queen Creek Road	-	$1,250,000	$1,250,000
Traffic Signal: Power Road at San Tan	-	$420,000	$420,000
Traffic Signal: Ocotillo at Recker (IGA with Gilbert)	-	$750,000	$750,000
Traffic Signal: Riggs at 206th	-	$1,500,000	$1,500,000
Traffic Signal: Queen Creek at 188th	-	$303,963	$303,963
Traffic Signal: Gary Road and Grange Parkway	-	$341,907	$341,907
Traffic Signal: Ellsworth at San Tan Blvd	-	$381,735	$381,735
Traffic Signal: Riggs at Crismon High School	-	$297,871	$297,871
Project Management Costs	$9,145,340	$624,660	$9,770,000
Total	**$199,075,134**	**$13,597,567**	**$212,672,701**
Total per Unit	**$2,181,884**	**$971,255**	-

Finally, Table 55 shows the total cost required to be funded by new development in order to maintain the current LOS. Similar to calculations for other fee categories,

the cost is determined for each facility type by multiplying the applicable facility units required for new development, by the cost per facility unit calculated in the table above. For example, the cost of additional arterial lane miles assigned to new development ($337,397,387) is equal to the number of arterial lane miles required for new development (154.64) multiplied by the cost per arterial lane mile ($2,181,884). Importantly, the total cost calculated above represents the maximum amount that may be funded by new development based on the current LOS. This total cost is then compared to the total facilities cost on the Streets IIP. In this case, the maximum amount that may be funded by new development ($386,335,943) is greater than the total cost of facilities on the Streets IIP ($212,672,701). Therefore, the entire $212,672,701 could be funded from impact fees.

Table 55: Streets Allocation to New Development

Facility Type	Facility Units Funded by New Development	Cost per Facility Unit	Total Cost Assigned to New Development
Arterials (Lane Miles)	154.64	$2,181,884	$337,397,387
Traffic Signals (Quantity)	50.39	$971,255	$48,938,556
Maximum Cost to be Funded by New Development		*[a]*	**$386,335,943**
Facilities Cost on IIP		*[b]*	**$212,672,701**

In Table 56, a similar analysis is conducted. However, in this case, the LOS is evaluated by facility type. The table shows that based on the LOS required for new development, 100% of the cost under each facility type (i.e., arterial lane miles and traffic signals) could be funded through the DIFs.

Table 56: Streets Allocation to New Development (By Facility Type)*

Facility Type	Total Cost Assigned to New Development	Maximum Eligible Facilities Costs	Streets Facilities Funded with Fees	% of Total Eligible Costs to New Development
	[a]	[b]	[c] = min ([a], [b])	[d] = [c] / [b]
Arterials (Lane Miles)	$337,397,387	$199,075,134	$199,075,134	100.00%
Traffic Signals (Quantity)	$48,938,556	$13,597,567	$13,597,567	100.00%
	$386,335,943	**$212,672,701**	**$212,672,700**	**100.00%**

*Note: Some figures may not sum due to rounding.

Notably, while the above calculations would justify an allocation of 100% of the Streets IIP cost to new development, the Town is currently updating their Transportation Facilities Plan and a more comprehensive analysis of actual LOS by facility is not yet available. Notably, the above LOS methodology above is based on the best information available at the time of this Study and would be further refined once the updated Transportation Facilities Plan is completed. As a result, DTA has

determined that the most appropriate allocation of cost would be based on growth's share of total EDUs.

Specifically, based on the existing EDUs shown in Table 51 (35,179) and future EDUs shown in Table 52 (20,374), the existing EDUs account for 57.92% of the total EDUs, while the future EDUs account for 42.08%. In other words, growth accounts for 42.08% of the total facilities usage in the Town. Therefore, 42.08% of the costs on the Streets IIP ($89,322,534) is allocated to new development and the remaining cost ($123,350,166) would be funded from other sources. Notably, based on the calculation above, new development would still be funding an amount below the current LOS.

Table 57: Streets Facilities Cost Allocation Summary*

Development Type	Percentage Allocated	Facility Cost Allocated
Existing Development	57.92%	$123,350,166
New Development	42.08%	$89,322,534
Total	**100.00%**	**$212,672,700**

*Note: Some figures may not sum due to rounding.

H.2 Total Funded by DIF

Additionally, the amount to be funded with impact fees is further adjusted to account for (i) any existing debt service (i.e., additional cost), (ii) any existing cash balance in the current impact fee account (i.e., offsetting revenue), and (iii) the anticipated construction sales tax revenues (i.e., offsetting revenue). This information is summarized in Table 58 below.

Table 58: Streets Future Facility Costs Allocable to New Development

Maximum Amount Funded by DIF	Existing Debt Service Funded by DIF	Cash Balance Offset	CST Offset	Total Amount Funded by DIF
[a]	*[b]*	*[c]*	*[d]*	*[e] = [a] + [b] + [c] + [d]*
$89,322,534	$3,373,882	($11,058,319)	($57,416,821)	$24,221,276

*Note: Some figures may not sum due to rounding.

H.1 Fee Amounts

Again, once the total future facility cost has been determined, the fee amount can be calculated by dividing the total amount funded by DIFs ($24,221,276) by the projected Streets EDUs (20,374) to come up with a per EDU rate, which equals $1,188.83 per EDU. Since a Single-Family unit equals one (1) EDU, this land use type will pay the fee amount in its entirety. A Multi-Family unit, which equals 0.68 EDUs, will be responsible for approximately 68% of the per unit EDU fee amount. Therefore,

the Streets DIF for this land use type equals $803.47.

This same methodology applies to the Commercial, Office/Other, and Industrial land use types. Please see Table 59 for all the Streets DIF amounts and the corresponding costs to be financed with the fees.

Table 59: Streets Fee Summary

Land Use Type	EDUs per Unit/per 1,000 Non-Res. SF	Fee per Res. Unit	Fee per Non-Res. SF.	Number of Units/Non-Res. SF	Cost Financed by Fees
	[a]	[b] = [a] x $1,188.83	[b] = [a] / 1,000 x $1,188.83	[c]	[d] = [b] x [c]
Single-Family	1.00	$1,188.83	-	11,715	$13,927,163
Multi-Family	0.68	$803.47	-	4,513	$3,626,055
Commercial	1.12	-	$1.33	2,278,326	$3,029,739
Office/Other	0.48	-	$0.57	721,409	$410,660
Industrial	0.36	-	$0.43	7,513,766	$3,227,658
				Total	**$24,221,276**

VII SUMMARY OF FEES

The total fee amounts required to finance new development's share of the costs of facilities are summarized below in Table 60. These fees reflect the maximum fee levels that may be imposed on new development and will only be charged to development within the Town at this time.

Table 60: Development Impact Fee Summary [Fees Per Unit (Residential)/ Per Square Foot (Non-Residential)] [1]

Land Use Classification	Police	Fire	Parks	Trails	Streets	Total Fees
Single-Family Residential (Per Unit)	$422	$840	$1,933	$128	$1,189	**$4,512**
Multi-Family Residential (Per Unit)	$330	$656	$1,510	$100	$803	**$3,400**
Commercial (Per Non-Res. SF)	$0.34	$0.67	$0.51	$0.03	$1.33	**$2.88**
Office/Other (Per Non-Res. SF)	$0.22	$0.44	$0.83	$0.05	$0.57	**$2.11**
Industrial (Per Non-Res. SF)	$0.13	$0.27	$0.59	$0.04	$0.43	**$1.46**

*Note: Some figures may not sum due to rounding.

APPENDIX A

Town of Queen Creek
DRAFT Land Use Assumptions, Infrastructure Improvement Plan,
and Development Impact Fee Study

FEE DERIVATION WORKSHEETS

Town of Queen Creek
Development Impact Fee (Update)
Demand Unit Calculation Detail (EDUs - Police & Fire)

Existing DU Calculation

Service Factor (Residents and Employees)

Land Use Type	Number of Residents	Number of Employees	Number of Visitors	Number of Persons Served [1]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF	EDUs per Unit/ per 1,000 Non-Res. SF	Number of Units/ Non-Res. SF	Total Number of EDUs
Single Family	70,547	0	0	70,547	2.93	1.00	24,113	24,113
Multi-family	6,023	0	0	6,023	2.43	0.83	2,477	2,059
Commercial	0	11,365	226,168	16,991	2.65	0.90	6,420,678	5,807
Office/Other	0	4,112	8,957	2,504	1.74	0.59	1,442,807	856
Industrial	0	8,489	4,435	4,466	1.06	0.36	4,202,599	1,527
Total	**76,570**	**23,966**	**239,560**	**100,531**				**34,362**

Projected New DU Calculation (2033)

Service Factor (Future Residents and Employees)

Land Use Type	Number of Residents	Number of Employees	Number of Visitors	Number of Persons Served [1]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF	EDUs per Unit/ per 1,000 Non-Res. SF	Number of Units Non-Res. SF	Total Number of EDUs
Single Family	39,021	-	-	39,021	3.33	1.00	11,715	11,715
Multi-family	11,743	-	-	11,743	2.60	0.78	4,513	3,526
Commercial	-	4,033	80,254	6,029	2.65	0.79	2,278,326	1,810
Office/Other	-	2,056	4,479	1,252	1.74	0.52	721,409	376
Industrial	-	15,178	7,929	7,985	1.06	0.32	7,513,766	2,397
Total	**50,765**	**21,266**	**92,661**	**66,031**				**19,824**

[1] Persons served equals residents, plus 50% of employees, plus 5% of visitors.

Town of Queen Creek
Development Impact Fee (Update)
Demand Unit Calculation Detail (EDUs - Parks & Trails)

Existing DU Calculation

Service Factor (Residents and Employees)

Land Use Type	Number of Residents	Number of Employees	Number of Persons Served [1]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF	EDUs per Unit/ per 1,000 Non-Res. SF	Number of Units/ Non-Res. SF	Total Number of EDUs
Single Family	70,547	-	70,547	2.93	1.00	24,113	24,113
Multi-family	6,023	-	6,023	2.43	0.83	2,477	2,059
Commercial	-	11,365	5,682	0.89	0.30	6,420,678	1,942
Office/Other	-	4,112	2,056	1.43	0.49	1,442,807	703
Industrial	-	8,489	4,245	1.01	0.35	4,202,599	1,451
Total	**76,570**	**23,966**	**88,553**				**30,267**

Projected New DU Calculation (2033)

Service Factor (Future Residents and Employees)

Land Use Type	Number of Residents	Number of Employees	Number of Persons Served [1]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF	EDUs per Unit/Bed/ per 1,000 Non-Res. SF	Number of Units Non-Res. SF	Total Number of EDUs
Single Family	39,021	-	39,021	3.33	1.00	11,715	11,715
Multi-family	11,743	-	11,743	2.60	0.78	4,513	3,526
Commercial	-	4,033	2,016	0.89	0.27	2,278,326	605
Office/Other	-	2,056	1,028	1.43	0.43	721,409	309
Industrial	-	15,178	7,589	1.01	0.30	7,513,766	2,278
Total	**50,765**	**21,266**	**61,398**				**18,433**

Town of Queen Creek
Development Impact Fee (Update)
Demand Unit Calculation Detail (EDUs - Streets)

Existing DU Calculation

Service Factor (Residents and Employees)

Land Use Type	Vehicle Trip Ends per Unit/ per 1,000 Non-Res. SF [1]	Trip Adjustment Factor [1]	Average Trip Length	Trip Length Weight Factor	Average VMT	EDUs per Unit/ per 1,000 Non-Res. SF	Number of Units/ Non-Res. SF	Total Number of EDUs
Single Family	9.44	0.65	8.89	1.21	66.00	1.00	24,113	24,113
Multi-family	6.38	0.65	8.89	1.21	44.61	0.68	2,477	1,674
Commercial	37.75	0.33	8.89	0.66	73.83	1.12	6,420,678	7,182
Office/Other	9.74	0.50	8.89	0.73	31.60	0.48	1,442,807	691
Industrial	7.35	0.50	8.89	0.73	23.85	0.36	4,202,599	1,519
Total								**35,179**

Projected New DU Calculation (2033)

Service Factor (Future Residents and Employees)

Land Use Type	Vehicle Trip Ends Trips per Unit/ per 1,000 Non-Res. SF [1]	Trip Adjustment Factor [1]	Average Trip Length	Trip Length Weight Factor	Average VMT	EDUs per Unit/ per 1,000 Non-Res. SF	Number of Units Non-Res. SF	Total Number of EDUs
Single Family	9.44	0.65	8.89	1.21	66.00	1.00	11,715	11,715
Multi-family	6.38	0.65	8.89	1.21	44.61	0.68	4,513	3,050
Commercial	37.75	0.33	8.89	0.66	73.83	1.12	2,278,326	2,549
Office/Other	9.74	0.50	8.89	0.73	31.60	0.48	721,409	345
Industrial	7.35	0.50	8.89	0.73	23.85	0.36	7,513,766	2,715
Total								**20,374**

Total Trip Ends:	55,553
% Non-Growth:	57.92%
% Growth:	**42.08%**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Police)

I. Existing Facility Standard		[a]	[b]	[c] = [a] / ([b] / 1,000)
Facility Type [2]	Facility Units	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
Buildings	Square Feet	15,694	34,362	456.73
Land	Acres	6.82	34,362	0.20
Radio Towers	Units	0.00	34,362	0.00
Vehicles	Vehicle	106	34,362	3.08
Fleet Facility	Units	1	34,362	0.03
Parking	Space	167	34,362	4.86

II. Future Facility Standard		[a]	[b]	[c] = [a] x ([b] / 1,000)
Facility Type	Facility Units	Facility Units per 1,000 EDUs	Total Future EDUs	Facilities Units Funded by New Development
Buildings	Square Feet	456.73	19,824	9,054.18
Land	Acres	0.20	19,824	3.93
Radio Towers	Units	0.00	19,824	-
Vehicles	Vehicles	3.08	19,824	61.15
Fleet Facility	Units	0.03	19,824	0.58
Parking	Spaces	4.86	19,824	96

III. Future Facility Units						
Police Facilities	**Building SF**	**Land Ac.**	**Radio Towers**	**Vehicles**	**Fleet Facility**	**Parking Spaces**
Police - Radio Towers and Infrastructure	-	-	2.00	-	-	-
Police - Equipment	-	-	-	130	-	-
Police - Public Safety Complex (Non-Training Portion)	25,034	-	-	-	-	-
Police - Complex 2	29,523	-	-	-	-	-
Police - Complex 3 - Land Acquisition (5 acres of Pima/Meridian Park)	-	5.00	-	-	-	-
Police - Fleet Facility	-	-	-	-	1	
Police - Parking Structure	-	-	-	-	-	263
Police - Complex 3	30,345	-	-	-	-	-
Project Management Costs	-	-	-	-	-	-
Total	**84,902**	**5.00**	**2**	**130**	**1**	**263**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Police)

IV. Future Facility Cost							
Police Facilities	**Building SF**	**Land Ac.**	**Radio Towers**	**Vehicles**	**Fleet Facility**	**Parking Spaces**	**Total**
Police - Radio Towers and Infrastructure	-	-	$4,000,000	-	-	-	$4,000,000
Police - Equipment	-	-	-	$8,831,000	-	-	$8,831,000
Police - Public Safety Complex (Non-Training Portion)	$31,160,621	-	-	-	-	-	$31,160,621
Police - Complex 2	$29,827,100	-	-	-	-	-	$29,827,100
Police - Complex 3 - Land Acquisition (5 acres of Pima/Meridian Park)	-	$2,500,000	-	-	-	-	$2,500,000
Police - Fleet Facility	-	-	-	-	$13,000,000	-	$13,000,000
Police - Parking Structure	-	-	-	-	-	$15,000,000	$15,000,000
Police - Complex 3	$33,325,345	-	-	-	-	-	$33,325,345
Project Management Costs	$4,972,764	$0	$210,905	$0	$685,440	$790,892	$6,660,000
Total	**$99,285,830**	**$2,500,000**	**$4,210,905**	**$8,831,000**	**$13,685,440**	**$15,790,892**	**$144,304,066**
Total Cost Per	***$1,169.42***	***$500,000.00***	***$2,105,452.27***	***$67,930.77***	***$13,685,439.78***	***$60,041.41***	

V. Allocation to New Development				
Facility Type	Facility Units	Facilities Units Funded by New Development	Cost Per Facility Unit	Total Cost Assigned to New Development
Buildings	Square Feet	9,054.18	$1,169.42	$10,588,115
Land	Acres	3.93	$500,000.00	$1,967,297
Radio Towers	Units	0.00	$2,105,452	$0
Vehicles	Vehicle	61.15	$67,930.77	$4,154,206
Fleet Facility	Units	0.58	$13,685,440	$7,895,405
Parking	Space	96.35	$60,041.41	$5,784,729
Total			[a]	**$30,389,752**
Maximum Eligible Facilities Cost			*[b]*	***$144,304,066***
Police Facilities Funded with Impact Fees			[c] = min ([a], [b])	**$30,389,752**
Remaining Cost Funded from Other Sources			*[d] = [b] - [c]*	***$113,914,314***

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Fire)

I. Existing Facility Standard		[a]	[b]	[c] = [a] / ([b] / 1,000)
Facility Type [2]	Facility Units	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
Buildings	Square Feet	67,834	34,362	1,974.13
Land	Acres	21.55	34,362	0.63
Ladder Truck	Vehicle	2	34,362	0.06
Fire Truck	Vehicle	4	34,362	0.12
Ambulance	Vehicle	1	34,362	0.03
Hazmat Unit	Vehicle	0	34,362	0.00
Other Vehicles	Vehicle	17	34,362	0.49

II. Future Facility Standard		[a]	[b]	[c] = [a] x ([b] / 1,000)
Facility Type [2]	Facility Units	Facility Units per 1,000 EDUs	Total Future EDUs	Facilities Units Funded by New Development
Buildings	Square Feet	1,974.13	19,824	39,134.80
Land	Acres	0.63	19,824	12.43
Ladder Truck	Vehicle	0.06	19,824	1.15
Fire Truck	Vehicle	0.12	19,824	2.31
Ambulance	Vehicle	0.03	19,824	0.58
Hazmat Unit	Vehicle	0.00	19,824	0.00
Other Vehicles	Vehicle	0.49	19,824	9.81

III. Future Facility Units

Fire Facilities	Building SF	Land Ac.	Ladder Truck Veh.	Fire Truck Veh.	Ambulance Veh.	Hazmat Unit Veh.	Other Vehicles
Fire - Public Safety Complex (Non-Training Portion)	15,737						
Fire Station #6 Design and Construction	13,000						
Fire Station #6 Fire Truck and Equipment				1			
Fire Station #6 Ambulance					1		
Fire Station #7 (ASLD) - Land		3.00					
Fire Station #7 (ASLD) - Design and Construction	13,000						
Fire Station #7 (ASLD) - Ladder Tender and Equipment				1			
Fire Station #7 (ASLD) - Ladder Truck and Equipment			1				
Fire Station #7 (ASLD) - Hazmat Unit						1	
Fire Station #8 (Box Canyon) - Land, Design, Construction, Equipment							
Fire Station #8 - Land		3.00					
Fire Station #8 - Design and Construction	13,000						
Fire Station #8 - Ladder Tender and Equipment				1			
Fire Station #8 - Ladder Truck and Equipment			1				
Project Management Costs							
Total	**54,737**	**6.00**	**2**	**3**	**1**	**1**	**0**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Fire)

IV. Future Facility Cost

Fire Facilities	Building	Land	Ladder Truck	Fire Truck	Ambulance	Hazmat Unit	Other Vehicles	Total
Fire - Public Safety Complex (Non-Training Portion)	$9,092,111							$9,092,111
Fire Station #6 Design and Construction	$13,728,000							$13,728,000
Fire Station #6 Fire Truck and Equipment				$1,488,750				$1,488,750
Fire Station #6 Ambulance					$450,000			$450,000
Fire Station #7 (ASLD) - Land		$1,432,000						$1,432,000
Fire Station #7 (ASLD) - Design and Construction	$13,730,000							$13,730,000
Fire Station #7 (ASLD) - Ladder Tender and Equipment				$1,488,750				$1,488,750
Fire Station #7 (ASLD) - Ladder Truck and Equipment			$2,489,280					$2,489,280
Fire Station #7 (ASLD) - Hazmat Unit						$2,000,000		$2,000,000
Fire Station #8 (Box Canyon) - Land, Design, Construction, Equipment								$0
Fire Station #8 - Land		$1,183,970						$1,183,970
Fire Station #8 - Design and Construction	$13,700,000							$13,700,000
Fire Station #8 - Ladder Tender and Equipment				$1,488,750				$1,488,750
Fire Station #8 - Ladder Truck and Equipment			$2,489,280					$2,489,280
Project Management Costs	$3,180,000	$0	$0	$0	$0	$0	$0	$3,180,000
Total	**$53,430,111**	**$2,615,970**	**$4,978,560**	**$4,466,250**	**$450,000**	**$2,000,000**	**$0**	**$67,940,891**
Total Cost Per	***$976.12***	***$435,995.00***	***$2,489,280.00***	***$1,488,750.00***	***$450,000.00***	***$2,000,000.00***	***$0.00***	

V. Allocation to New Development

Facility Type	Facility Units	Facilities Units Funded by New Development	Cost Per Facility Unit	Total Cost Assigned to New Development
Buildings	Square Feet	39,134.80	$976	$38,200,421
Land	Acres	12.43	$435,995	$5,420,563
Ladder Truck	Vehicle	1.15	$2,489,280	$2,872,231
Fire Truck	Vehicle	2.31	$1,488,750	$3,435,559
Ambulance	Vehicle	0.58	$450,000	$259,614
Hazmat Unit	Vehicle	0.00	$2,000,000	$0
Other Vehicles	Vehicle	9.81	$0	$0
Total			[a]	**$50,188,389**
Maximum Eligible Facilities Cost			*[b]*	***$67,940,891***
Fire Facilities Funded with Impact Fees			[c] = min ([a], [b])	**$50,188,389**
Remaining Cost Funded from Other Sources			*[d] = [b] - [c]*	***$17,752,502***

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Parks and Trails)

I. Existing Facility Standard		[a]	[b]	[c] = [a] / ([b] / 1,000)
Facility Type	Facility Units	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
Desert Mountain Park	Acres	29.00	30,267	0.96
Pup for Parks	Acres	1.00	30,267	0.03
Founders Park	Acres	11.00	30,267	0.36
Mansel Carter (Phase 1)	Acres	48.00	30,267	1.59
Frontier Family Park	Acres	85.00	30,267	2.81
Mansel Carter (Phase 2)	Acres	13	30,267	0.43
HPEC (Old Landfill)	Acres	90.00	30,267	2.97
Total (Park - Land & Improvements)		**277.00**		**9.15**
Queen Creek Wash from Power Rd to Crimson Rd alignment	Linear Ft.	27,456	30,267	907.11
Sonoqui Wash from Power Rd to Ellsworth Rd alignment	Linear Ft.	19,536	30,267	645.45
Multi-Use Trail from Desert Mountain Park to HPEC overflow	Linear Ft.	10,560	30,267	348.89
Multi-Use Trail from Founders Park along Ellsworth Rd	Linear Ft.	1,584	30,267	52.33
Sonoqui Wash - Riggs Road Channel; Hawes to Ellsworth & Ellsworth to Crismon	Linear Ft.	13,153	30,267	434.56
Total (Trails)		**72,289**		**2,388.34**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Parks and Trails)

II. Future Facility Standard		[a]	[b]	[c] = [a] x ([b] / 1,000)
Facility Type [2]	Facility Units	Facility Units per 1,000 EDUs	Total Future EDUs	Facilities Units Funded by New Development
Parks (Land)	Acres	9.15	18,432.92	168.69
Parks (Improvements)	Acres	9.15	18,432.92	168.69
Trails	Linear Ft.	2,388.34	18,432.92	44,024.12

III. Future Facility Units		
Parks Facilities	**Land Ac.**	**Improvement Ac.**
Frontier Family Park (85 acres)	30.00	30.00
Southeast Park Site - Land (74 acres)	30.00	
Southeast Park Site - Construction (74 acres)	0.00	30.00
Pima/Meridian Park Site - Land (52 acres)	30.00	
Pima/Meridian Park - Design and Construction (52 acres)	0.00	30.00
Bosma Parkland Purchase (30 acres)	30.00	
Bosma Park - Design and Construction (30 acres)	0.00	30.00
Project Management Costs		
Total	**120.00**	**120.00**

Trails Facilities	**Linear Ft.**
QC Wash Trail Improvements - Rittenhouse to Meridian	6,937
Sonoqui Wash Power to Recker	5,808
SRP Utility Easement Trail - Ellsworth to Signal Butte	10,560
Trail by Southeast Park Site	6,105
Total	**29,410**

Town of Queen Creek

Development Impact Fee (Update)

Fee Calculation Detail (Parks and Trails)

IV. Future Facility Cost			
Parks Facilities	**Land Ac.**	**Improvement Ac.**	**Total**
Frontier Family Park (85 acres)		$15,084,309	$15,084,309
Southeast Park Site - Land (74 acres)	$9,003,539		$9,003,539
Southeast Park Site - Construction (74 acres)		$30,000,000	$30,000,000
Pima/Meridian Park Site - Land (52 acres)	$13,500,000		$13,500,000
Pima/Meridian Park - Design and Construction (52 acres)		$30,000,000	$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	$0	$6,230,000	$6,230,000
Total	**$37,503,539**	**$111,314,309**	**$148,817,848**
Total Cost Per	***$312,529***	***$927,619***	

Trails Facilities	**Linear Ft.**
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**
Total Cost Per	***$392***

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Parks and Trails)

V. Allocation to New Development

Facility Type	Facility Units	Facilities Units Funded by New Development	Cost Per Facility Unit	Total Cost Assigned to New Development
Parks (Land)	Acres	168.69	$312,529	$52,721,675
Parks (Improvements)	Acres	168.69	$927,619	$156,483,282
Total			*[a]*	**$209,204,957**
Maximum Eligible Facilities Cost			*[b]*	***$148,817,848***
Parks Funded with Impact Fees			*[c] = min ([a], [b])*	**$148,817,848**
Remaining Cost Funded from Other Sources			*[d] = [b] - [c]*	***$0***

Facility Type	Facility Units	Facilities Units Funded by New Development	Cost Per Facility Unit	Total Cost Assigned to New Development
Trails	Linear Ft.	44,024.12	$392	$17,266,421
Total			*[a]*	**$17,266,421**
Maximum Eligible Facilities Cost			*[b]*	***$11,534,711***
Trails Funded with Impact Fees			*[c] = min ([a], [b])*	**$11,534,711**
Remaining Cost Funded from Other Sources			*[d] = [b] - [c]*	***$0***

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Streets)

I. Existing Facility Standard

Facility Type [2]	Facility Units	Quantity	Total Existing EDUs	Facility Units per 1,000 EDUs
Arterials	Lane Miles	267	35,179	7.59
Traffic Signals	Quantity	87	35,179	2.47

II. Future Facility Standard

Facility Type	Facility Units	Facility Units per 1,000 EDUs	Total Future EDUs	Facilities Units Funded by New Development
Arterials	Lane Miles	7.59	20,374	154.64
Traffic Signals	Quantity	2.473	20,374	50.39

III. Future Facility Units

Transportion Facilities	Total Arterials (Lane Miles)	Arterials (Lane Miles)	Traffic Signals (Quantity)
Ocotillo Road: West of Sossaman Rd to Hawes Rd	6.25	3.00	
Hawes Road: Ocotillo to Rittenhouse	6.25	2.00	
Chandler Heights: Hawes to Ellsworth	5.00	0.50	
Chandler Heights: Sossaman to Hawes	4.18	2.30	
Signal Butte: Ocotillo to Queen Creek	1.63	0.33	
Germann Rd: Ellsworth to Crismon	0.33	0.20	
Power Road: Chandler Heights to Riggs	5.00	1.67	
Power Road: Riggs to Hunt Hwy	5.00	3.00	
Ryan Road: Crismon to Signal Butte	3.00	3.00	
Hunt Hwy: Power to Sossaman	5.00	3.00	
Traffic Signal: Ocotillo and Scottland Court			1
Meridian Road: Queen Creek Road to Germann	3.00	3.00	
220th: Queen Creek to Ryan	3.50	2.13	
Sossaman Railroad Crossing at Germann	1.00	1.00	
ASLD Infrastructure Improvements	16.00	9.00	
Ironwood Road Improvements			1
Sossaman: Sonoqui Wash to Chandler Heights	2.00	0.90	
Sossaman: Chandler Heights to Riggs	5.00	1.66	
Hawes: Chandler Heights to Ocotillo	5.00	0.79	
Hawes: Riggs North to Sunset Drive (1/2 mile, 3 lanes)	2.50	0.50	
Southeast Park - Riggs Road (1/4 mile, 3 lanes)	0.80	0.75	
Southeast Park - Crismon Road to Cul-De-Sac (1/4 mile, 3 lanes)	0.80	0.75	
Combs: Meridian to Gantzel - West of Sangria	4.00	0.00	
Ironwood: Pima to Germann	6.00	2.00	
Traffic Signal: Germann Road and 196th Street			1
Traffic Signal: Harvest at Riggs Road			1
Traffic Signal: Signal Butte and Riggs			1
Traffic Signal: Combs at Sangria			1
Traffic Signal: 220th at Queen Creek Road			1
Traffic Signal: Power Road at San Tan			1
Traffic Signal: Ocotillo at Recker (IGA with Gilbert)			1
Traffic Signal: Riggs at 206th			1
Traffic Signal: Queen Creek at 188th			1
Traffic Signal: Gary Road and Grange Parkway			1
Traffic Signal: Ellsworth at San Tan Blvd			1
Traffic Signal: Riggs at Crismon High School			1
Total	**91.24**	**41.48**	**14**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Streets)

IV. Future Facility Cost

Transportion Facilities	Arterials	Traffic Signals	Total
Ocotillo Road: West of Sossaman Rd to Hawes Rd	$9,840,138		$9,840,138
Hawes Road: Ocotillo to Rittenhouse	$3,334,295		$3,334,295
Chandler Heights: Hawes to Ellsworth	$3,336,500		$3,336,500
Chandler Heights: Sossaman to Hawes	$10,549,879		$10,549,879
Signal Butte: Ocotillo to Queen Creek	$1,387,930		$1,387,930
Germann Rd: Ellsworth to Crismon	$3,150,000		$3,150,000
Power Road: Chandler Heights to Riggs	$11,722,254		$11,722,254
Power Road: Riggs to Hunt Hwy	$5,183,713		$5,183,713
Ryan Road: Crismon to Signal Butte	$6,127,905		$6,127,905
Hunt Hwy: Power to Sossaman	$3,267,000		$3,267,000
Traffic Signal: Ocotillo and Scottland Court		$1,000,000	$1,000,000
Meridian Road: Queen Creek Road to Germann	$7,592,883		$7,592,883
220th: Queen Creek to Ryan	$3,299,986		$3,299,986
Sossaman Railroad Crossing at Germann	$4,625,751		$4,625,751
ASLD Infrastructure Improvements	$44,218,060		$44,218,060
Ironwood Road Improvements		$895,926	$895,926
Sossaman: Sonoqui Wash to Chandler Heights	$10,560,000		$10,560,000
Sossaman: Chandler Heights to Riggs	$3,583,500		$3,583,500
Hawes: Chandler Heights to Ocotillo	$14,000,000		$14,000,000
Hawes: Riggs North to Sunset Drive (1/2 mile, 3 lanes)	$6,450,000		$6,450,000
Southeast Park - Riggs Road (1/4 mile, 3 lanes)	$3,225,000		$3,225,000
Southeast Park - Crismon Road to Cul-De-Sac (1/4 mile, 3 lanes)	$3,225,000		$3,225,000
Combs: Meridian to Gantzel - West of Sangria	$1,250,000		$1,250,000
Ironwood: Pima to Germann	$30,000,000		$30,000,000
Traffic Signal: Germann Road and 196th Street		$1,831,505	$1,831,505
Traffic Signal: Harvest at Riggs Road		$1,200,000	$1,200,000
Traffic Signal: Signal Butte and Riggs		$1,425,000	$1,425,000
Traffic Signal: Combs at Sangria		$1,375,000	$1,375,000
Traffic Signal: 220th at Queen Creek Road		$1,250,000	$1,250,000
Traffic Signal: Power Road at San Tan		$420,000	$420,000
Traffic Signal: Ocotillo at Recker (IGA with Gilbert)		$750,000	$750,000
Traffic Signal: Riggs at 206th		$1,500,000	$1,500,000
Traffic Signal: Queen Creek at 188th		$303,963	$303,963
Traffic Signal: Gary Road and Grange Parkway		$341,907	$341,907
Traffic Signal: Ellsworth at San Tan Blvd		$381,735	$381,735
Traffic Signal: Riggs at Crismon High School		$297,871	$297,871
Project Management Costs	$9,145,340	$624,660	$9,770,000
Total	**$199,075,134**	**$13,597,567**	**$212,672,701**
Total Cost Per	***$2,181,884***	***$971,255***	

V. Allocation to New Development (Overall)

Facility Type	Facility Units	Facilities Units Funded by New Development	Cost Per Facility Unit	Total Cost Assigned to New Development
Arterials	Lane Miles	154.64	$2,181,884	$337,397,387
Traffic Signals	Quantity	50.39	$971,255	$48,938,556
Total			*[a]*	**$386,335,943**
Maximum Eligible Facilities Cost			*[b]*	***$212,672,701***
Transportation Facilities Funded with Impact Fees			*[c] = min ([a], [b])*	**$212,672,701**

VI. Allocation to New Development (By Facility Type)

Facility Type	Facility Units	Total Cost Assigned to New Development	Maximum Eligible Facilities Cost	Transportation Facilities Funded with Fees	% of Total Eligible Costs
Arterials	Lane Miles	$337,397,387	$199,075,134	$199,075,134	100.00%
Traffic Signals	Quantity	$48,938,556	$13,597,567	$13,597,567	100.00%
Total		**$386,335,943**	**$212,672,701**	**$212,672,701**	**100.00%**

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Public Safety)

	Growth	
EDUs	**Years 1 thru 10**	
	Res Units / NR SF	Demand Units
Single Family	11,715	11,715
Multi-family	4,513	3,526
Commercial	2,278,326	1,810
Office/Other	721,409	376
Industrial	7,513,766	2,397
Total EDUs	**NA**	**19,824**

Police Facilities

Existing Debt	Debt Service (2024 - 2033)	$0	$0
IIP	No Debt	$1,533	$30,389,752

Gross Impact Fee	***$1,533***	***$30,389,752***
Single Family	$1,532.99	$17,958,967
Multi-family	$1,197.59	$5,404,732
Commercial	$1.22	$2,774,755
Office/Other	$0.80	$576,184
Industrial	$0.49	$3,675,113
Cash Balance From Impact Fees	($110)	($2,179,972)
Construction Tax Offset	($1,001)	($19,840,197)
Net Impact Fee	**$422**	**$8,369,584**
Single Family	$422.20	$4,946,045
Multi-family	$329.83	$1,488,507
Commercial	$0.34	$764,190
Office/Other	$0.22	$158,686
Industrial	$0.13	$1,012,156

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Public Safety)

	Growth	
EDUs	**Years 1 thru 10**	
	Res Units / NR SF	Demand Units
Single Family	11,715	11,715
Multi-family	4,513	3,526
Commercial	2,278,326	1,810
Office/Other	721,409	376
Industrial	7,513,766	2,397
Total EDUs	**NA**	**19,824**

Fire Facilities			
Existing Debt	Debt Service (2024 - 2033)	$300	$5,956,625
IIP	No Debt	$2,532	$50,188,389
Gross Impact Fee		***$2,832***	***$56,145,014***
Single Family		$2,832.19	$33,179,159
Multi-family		$2,212.55	$9,985,233
Commercial		$2.25	$5,126,356
Office/Other		$1.48	$1,064,499
Industrial		$0.90	$6,789,766
Cash Balance From Impact Fees		$0	$0
Construction Tax Offset		($1,992)	($39,487,302)
Net Impact Fee		**$840**	**$16,657,712**
Single Family		$840.29	$9,843,953
Multi-family		$656.44	$2,962,527
Commercial		$0.67	$1,520,943
Office/Other		$0.44	$315,827
Industrial		$0.27	$2,014,461

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Parks)

EDUs	Growth *Years 1 thru 10* Res Units / NR SF	Growth *Years 1 thru 10* Demand Units
Single Family	11,715	11,715
Multi-family	4,513	3,526
Commercial	2,278,326	605
Office/Other	721,409	309
Industrial	7,513,766	2,278
Total EDUs		**18,433**

Park Facilities			
Existing Debt	Debt Service (2024 - 2033)	$0	$0
IIP	No Debt	$8,073	$148,817,848

Gross Impact Fee	***$8,073***	***$148,817,848***
Single Family	$8,073.48	$94,580,844
Multi-family	$6,307.11	$28,464,006
Commercial	$2.15	$4,887,187
Office/Other	$3.45	$2,491,702
Industrial	$2.45	$18,394,110
Cash Balance From Impact Fees	($1,558)	($28,709,510)
Construction Tax Offset	($4,583)	($84,473,293)
Net Impact Fee	**$1,933**	**$35,635,044**
Single Family	$1,933.23	$22,647,771
Multi-family	$1,510.26	$6,815,823
Commercial	$0.51	$1,170,257
Office/Other	$0.83	$596,648
Industrial	$0.59	$4,404,545

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Trails)

EDUs	Growth *Years 1 thru 10* Res Units / NR SF	Growth *Years 1 thru 10* Demand Units
Single Family	11,715	11,715
Multi-family	4,513	3,526
Commercial	2,278,326	605
Office/Other	721,409	309
Industrial	7,513,766	2,278
Total EDUs		**18,433**

Trail Facilities			
Existing Debt	Debt Service (2024 - 2033)	$0	$0
IIP	No Debt	$626	$11,534,711

Gross Impact Fee	***$626***	***$11,534,711***
Single Family	$625.77	$7,330,859
Multi-family	$488.86	$2,206,214
Commercial	$0.17	$378,801
Office/Other	$0.27	$193,129
Industrial	$0.19	$1,425,708
Cash Balance From Impact Fees	($196)	($3,611,989)
Construction Tax Offset	($302)	($5,572,123)
Net Impact Fee	**$127.52**	**$2,350,599**
Single Family	$127.52	$1,493,918
Multi-family	$99.62	$449,593
Commercial	$0.03	$77,194
Office/Other	$0.05	$39,357
Industrial	$0.04	$290,538

Town of Queen Creek
Development Impact Fee (Update)
Fee Calculation Detail (Streets)

	Growth	
EDUs	*Years 1 thru 10*	
	Res Units / NR SF	Demand Units
Single Family	11,715	11,715
Multi-family	4,513	3,050
Commercial	2,278,326	2,549
Office/Other	721,409	345
Industrial	7,513,766	2,715
Total EDUs	**NA**	**20,374**

Transportation Facilities

Existing Debt	Debt Service (2024 - 2033)	$166	$3,373,882
IIP	No Debt	$4,384	$89,322,534

Gross Impact Fee	***$4,550***	***$92,696,416***
Single Family	$4,549.74	$53,300,169
Multi-family	$3,074.93	$13,877,151
Commercial	$5.09	$11,595,011
Office/Other	$2.18	$1,571,625
Industrial	$1.64	$12,352,460
Cash Balance From Impact Fees	($543)	($11,058,319)
Construction Tax Offset	($2,818)	($57,416,821)
Net Impact Fee	**$1,189**	**$24,221,276**
Single Family	$1,188.83	$13,927,163
Multi-family	$803.47	$3,626,055
Commercial	$1.33	$3,029,739
Office/Other	$0.57	$410,660
Industrial	$0.43	$3,227,658

APPENDIX B

Town of Queen Creek
DRAFT Land Use Assumptions, Infrastructure Improvement Plan,
and Development Impact Fee Study

ANALYSIS OF POTENTIAL IMPACT FEE CREDITS

Analysis of Potential Impact Fee Credits
Town of Queen

Prepared for:

Town of Queen Creek

January 2024

Prepared by:

Elliott D. Pollack & Company
7505 East 6th Avenue, Suite 100
Scottsdale, Arizona 85251

Analysis of Potential Impact Fee Credits
Town of Queen Creek

Summary of Conclusions

The purpose of this analysis is to assess the potential revenue that may be generated from new development to the Town's Operating Budget and whether that potential revenue should be viewed as a credit against imposed impact fees. An important principle of the Arizona impact fee legislation is that new development should not pay twice for the cost of growth-related facilities – once through impact fees and again through taxes, fees, or other revenue sources that are collected by a city or town and devoted to growth-related improvements.

The Town's non-dedicated revenue from new development in real 2024 dollars on a per capita basis is forecasted to decline in the future. As a result, there will likely be no surplus in the revenue sources of the Operating Budget for growth-related capital improvements. In addition, non-dedicated revenue attributable to new development over the next five years represents on average only 2.6% of total operating revenues. These modest non-dedicated funds will be devoted to operations and needed maintenance and repair of existing facilities.

The Town of Queen Creek's five-year forecast of operating revenues, expenses, and depreciation illustrates the net operating resources that will be available to the Town in the near term. Depreciation expense is a proxy for Town assets that are declining in value from normal wear and tear and eventually will need to be repaired or replaced. As noted in the following table, net operating resources, after subtracting expenditures and depreciation, are negative indicating there will be no surplus in the Operating Budget for growth-related capital improvements.

Forecast of Operating Revenues, Expenses, & Depreciation FY24 - FY 28
Town of Queen Creek

	FY24	FY25	FY26	FY27	FY28
Operating Revenues	$149,946,055	$156,749,784	$162,521,030	$173,601,425	$184,739,430
Operating Expenses	(139,436,331)	(153,524,764)	(160,478,682)	(171,639,278)	(184,466,310)
Annual Depreciation	(26,626,084)	(29,145,451)	(32,410,191)	(33,724,436)	(37,734,036)
Net Operating Resources	(16,116,360)	(25,920,431)	(30,367,843)	(31,762,289)	(37,460,916)

Source: Town of Queen Creek Adopted Budget Fiscal Year 2023-2024

In summary, any non-dedicated revenue that may be generated from new development to the Town's Operating Budget will be used for operations and needed maintenance, repair, and replacement of existing facilities. New development occurring in Queen Creek in the future will not pay twice for the cost of growth-related facilities.

Purpose of Report

The purpose of this analysis is to assess the potential revenue that may be generated from new development to the Town's Operating Budget and whether that potential revenue should be viewed as a credit against imposed impact fees. An important principle of the Arizona impact fee legislation is that new development should not pay twice for the cost of growth-related facilities – once through impact fees and again through taxes, fees, or other revenue sources that are collected by a city or town and devoted to growth-related improvements. To avoid any double payment if it occurs, impact fees should be reduced through analysis of the jurisdiction's budget and financial records. The sections of the Arizona Revised Statutes (ARS) that address this situation are shown below.

> *9-463.05.B.12.*
> *The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.*

> *9-463.05.E.7.*
> *A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, and construction contracting or similar excise taxes attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.*

The methodology used for this analysis is to track operating budget and other revenues that are generated by new residential and commercial development and determine if certain revenues ultimately flow to capital accounts that support the construction of growth-related facilities. The impact fee legislation states which revenues to consider in this analysis: state-shared revenue, highway user's revenue, federal revenue, ad valorem property taxes, and construction contracting or similar excise taxes.

An offset against impact fees is often required when new development is contributing to a funding source that is used to fund the same growth-related improvements as impact fees. There

are several circumstances when a credit or offset may be justified to the impact fees assessed against new development:

- If the community imposes a construction sales tax rate that is more than the transaction privilege tax rate imposed on other sales tax classifications. Under State statute, the excess portion of the construction sales tax is treated as a contribution to the capital costs of necessary public services provided to new development and is considered a credit towards the imposition of impact fees. Queen Creek has a differential construction sales tax rate of 2.0% imposed on new construction in addition to the 2.25% sales tax imposed on retail sales. **The Town specifically treats the revenue generated from the 2.0% construction sales tax rate as an offset to all impact fees and directs it to the Town's Construction Sales Tax Fund which is dedicated to financing growth-related infrastructure projects.**
- If new development will be paying impact fees for a level of service that is higher than the current level of service. In order to correct the existing deficiency in the level of service, revenues generated by new development could contribute to upgrading the level of service for existing development. **Queen Creek's impact fee schedule does not impose a higher level of service for new development; fees are based on the current level of service.**
- If new development will be generating revenue that is used to retire debt on existing facilities serving existing development. At the same time, new development will also be paying for facilities that will serve them through impact fees. Essentially, this is a double payment requiring an offset or credit against impact fees. **Queen Creek is not using excise taxes, state shared revenues, or any other revenues generated from new development to retire existing debt. The Town is meeting its debt service requirements without any new sources of revenue.**

For the Town of Queen Creek, collections from several of the revenue sources that are required to be evaluated under ARS 9-463.05.E.7. are dedicated for specific purposes not related to infrastructure serving new development. Those sources include:

- Property Tax: The Town's property tax is dedicated to Public Safety operations (police and fire). Recently, the Town implemented a policy to freeze property tax revenue and, as a result, the Town's levy rate will be reduced.
- Sales Tax: Of the Town's 2.25% sales tax rate, 2.00% is dedicated to the General Fund and 0.25% is dedicated to the Emergency Services Fund. Studies of spending patterns in the Town demonstrate that approximately 43% of retail sales at brick-and-mortar retail stores are generated from persons living outside the Town boundaries. This translates into approximately 24% of total retail sales collected by the Town. Another 55% of restaurant spending also comes from out-of-town residents. In total, approximately 31.8% of all

sales tax revenue is estimated to come from out-of-town residents shopping and dining in Queen Creek. A forecast of future revenues will include a deduction for non-resident spending from the Town's sales tax revenue. (See Appendix for analysis of non-resident retail and restaurant spending).

- HURF: The Town dedicates Highway User Revenues to maintenance of existing roadways and streets. None of these funds are used for capital improvements related to new growth.

As required by ARS 9-463.05.E.7., a forecast of estimated future revenues that will be attributable to new development for the Town of Queen Creek is shown Table 1 which includes both historic and forecasted revenues. The forecast starts with a five-year estimate of the future population and employment growth of the Town and expected revenues from sales taxes, construction sales taxes, state share revenues, HURF and property taxes. Revenues are then reduced to a per capita estimate (which includes population and employment); the sales tax forecast is also reduced for non-resident spending.

The last section of the table displays the future revenue that may be attributable to new development. Values are derived by multiplying the per capita revenue estimate by the annual increase in population and employment. Revenue is expressed in both nominal dollars (inflated) and real or current 2024 dollars. From FY2024 through FY2028, revenue attributable to new development will average nearly $5.47 million each year. In current 2024 dollars, average annual revenue is $5.27 million at a 2.5% rate of inflation.

Table 1

Estimated Revenue Attributable to New Development
Town of Queen Creek - Operating Budget

Queen Creek Historic Growth & Forecast	Historic Growth						Forecast				
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Population	49,322	53,054	60,819	66,275	70,956	76,752	83,700	89,000	95,300	99,200	102,400
Employment	15,466	15,928	16,389	16,712	17,042	17,378	17,721	18,070	18,427	18,790	19,161
Total Population & Employment	64,788	68,982	77,208	82,987	87,998	94,130	101,421	107,070	113,727	117,990	121,561
Annual Increase in Population & Employment	**8,370**	**4,194**	**8,226**	**5,779**	**5,011**	**6,132**	**7,291**	**5,650**	**6,656**	**4,263**	**3,571**
Revenues	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Total Sales Tax Excluding Construction	$19,037,451	$22,118,428	$26,622,248	$34,392,052	$40,872,318	$45,078,237	$50,085,933	$53,886,800	$58,492,600	$63,466,800	$68,839,000
Sales Tax - Non-Resident Spending	($6,046,995)	($7,025,627)	($8,456,206)	($10,924,181)	($12,982,552)	($14,318,507)	($15,909,136)	($17,116,431)	($18,579,402)	($20,159,391)	($21,865,800)
Sales Tax - Resident Spending	$12,990,456	$15,092,802	$18,166,043	$23,467,870	$27,889,766	$30,759,730	$34,176,797	$36,770,369	$39,913,198	$43,307,409	$46,973,200
Sales Tax Construction											
Operating Budget	$7,288,155	$8,434,075	$10,768,354	$14,684,431	$17,558,679	$19,423,452	$19,115,156	$17,284,400	$13,253,100	$13,167,900	$13,467,800
Construction Sales Tax Fund	$6,478,360	$7,496,956	$9,571,871	$13,052,827	$15,607,714	$17,265,290	$16,991,250	$15,363,885	$11,780,479	$11,704,729	$11,971,360
State Shared Sales and Income Tax/VLT	$9,331,762	$10,423,150	$11,773,272	$15,472,592	$18,560,660	$25,307,287	$32,658,700	$33,101,900	$34,342,500	$37,560,400	$40,744,600
HURF	$2,336,392	$2,697,128	$3,026,965	$3,429,900	$3,973,441	$5,172,750	$5,271,853	$5,838,900	$6,328,300	$6,832,400	$7,316,000
Property Tax	$6,234,137	$7,022,388	$8,344,964	$9,779,705	$11,111,319	$12,470,641	$13,285,644	$14,037,700	$14,850,200	$15,152,500	$15,553,300
Total Revenue Excluding Construction Tax Fund	**$38,180,902**	**$43,669,543**	**$52,079,598**	**$66,834,498**	**$79,093,864**	**$93,133,860**	**$104,508,150**	**$107,033,269**	**$108,687,298**	**$116,020,609**	**$124,054,900**
Per Capita Revenues	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Total Sales Tax Excluding Construction	$294	$321	$345	$414	$464	$479	$494	$503	$514	$538	$566
Sales Tax - Non-Resident Spending	($93)	($102)	($110)	($132)	($148)	($152)	($157)	($160)	($163)	($171)	($180)
Sales Tax - Resident Spending	$201	$219	$235	$283	$317	$327	$337	$343	$351	$367	$386
Sales Tax Construction											
Operating Budget	$112	$122	$139	$177	$200	$206	$188	$161	$117	$112	$111
Construction Sales Tax Fund	$100	$109	$124	$157	$177	$183	$168	$143	$104	$99	$98
State Shared Sales and Income Tax/VLT	$144	$151	$152	$186	$211	$269	$322	$309	$302	$318	$335
HURF	$36	$39	$39	$41	$45	$55	$52	$55	$56	$58	$60
Property Tax	$96	$102	$108	$118	$126	$132	$131	$131	$131	$128	$128
Total Revenue Excluding Construction Tax Fund	**$589**	**$633**	**$675**	**$805**	**$899**	**$989**	**$1,030**	**$1,000**	**$956**	**$983**	**$1,021**
Total Revenue in Real 2024 Dollars							**$1,030**	**$975**	**$910**	**$936**	**$925**
Revenue Attributable to New Development	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Total Sales Tax Excluding Construction	$2,459,473	$1,344,830	$2,836,529	$2,395,069	$2,327,281	$2,936,634	$3,600,488	$2,843,313	$3,423,565	$2,293,300	$2,022,010
Sales Tax - Non-Resident Spending	($781,219)	($427,167)	($900,986)	($760,762)	($739,230)	($932,783)	($1,143,648)	($903,141)	($1,087,450)	($728,437)	($642,265)
Sales Tax - Resident Spending	$1,678,254	$917,662	$1,935,543	$1,634,307	$1,588,051	$2,003,851	$2,456,841	$1,940,172	$2,336,115	$1,564,864	$1,379,745
Sales Tax Construction											
Operating Budget	$941,566	$512,803	$1,147,339	$1,022,627	$999,796	$1,265,346	$1,374,116	$912,004	$775,702	$475,807	$395,590
Construction Sales Tax Fund	$836,948	$455,825	$1,019,857	$909,001	$888,708	$1,124,752	$1,221,437	$810,668	$689,510	$422,937	$351,635
State Shared Sales and Income Tax/VLT	$1,205,582	$633,741	$1,254,411	$1,077,514	$1,056,849	$1,648,650	$2,347,710	$1,746,607	$2,010,062	$1,357,202	$1,196,792
HURF	$301,841	$163,989	$322,515	$238,859	$226,249	$336,980	$378,974	$308,087	$370,395	$246,881	$214,893
Property Tax	$805,396	$426,970	$889,134	$681,061	$632,682	$812,403	$955,055	$740,693	$869,180	$547,518	$456,847
Total Revenue in Nominal Dollars	**$4,932,640**	**$2,655,166**	**$5,548,941**	**$4,654,367**	**$4,503,627**	**$6,067,231**	**$7,512,696**	**$5,647,562**	**$6,361,454**	**$4,192,272**	**$3,643,868**
Total Revenue in Real 2024 Dollars							**$7,512,696**	**$5,509,817**	**$6,054,924**	**$3,990,265**	**$3,301,164**

Sources: MAG, AZ Office of Economic Opportunity, Town of Queen Creek, U.S. Consumer Expenditure Survey

As noted earlier in this memo, several revenue sources are dedicated to certain uses or, as in the case of the construction sales tax, must treated as a credit towards the imposition of impact fees. Dedicated revenues are property taxes, HURF, and 0.25% of the 2.25% Town sales tax rate.

Table 2 outlines the total non-dedicated revenue attributable to new development from FY2024 to FY2028. These revenues are forecasted to decline over time from $5.9 million in FY 2024 to $2.8 million in FY 2028. The percentage of non-dedicated revenues to total operating revenues range from 3.9% in FY 2024 to 1.5% in 2028 or a modest average of 2.6% over the next five years. These funds represent such a small percentage of operating funds that they will be directed by the Town to such uses as operations and non-impact fee eligible capital needs such as maintenance, repair, and replacement.

Table 2

Non-Dedicated Revenues Attributable to New Development
Town of Queen Creek Operating Budget

Revenue Attributable to New Development	FY24	FY25	FY26	FY27	FY28
Sales Tax	$3,600,488	$2,843,313	$3,423,565	$2,293,300	$2,022,010
Sales Tax - Non-Resident Spending Reduction	($1,143,648)	($903,141)	($1,087,450)	($728,437)	($642,265)
Sales Tax - Resident Spending	$2,456,841	$1,940,172	$2,336,115	$1,564,864	$1,379,745
Sales Tax - Dedicated 0.25% Tax Rate	($272,982)	($215,575)	($259,568)	($173,874)	($153,305)
Sales Tax Non-Dedicated	**$2,183,858**	**$1,724,597**	**$2,076,546**	**$1,390,990**	**$1,226,440**
Sales Tax - Construction Sale Tax Operating Budget	$1,374,116	$912,004	$775,702	$475,807	$395,590
State Shared Sales, Income Tax, VLT, HURF	$2,347,710	$1,746,607	$2,010,062	$1,357,202	$1,196,792
HURF (All funds are dedicated to road maintenance)	-	-	-	-	-
Property Tax (All tax collections dedicated to public safety)	-	-	-	-	-
Total Non-Dedicated Revenue	**$5,905,685**	**$4,383,208**	**$4,862,311**	**$3,223,999**	**$2,818,822**
Total Revenue From All Sources	$149,946,055	$156,749,784	$162,521,030	$173,601,425	$184,739,430
Non-Dedicated Revenue as Percent of Total Revenue	**3.9%**	**2.8%**	**3.0%**	**1.9%**	**1.5%**

Source: Town of Queen Creek Adopted Budget Fiscal Year 2023-2024, MAG, AZ OEO

As shown in Table 1, per capita non-dedicated revenue in real dollars is forecasted to decline in the future and, as a result, there will likely be no surplus in the Operating Budget revenue sources for growth-related capital improvements. In addition, the Town of Queen Creek's five-year forecast of operating revenues, expenses, and depreciation (Table 3) illustrates the net operating resources that will be available to the Town in the near term. Depreciation expense is essentially a proxy for Town assets that are declining in value from normal wear and tear and eventually will need to be repaired or replaced. As noted on Table 3, net operating resources, after subtracting expenditures and depreciation, are negative indicating there will be no surplus in the Operating Budget for growth-related capital improvements.

Table 3

Forecast of Operating Revenues, Expenses, & Depreciation FY24 - FY 28 Town of Queen Creek					
	FY24	FY25	FY26	FY27	FY28
Operating Revenues	$149,946,055	$156,749,784	$162,521,030	$173,601,425	$184,739,430
Operating Expenses	(139,436,331)	(153,524,764)	(160,478,682)	(171,639,278)	(184,466,310)
Annual Depreciation	(26,626,084)	(29,145,451)	(32,410,191)	(33,724,436)	(37,734,036)
Net Operating Resources	(16,116,360)	(25,920,431)	(30,367,843)	(31,762,289)	(37,460,916)

Source: Town of Queen Creek Adopted Budget Fiscal Year 2023-2024

In summary, any revenue that may be generated from new development to the Town's Operating Budget will be used for operations and needed maintenance, repair, and replacement of existing facilities. New development occurring in Queen Creek in the future will not pay twice for the cost of growth-related facilities.

Appendix – Analysis of Town of Queen Creek Taxable Retail and Restaurant & Bar Sales

Analysis of Town of Queen Creek Taxable Retail and Restaurant & Bar Sales

Prepared for:

Town of Queen Creek

January 2024

Prepared by:

Elliott D. Pollack & Company
7505 East 6th Avenue, Suite 100
Scottsdale, Arizona 85251

Retail and Restaurant & Bar Sales Tax Analysis
Town of Queen Creek

Purpose of Study

The purpose of the study is to evaluate taxable retail and restaurant & bar (R&B) sales in the Town of Queen Creek and how much spending may be occurring in the community by non-residents as of the end of Fiscal Year 2023. In order to conduct this study, a variety of documents were collected and reviewed including those from the Arizona Department of Revenue, Comprehensive Annual Financial Reports from Queen Creek and sales tax data from the Town's Finance Department.

Summary of Findings

Queen Creek has an extremely healthy retail market that is supported by the spending of non-residents. The Town has a well-rounded selection of retail and restaurant offerings that makes the community a destination for residents of Mesa, Gilbert, and the San Tan Valley. Overall, this analysis for FY2023 shows that:

- Approximately 43% of taxable retail sales are estimated to come from non-residents of Queen Creek.
- An estimated 55% of R&B sales are also generated by non-residents.
- Approximately 51% of taxable grocery spending comes from non-residents.

Overall, non-resident taxable retail and R&B sales in Queen Creek totaled an estimated $636 million in FY 2023 or about 45% of total taxable sales spent in retail establishments. This resulted in an estimated $14 million in sales tax revenue to Queen Creek in FY 2023.

E-Commerce sales have grown rapidly in Queen Creek following the pandemic. In FY 2023, E-Commerce represented 21% of all retail sales compared to only 5.5% in FY 2019. The rise in E-Commerce sales is partly due to the lack of residents visiting retail stores during the pandemic as well as better enforcement and record keeping by the Arizona Department of Revenue. However, the extent of E-Commerce sales in Queen Creek is well above national averages. As a result, an adjustment has been made to the total since a portion of E-Commerce sales could be related to commercial or business sales.

Additional findings of this study include the following.

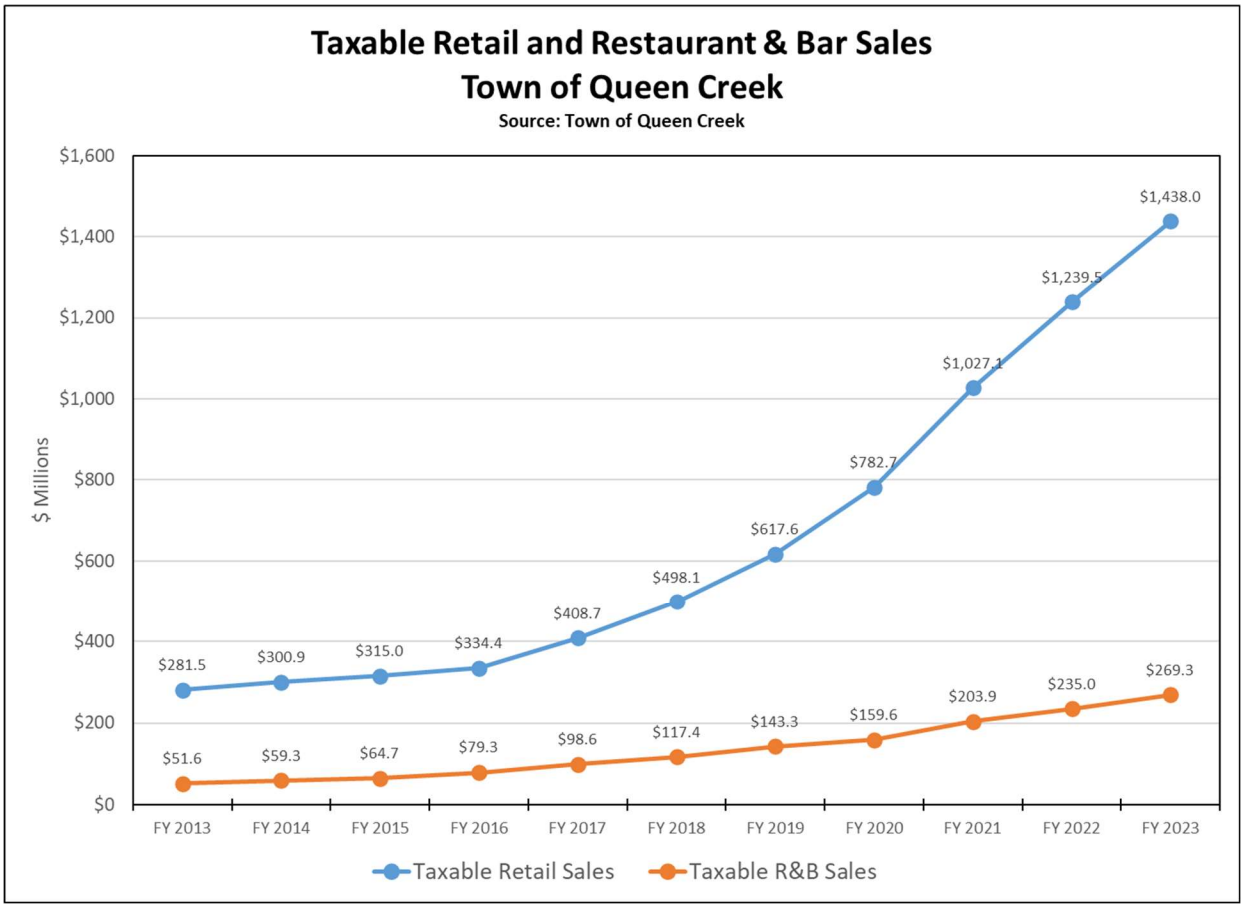
- While there appears to be a significant inflow of retail spending to Queen Creek by non-residents, there is likely leakage of spending by Town residents for certain underdeveloped retail goods and services such as autos, furniture, entertainment, and other big-ticket items that cannot be purchased at brick-and-mortar stores in Queen Creek. This leakage appears to be offset by spending by non-residents in other categories.

- The Town has, whether on purpose or by happenstance, placed a number of retail shopping centers on the Town's western border which attracts non-residents from Gilbert and Chandler. This approach has worked well for Queen Creek by generating retail sales from non-residents.
- The Town needs to recognize that the retail market in and surrounding Queen Creek will change over time. As Eastmark and the San Tan Valley matures, retailers will follow population growth and homebuilding. This will likely affect retail spending in Queen Creek in the distant future, something that the Town should recognize and plan for.

Retail & Restaurant/Bar Taxable Sales History

Overall, Queen Creek's retail sector is extremely healthy. As the following chart demonstrates, the Town has experienced significant increases in its taxable retail and restaurant & bar sales since FY2013. Retail sales increased by 189% since 2018 or at an average annual compounded rate of 21.6% reaching $1.44 billion in FY2023. That rate is well above the annual population growth rate of 9.2% since 2018. Restaurant & bar sales increased at an even higher average annual rate of 33.2% since 2018.

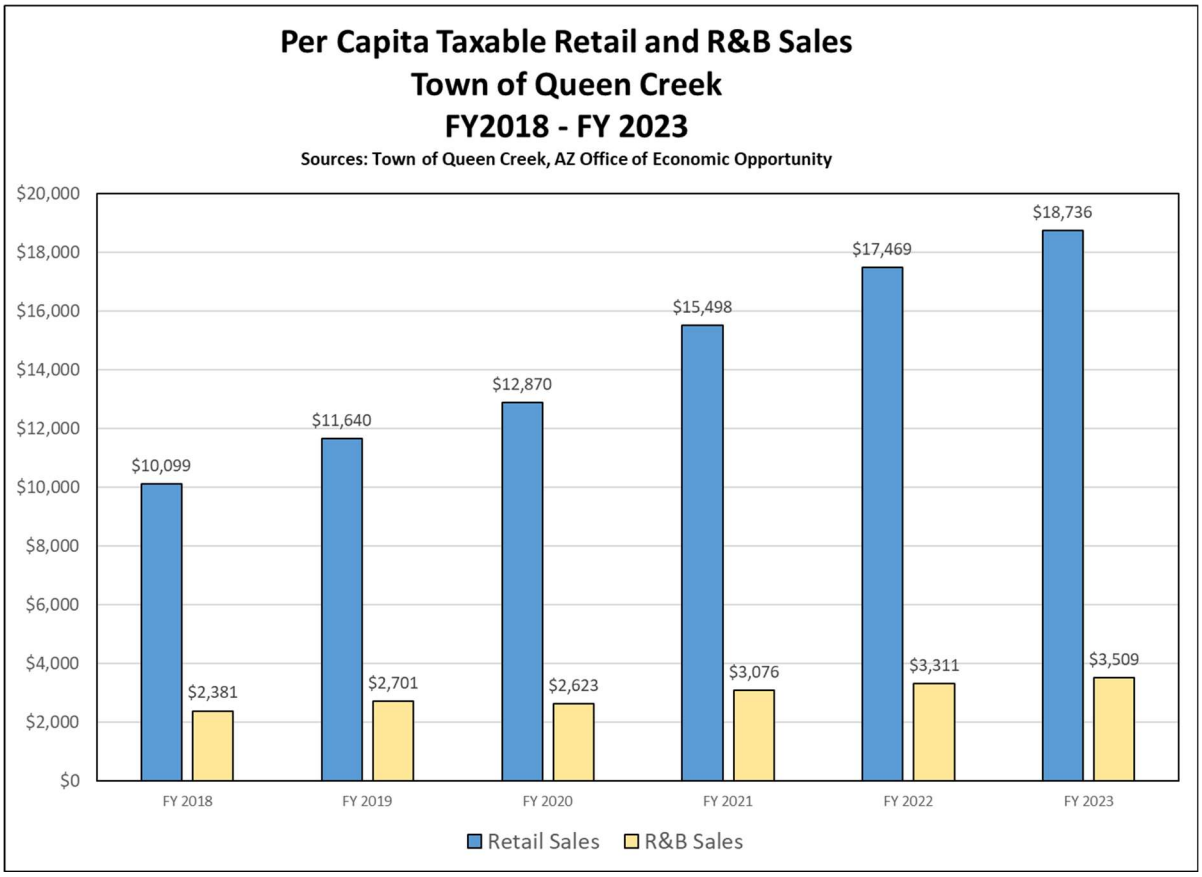
Chart 1



An important consideration in evaluating retail sales is the fact that Queen Creek only has only one auto dealership, an Earnhardt Chrysler, Dodge, Jeep, Ram outlet that opened in FY2018. Auto sales are a significant generator of retail sales taxes. By comparison, Chandler and Gilbert both have several dealerships and generate significant revenue from auto sales. This creates some retail sales spending leakage from Queen Creek to nearby communities.

Chart 2 illustrates the change in per capita taxable retail and R&B sales in Queen Creek from FY2018 through FY2023. Per capita sales have increased much faster than its increase in population. A large increase occurred in FY 2021 due to the impact of the pandemic and the influx of federal dollars that were distributed to businesses and individuals.

Chart 2



Analysis of Taxable Retail Sales From Non-Residents

In order to estimate the amount of retail sales that may be generated from persons living outside the community, the U.S. Consumer Expenditure Survey (CES) was analyzed to determine the spending patterns of a typical household. Retail and restaurant spending is primarily dependent on household income with, quite logically, higher income residents spending more than moderate or lower income households. The U.S. Census, American Community Survey 2022 1-Year Estimates suggest that the average household income in Queen Creek is $151,894. This is one of the highest average incomes in the county and exceeds the average household incomes in Chandler ($130,587) and Gilbert ($138,747). This Census estimate is the basis for the spending analysis.

The following Table 1 outlines the primary assumptions of the analysis. The Town's estimated population of 76,752 persons is derived from the Arizona Office of Economic Opportunity (OEO). At 3.20 persons per household (according to the Census), the town has 24,023 households.

The CES suggests that the typical household earning $151,894 spends an average of $33,293 per year on retail goods that produce sales taxes (Source: CES Table 1110, September 2023). This

estimate includes spending on the purchase or leasing of autos. In order to estimate non-resident spending in Queen Creek, total retail spending must be reduced by the amount of E-Commerce spending that is now tracked by the Arizona Department of Revenue. This spending is directly attributable to Queen Creek residents who are not shopping in local stores. In FY 2023, E-Commerce spending represented 21% of all retail spending in the community, well above the national average of 15%. Considering that a portion of E-Commerce spending could be related to commercial or business spending, the amount of E-Commerce spending overall has been reduced.

The resulting in-store retail spending estimate is shown in Table 1 for groceries, all other retail items, and food away from home which is restaurant and bar spending. Spending per household is multiplied by the number of households to produce potential spending. Estimated retail and grocery spending in stores from Queen Creek residents is $648.8 million; R&B spending is $120.2 million.

Table 1

Estimated Retail & Restaurant Spending Per Resident Household
Town of Queen Creek
Fiscal Year 2023

2023 Queen Creek Population	76,752
Persons/Household	3.20
Households	24,023
Average Household Income	$151,894

Spending Category	Potential Spending	Spending Per Household	% of Income
Estimated Retail, Grocery, & E-Commerce Spending	$799,782,455	$33,293	21.9%
E-Commerce Spending (Adjusted)	($151,026,636)	-$6,287	4.1%
Retail Sales in Stores	**$648,755,819**	**$27,006**	**17.8%**
Grocery Spending in Stores	$163,141,908	$6,791	4.5%
Retail Spending in Stores Excluding Grocery Stores	$485,613,910	$20,215	13.3%
Estimated Restaurant Spending	**$120,204,057**	**$5,004**	**3.3%**

Sources: Town of Queen Creek, US Consumer Expenditure Survey, Census ACS 2022 1-Year Estimates, AZ OEO

Table 2 provides the comparison of potential retail spending by Town residents to reported taxable sales. A surplus of spending indicates that there is an influx of retail spending by persons living outside the community. A deficit or negative number indicates that Town residents are spending a certain amount of money outside the community known as **retail leakage**.

Overall, approximately 43% of taxable retail sales in FY 2023 are estimated to come from non-residents. Likewise, 55% of R&B sales also come from non-residents. This indicates that Queen

Creek's retail establishments and restaurants are a destination for persons living outside of Town boundaries. Non-resident spending most likely comes from residents of the San Tan Valley and Mesa, particularly Eastmark, which do not yet have substantial retail development to provide a broad variety of goods and services to residents of those areas. To a lesser extent, some spending also likely comes from residents of Gilbert.

Table 2

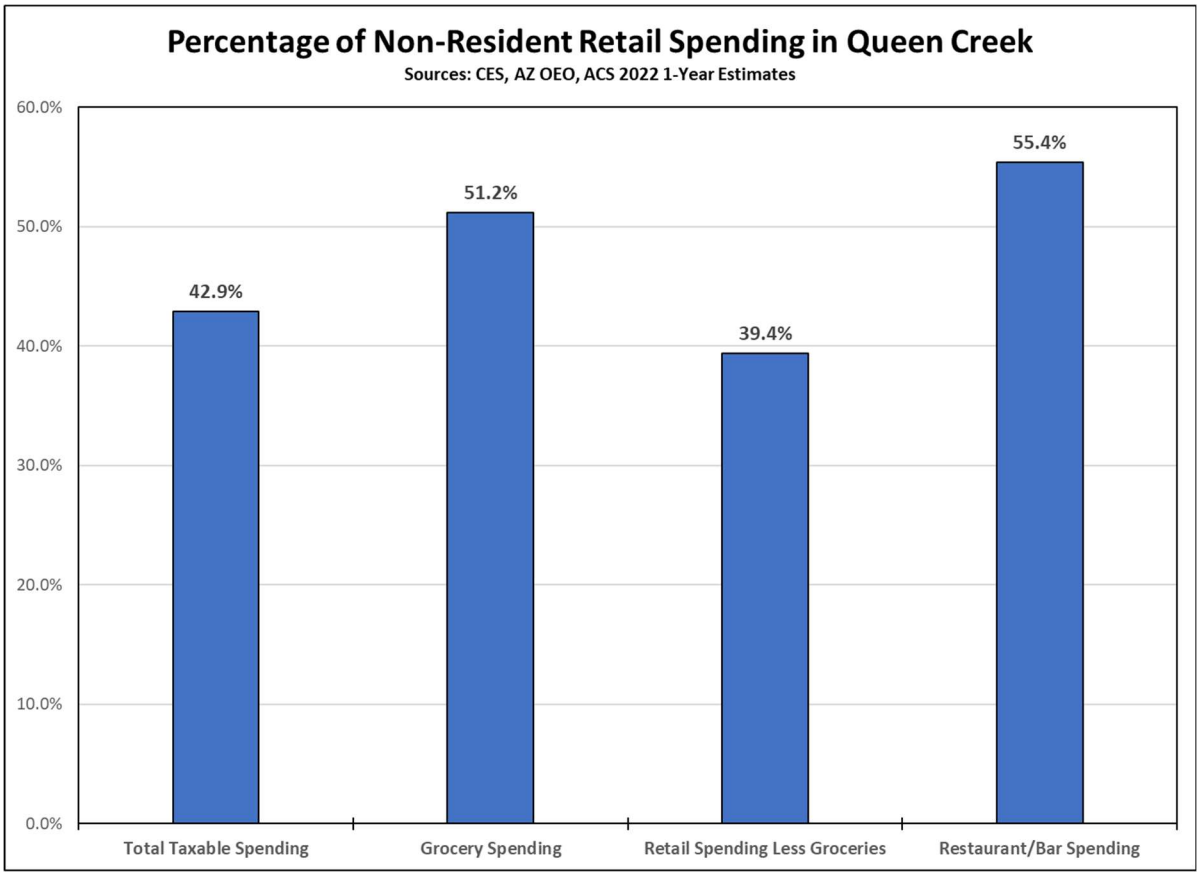
Estimated Resident & Non-Resident Retail Spending
FY2023
Town of Queen Creek

Spending Category	Queen Creek Taxable Sales	Queen Creek Resident Spending	Non-Resident Surplus (Deficit)	Percent Non-Resident Spending
Estimated Taxable Retail Spending Excluding E-Commerce	$1,135,994,468	$648,755,819	$487,238,649	42.9%
Grocery Spending	$334,369,436	$163,141,908	$171,227,527	51.2%
Retail Spending Less Groceries	$801,625,032	$485,613,910	$316,011,122	39.4%
Estimated Restaurant/Bar Spending	$269,343,495	$120,204,057	$149,139,437	55.4%
Total Retail and Restaurant/Bar Spending	**$1,405,337,963**	**$768,959,876**	**$636,378,087**	**45.3%**
Total Retail and Restaurant/Bar Tax Collections	**$31,620,104**	**$17,301,597**	**$14,318,507**	**45.3%**

Note: Taxable retail sales have been reduced by estimated E-Commerce or internet sales that do not occur at local stores.
Sources: Town of Queen Creek, U.S. Consumer Expenditure Survey, U.S. Census

Grocery spending shows a higher percentage of non-resident taxable spending of 51%. The presence of Walmart, Target, Sprouts, and now Costco in Queen Creek assists in attracting non-residents to the community for grocery goods. Chart 3 summarizes the percentage of non-resident spending in Queen Creek.

Chart 3



Conclusions

The above analysis suggests that Queen Creek has an extremely healthy retail market and is, in many cases, a destination for non-residents by virtue of the community's well-rounded retail and restaurant offerings. The following is a summary of the major findings.

- While there appears to be a significant inflow of retail spending to Queen Creek by non-residents, there is likely leakage of spending by Town residents for certain retail goods. Those goods include autos, furniture, and other big-ticket items that cannot be purchased at brick-and-mortar stores in Queen Creek. Queen Creek's only auto dealership offsets this leakage to some extent.
- The Town has, whether on purpose or by happenstance, placed a number of retail centers on the Town's western border which attracts non-residents from Gilbert and Chandler. Those centers include two grocery stores, a Home Depot, and numerous smaller retailers. This approach has worked well for Queen Creek.
- The Town needs to recognize that the retail market in and surrounding Queen Creek will change over time. As Eastmark continues to evolve and the San Tan Valley matures, retailers will follow population growth and homebuilding. This will likely affect retail

spending in Queen Creek in the distant future, something that the Town should recognize and plan for.

www.FinanceDTA.com

18201 VON KARMAN AVENUE, SUITE 220
IRVINE, CA 92612
PHONE: (800) 969-4DTA

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds