



TOWN OF
QUEEN CREEK
ARIZONA

12.B

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: BRUCE GARDNER, TOWN MANAGER
FROM: SCOTT MCCARTY, DEPUTY TOWN MANAGER/CFO
RE: CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION NO. 1617-24 ADOPTING A NOTICE OF INTENT TO ASSESS DEVELOPMENT IMPACT FEES (PUBLISHING THE 2024 DEVELOPMENT IMPACT FEE STUDY) AND SETTING A PUBLIC HEARING FOR DECEMBER 18, 2024, IN COMPLIANCE WITH STATE LAW.
DATE: November 6, 2024

Suggested Action:

Approve Resolution No. 1617-24 as presented.

Relevant Council Goal(s):

- Effective Government: KRA Financial Management, Internal Services & Sustainability

Discussion:

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

The 2024 Development Impact Fee Report has the following fees:

1. Police;
2. Fire;
3. Streets;
4. Parks; and
5. Trails

Arizona law is very prescriptive in the processes for municipalities to update impact fees.

Updating development impact fees is a two-step process. The first step requires an update to the Land Use Assumptions and Infrastructure Improvement Plans. This first step was completed on June 19, 2024, when adopted by the Town Council.

This agenda item marks the beginning of the second step, updating the fees. The process to update the impact fees will take about seven months as shown in the calendar below. The effective date of new fees is scheduled to be May 12, 2025.

Proposed Impact Fee Update Schedule

Action	Date
Adopt Notice of Intent to Assess Development Impact Fees and Set a Public Hearing Date	November 6, 2024 Council Meeting (TONIGHT)
Publish Notice of Intent to Adopt Development Impact Fees (2024 Development Impact Fee Study)	November 7, 2024
30-Day Notice Period	
Conduct Public Hearing on Development Impact Fee Study	December 18, 2024 Council Meeting
30-60 Day Waiting Period	
Adopt the 2024 Development Impact Fee Study	February 5, 2025 Council Meeting
75-Day Waiting Period	
Impact Fee Effective Date	May 12, 2025

Fiscal Impact:

Development impact fees are calculated to cover the growth share of development. Over the 10-year planning period, impact fees are expected to generate \$87 million.

Fees for all five land use categories: single-family, multi-family, commercial, office/other and industrial are decreasing. The decrease in fees is mainly the result of the \$207 million projected to be received from the Town’s 2% dedicated construction sales tax. This sales tax is a dollar-for-dollar reduction of impact fees.

The attached presentation provides a thorough explanation of how the fees were calculated and other related financial information.

Alternatives:

The proposed impact fees are the maximum fees that may be legally charged for new development. Town Council may set the fees at a lower amount.

Attachment(s):

1. [Resolution No. 1617-24, inclusive of Exhibit A \(the 2024 Development Impact Fee Study\)](#)
2. [Presentation](#)