

**Town of Queen Creek
Development Impact Fee
FY 2015-16
Annual Report**

****Reissued****



Date Reissued: June 8, 2017

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BACKGROUND

Development Impact Fees

Development impact fees are one-time payments used to construct improvements needed to accommodate new development. They are assessed on both residential and nonresidential growth. The Town's development impact fees are based on one, town wide service area. The fees are collected at the time a building permit is issued for residential, commercial or other non-residential development. The Town collects the following six development impact fees:

- Parks and Recreation
- Town Facilities
- Transportation Facilities
- Library Facilities
- Police Facilities
- Fire Facilities

Authorization and Purpose

Under Authority of Arizona Statute (ARS) 9-463.05, municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality, associated with providing necessary public services to development. The development impact fees must be based on an Infrastructure Improvement Plan (IIP). The amount of the impact development fee must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to serve new development. Development impact fees are calculated based a development fee study which was prepared in accordance with state law and is available on the Town's website.

Annual Reporting Requirements

Legislation adopted and signed into law in 2005, and then amended in 2011, requires an annual report be prepared to account for the collection and use of development fees. The report is prepared on a cash basis. The report is due within 90 days of the end of each fiscal year and is required to be maintained in the Town Clerk's Office. For the FY 2015-16 reporting period, the report is required to be filed by September 28, 2016. The information provided in this report includes development impact fee revenues and expenses for FY 2015-16 and beginning and ending balances.

The law also allows for the report to contain financial information that has not yet been audited, because the reporting deadline will occur before the annual audit is completed. As a result, this document was originally prepared using unaudited financial statements. This report was reissued on June 8, 2017 using the FY 2015-16 audited Comprehensive Annual Financial Report (CAFR).

The statute was amended by the 2011 Legislature. As amended, A.R.S. §9-463.05N is presented below (amended language bolded).

N. Each municipality that assesses development impact fees shall submit an annual report accounting for the collection and use of the fees **for each service area**. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development impact fee
2. The balance of each fund maintained for each type of development impact fee assessed as of the beginning and end of the fiscal year
3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year
4. The amount of development impact fee monies used to repay:
 - (a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development impact fee assessment, **including the amount needed to repay the debt service obligations on each facility for which development impact fees have been identified as the source of funding and the time frames in which the debt service will be repaid**
 - (b) Monies advanced by the municipality from funds other than the funds established for development impact fees in order to pay the cost of a capital improvement project that is the subject of a development impact fee assessment, **the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality**
5. The amount of development impact fee monies spent on each capital improvement project that is the subject of a development impact fee assessment and the physical location of each capital improvement project
6. The amount of development impact fee monies spent for each purpose other than a capital improvement project that is the subject of a development impact fee assessment

A.R.S.§ 9-463.05(O) provides (amended language bolded):

O – Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk **and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website.** Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

A.R.S.§ 9-463.05(P) provides (amended language bolded):

P – A municipality that fails to file the report **and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website** as required by this section shall not collect development fees until the report is filed and posted.

DEVELOPMENT IMPACT FEE FUND SUMMARIES

PARKS AND RECREATION

Beginning Balance	\$5,163,608.03
Revenues	
Development Impact Fees	\$4,023,134.25
Interest Income	\$68,960.18
Transfer In - Prior Year Correction	\$200.00
Expenses	
Transfer Out - Prior Year Correction	\$747.53
Parks Master Plan	\$53,136.00
2007 Excise Tax Bond	\$536,104.24
2008A GADA Bond	\$69,221.76
Ending Balance	\$8,596,692.93

TOWN FACILITIES

Beginning Balance	\$1,506,603.60
Revenues	
Development Impact Fees	\$568,470.82
Interest Income	\$16,929.20
Transfer In - Prior Year Correction	\$7,520.00
Expenses	
Transfer Out - Prior Year Correction	\$6,485.99
2007 Excise Tax Bond	\$82,477.58
2004B GADA Bond	\$274,007.61
Ending Balance	\$1,736,552.44

TRANSPORTATION FACILITIES

Beginning Balance	\$1,575,970.93
Revenues	
Development Impact Fees	\$1,724,924.24
Interest Income	\$20,068.55
Transfer In - Prior Year Correction	\$6,315.00
Expenses	
Transfer Out - Prior Year Correction	\$9,003.87
Transportation Impact Fee Study	\$11,639.00
2007 Excise Tax Bond	\$333,164.00
Transfer Out - Projects	\$2,444,142.33
Ending Balance	\$529,329.52

LIBRARY FACILITIES

Beginning Balance	\$952,677.05
Revenues	
Development Impact Fees	\$796,011.53
Interest Income	\$9,281.35
Transfer In - Prior Year Correction	\$9,399.00
Expenses	
Transfer Out - Prior Year Correction	\$210.33
Prior Year Correction	\$338.25
2007 Excise Tax Bond	\$61,858.18
2005B GADA Bond	\$92,465.45
2006A GADA Bond	\$336,726.32
Ending Balance	\$1,275,770.40

POLICE FACILITIES

Beginning Balance	\$1,084,073.77
Revenues	
Development Impact Fees	\$223,483.59
Interest Income	\$11,282.59
Transfer In - Prior Year Correction	\$1,263.00
Expenses	
Transfer Out - Prior Year Correction	\$100.94
Ending Balance	\$1,320,002.01

FIRE FACILITIES

Beginning Balance	\$1,737,543.85
Revenues	
Development Impact Fees	\$589,922.16
Interest Income	\$17,467.47
Expenses	
Transfer Out - Prior Year Correction	\$136.99
New Fire Truck	\$625,523.47
Fire Apparatus Principal	\$149,633.03
Fire Apparatus Lease Interest	\$23,685.00
Ending Balance	\$1,545,954.99

AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE

The information that follows is a summary on the amount assessed for each type of development impact fee that was established August 1, 2014.

Development Impact Fees

	Parks & Recreation	Town Facilities	Transportation	Library Facilities	Police Facilities	Fire Facilities
<u>Residential</u>						
(per unit)						
Single Family Detached	\$3,681	\$470	\$1,263	\$723	\$167	\$490
2+ Multi-Family	\$2,710	\$346	\$882	\$532	\$123	\$361
<u>Nonresidential</u>						
(per 1,000 sq. ft.)						
Industrial	\$650	\$338	\$429	\$128	\$56	\$335
Commercial	\$563	\$292	\$1,569	\$111	\$229	\$290
Office & Other Services	\$552	\$286	\$679	\$109	\$90	\$285

DEVELOPMENT IMPACT FEE REVENUES

<u>Single Family</u>	PARKS	TOWN FACILITIES	TRANSPORTATION	LIBRARY	POLICE	FIRE
JULY	110	110	110	110	110	110
AUGUST	87	87	87	87	87	87
SEPTEMBER	76	76	76	76	76	76
OCTOBER	77	77	77	77	77	77
NOVEMBER	57	57	57	57	57	57
DECEMBER	82	82	82	82	82	82
JANUARY	59	59	59	59	59	59
FEBRUARY	68	68	68	68	68	68
MARCH	118	118	118	118	118	118
APRIL	104	104	104	104	104	104
MAY	115	115	115	115	115	115
JUNE	120	120	120	120	120	120
Total Single Family Permits	1,073	1,073	1,073	1,073	1,073	1,073
Less Refunded Permits	(7)	(7)	(7)	(7)	(7)	(7)
Total Single Family Permits	1,066	1,066	1,066	1,066	1,066	1,066

2+Multi-Family Permits	0	0	0	0	0	0
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<u>Residential and Non-Residential Revenues</u>	Parks	Town Facilities	Transportation	Library	Police	Fire
Single Family	\$3,918,020.64	\$504,310.00	\$1,355,199.00	\$775,779.00	\$179,191.00	\$525,770.00
2+ Multi-Family	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Non-Residential	\$131,524.61	\$68,198.82	\$377,934.24	\$25,940.53	\$45,998.59	\$67,785.16
Subtotal	\$4,049,545.25	\$572,508.82	\$1,733,133.24	\$801,719.53	\$225,189.59	\$593,555.16
Less Refunds	(\$26,411.00)	(\$4,038.00)	(\$8,209.00)	(\$5,708.00)	(\$1,706.00)	(\$3,633.00)
Total Development Impact Fee Revenue	\$4,023,134.25	\$568,470.82	\$1,724,924.24	\$796,011.53	\$223,483.59	\$589,922.16
<u>Non-Residential Permits (Square Feet)</u>	Parks	Town Facilities	Transportation	Library	Police	Fire
Industrial	-	-	-	-	-	-
Commercial	178,959	178,959	179,308	178,959	178,959	178,959
Office & Other Services	55,744	55,744	142,268	55,744	55,744	55,744
Total Square Feet	234,703	234,703	321,576	234,703	234,703	234,703

BEGINNING AND ENDING FUND BALANCE

	Beginning Balance 7/1/2015*	Ending Balance 6/30/2016	Change
Parks and Recreation	\$5,163,608.03	\$8,596,692.93	\$3,433,084.90
Town Facilities	\$1,506,603.60	\$1,736,552.44	\$229,948.84
Transportation Facilities	\$1,575,970.93	\$529,329.52	(\$1,046,641.41)
Library Facilities	\$952,677.05	\$1,275,770.40	\$323,093.35
Police Facilities	\$1,084,073.77	\$1,320,002.01	\$235,928.24
Fire Facilities	\$1,737,543.85	\$1,545,954.99	(\$191,588.86)

*Revised from FY 2014-15 Annual Report

INTEREST INCOME

	Interest Income
Parks and Recreation	\$68,960.18
Town Facilities	\$16,929.20
Transportation Facilities	\$20,068.55
Library Facilities	\$9,281.35
Police Facilities	\$11,282.59
Fire Facilities	\$17,467.47

DEVELOPMENT IMPACT FEES USED TO REPAY DEBT SERVICE

		2007	2004B	2005B	2006A	2008A
		Excise Bond	GADA*Bond	GADA*Bond	GADA*Bond	GADA*Bond
	Parks and Recreation	\$536,104.24				\$69,221.76
	Town Facilities	\$82,477.58	\$274,007.61			
	Streets Facilities	\$333,164.00				
	Library Facilities	\$61,858.18		\$92,465.45	\$336,726.32	
		\$1,013,604.00	\$274,007.61	\$92,465.45	\$336,726.32	\$69,221.76

*Greater Arizona Development Authority

Additional Resources*

Town of Queen Creek FY2015/2016 Annual Budget – Capital Improvement Plan and Infrastructure Improvement Plan

Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees – May 7, 2014

*Available on Town's Website at: <http://www.queencreek.org/departments/finance>