

TOWN OF QUEEN CREEK

DEVELOPMENT IMPACT FEE ANNUAL REPORT

FY 2024-25
AUDITED



REPORT DATE: JANUARY 21, 2026

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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 development. 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. The Town collects the following five development impact fees:

- Parks
- Trails
- Transportation Facilities
- Police Facilities
- Fire Facilities

Authorization and Purpose

Under Authority of Arizona Revised Statutes (A.R.S.) 9-463.05, municipalities in Arizona may assess development fees to offset infrastructure costs of 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 development impact 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 on a development fee study, which was prepared in accordance with state law.

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 impact fees. The report is prepared on a cash basis.

The report is due within 90 days of the end of each year and is required to be maintained in the Town Clerk's Office. For the FY 2024-25 reporting period, the report is required to be filed by September 30, 2025.

Because of the due date 90 days after the end of the fiscal year, the law allows for the initial report to contain financial information that has not yet been audited. As a result, when the Town's FY 2024-25 audited Annual Comprehensive Financial Report (ACFR) is complete, a final report will be issued, based on audited financial statements.

The Town is not permitted to collect development impact fees if the report is not posted as required.

The information provided in this report includes development impact fee revenues and expenses for FY 2024-25 and beginning and ending balances. The Town Council adopted a policy on June 17, 2020, to annually review and approve the impact fee report. The intention of this policy is to improve disclosure to the public and the development community related to the development impact fees collected and expended. The report required by A.R.S. § 9-463.05(N) is detailed below.

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.

Annual Reporting Requirements (Concluded)

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

AMOUNT ASSESSED FOR EACH TYPE OF DEVELOPMENT IMPACT FEE

An impact fee study was adopted by the Town Council on November 20, 2019 and, as a result, a new development impact fee schedule took effect on February 20, 2020. Additionally, the Town Building Development Impact Fee was discontinued on May 23, 2022. Further, the Library Facilities Development Impact Fee was also discontinued on July 10, 2023. These discontinued development impact fees ended in a revised fee schedule last effective on July 10, 2023. Lastly, the Town Council adopted an updated impact fee study on February 25, 2025 and, as a result, a new development impact fee schedule took effect on May 12, 2025. The subsequent development impact fee schedules are below.

DEVELOPMENT IMPACT FEE SCHEDULE (EFFECTIVE JULY 10, 2023)

	<u><i>Parks & Recreation Facilities</i></u>	<u><i>Police Facilities</i></u>	<u><i>Street Facilities</i></u>	<u><i>Fire Facilities</i></u>
<u>Residential (per unit)</u>				
Single Family Detached	\$3,189	\$640	\$2,118	\$1,175
2+ Multi-Family	\$2,293	\$460	\$1,479	\$845
<u>Nonresidential (per 1,000 square feet)</u>				
Industrial	\$1,115	\$245	\$720	\$450
Commercial	\$742	\$608	\$2,630	\$1,115
Office & Other Services	\$1,099	\$310	\$1,139	\$569

DEVELOPMENT IMPACT FEE SCHEDULE (EFFECTIVE MAY 12, 2025)

	<u><i>Parks Facilities</i></u>	<u><i>Trails</i></u>	<u><i>Police Facilities</i></u>	<u><i>Street Facilities</i></u>	<u><i>Fire Facilities</i></u>
<u>Residential (per unit)</u>					
Single Family Detached	\$1,933	\$128	\$422	\$1,189	\$840
2+ Multi-Family	\$1,510	\$100	\$330	\$803	\$656
<u>Nonresidential (per 1,000 square feet)</u>					
Industrial	\$586	\$39	\$135	\$430	\$268
Commercial	\$514	\$34	\$335	\$1,330	\$668
Office & Other Services	\$827	\$55	\$220	\$569	\$438

PARKS DEVELOPMENT IMPACT FEE FUND SUMMARY

Beginning Fund Balance	\$32,361,499
Revenues	
Development Impact Fees	\$4,424,339
Interest Income	\$943,929
Expenses	
Professional and Technical Services	\$10,995
Projects (see schedule below)	\$33,203,766
Other Uses	
Transfer Out - Trails Beginning Cash Balance ¹	\$3,611,989
Ending Fund Balance	\$903,017

PARKS DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS

P0625 FRONTIER FAMILY PARK	\$14,767,739
P0645 BOSMA PARK LAND PURCHASE	\$9,039,102
P0635 SOUTHEAST PARK LAND PURCHASE	\$9,396,925
Total Development Impact Fees Expended on Projects	\$33,203,766

Notes:

¹Transferred out the Trails portion of remaining cash for new trails impact fee effective May 12, 2025

TRAILS DEVELOPMENT IMPACT FEE

Beginning Fund Balance ¹	\$3,611,989
Revenues	
Development Impact Fees	\$24,895
Interest Income	\$120,707
Other Sources	
Transfer In - PY Correction ²	\$13,636
Expenses	
Projects (see schedule below)	\$8,727
Ending Fund Balance	<hr/> \$3,762,500

TRAILS DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS

TE101 QC WASH TRAIL: RITTENHOUSE-MERIDIAN	\$8,727
Total Development Impact Fees Expended on Projects	<hr/> \$8,727

Notes:

¹Trails beginning balance transferred from Parks Impact Fee Fund

²Correcting project TE100 from FY24

TRANSPORTATION DEVELOPMENT IMPACT FEE

Beginning Fund Balance	\$10,720,701
Revenues	
Development Impact Fees	\$3,698,252
Interest Income	\$393,978
Expenses	
Professional and Technical Services	\$10,995
Projects (see schedule below)	\$6,264,266
2018 B Excise Tax Bond - Debt Service	\$427,427
2020 Excise Tax Bond - Debt Service	\$338,192
Ending Fund Balance	<u>\$7,772,051</u>

TRANSPORTATION DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS

A0207	ELLSWORTH: RITTENHOUSE TO UPRR-N	\$1,434
A0401	HAWES RD-RITTENHOUSE TO OCOTILLO	\$16,503
A0602	CHANDLER HGTS-HAWES TO SOSSAMAN	\$10,072
A0801	SIGNAL BUTTE: OCOTILLO TO QC RD	\$236,002
A0903	SOSSAMAN RD-CHANDLER HGTS TO RIGGS	\$212,664
A0904	SOSSAMAN RAILROAD CROSSING @ GERMAN	\$117,337
A1203	GERMANN: ELLSWORTH TO CRISMON	\$11
A1405	POWER: CHANDLER HTS TO RIGGS	\$131,728
A1406	POWER: RIGGS TO HUNT HWY	\$10,321
A1507	MERIDIAN ROAD: QC ROAD TO GERMANN	\$3,297,100
A1702	220TH: RYAN RD TO QUEEN CREEK RD	\$442,070
A2001	RYAN: CRISMON TO 220TH	\$446,413
A2220	IRONWOOD - GERMANN TO OCOTILLO	\$376,289
I0032	QUEEN CREEK @ 188TH STREET	\$127,664
I0037	TS: GARY RD & GRANGE PARKWAY	\$143,601
I0038	TS: GERMANN RD & 196TH ST	\$385,291
I0049	TS: RIGGS @ CRISMON HIGH SCHOOL	\$125,106
I0052	TS: 220TH @ QC ROAD	\$10,800
I0067	RIGGS @ 206TH ST (T.S.)	\$7,601
I0071	ELLSWORTH @ SAN TAN BLVD (T.S.)	\$160,329
I0082	RIGGS AT HARVEST LAKE DR. (T.S.)	\$5,929
Total Development Impact Fees Expended on Projects		<u>\$6,264,266</u>

POLICE DEVELOPMENT IMPACT FEE

Beginning Fund Balance	\$1,005,629
Revenues	
Development Impact Fees	\$1,067,003
Interest Income	\$42,643
Expenses	
Professional and Technical Services	\$10,995
Projects (see schedule below)	\$350,017
2018 B Excise Tax Bond - Debt Service	\$123,040
Ending Fund Balance	<hr/> \$1,631,223

POLICE DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS

MF020	PUBLIC SAFETY COMPLEX #2 PD HQ	\$31,903
MF021	PARKING PD HQ/ MSB	\$9,485
MF026	FOF FLEET EXPANSION	\$9,043
MF019	PUBLIC SAFETY COMPLEX #1 PD/FIRE ¹	\$278,104
XX048	NEW VEHICLE - NEW FTE	\$21,481
Total Development Impact Fees Expended on Projects		<hr/> \$350,017

Note:

¹Prior year corrections made for expenses in FY23, FY24 and FY25.

FIRE DEVELOPMENT IMPACT FEE

Beginning Fund Balance	(\$2,483,681)
Revenues	
Development Impact Fees	\$1,973,188
Expenses	
Professional and Technical Services	\$10,995
Projects (see schedule below)	\$1,077,308
2018 B Excise Tax Bond - Debt Service	\$430,227
2020 Excise Tax Bond - Debt Service	\$594,925
Ending Fund Balance ²	(\$2,623,948)

FIRE DEVELOPMENT IMPACT FEES EXPENDED ON PROJECTS

MF019	PUBLIC SAFETY COMPLEX #1 PD/FIRE ¹	(\$247,108)
FR100	FS#6 PUMPER ENGINE APPARATUS	\$255,058
FR101	FS#7 PUMPER ENGINE APPARATUS	\$258,872
FR102	FS#7 LADDER APPARATUS	\$460,377
FR103	FIRE HAZMAT UNIT APPARATUS	\$350,110
Total Development Impact Fees Expended on Projects		\$1,077,308

Note:

¹Prior year corrections made for expenses in FY23, FY24 and FY25 created a credit balance.

²In FY 23-24, about \$3 million in Fire Development Fee spending was accelerated to contribute to the early redemption of the 2018 Excise Tax bonds. Due to this and capital spending, it resulted in a negative cash balance. We project to recover this deficit within five years however, an interfund loan of \$3 million from the General Fund was approved by the Town Council to address the cash deficit.

BEGINNING AND ENDING FUND BALANCES

	Beginning Balance	Ending Balance	
	7/1/2024	6/30/2025	Change
Parks	\$32,361,499	\$903,018	(\$31,458,481)
Trails	\$3,611,989	\$3,762,500	\$150,511
Transportation Facilities	\$10,720,701	\$7,772,051	(\$2,948,650)
Police Facilities	\$1,005,629	\$1,631,223	\$625,594
Fire Facilities ¹	(\$2,483,681)	(\$2,623,949)	(\$140,268)

Note:

¹In FY 23-24, about \$3 million in Fire Development Fee spending was accelerated to contribute to the early redemption of the 2018 Excise Tax bonds. Due to this and capital spending, it resulted in a negative cash balance. We project to recover this deficit within five years however, an interfund loan of \$3 million from the General Fund was approved by the Town Council to address the cash deficit.

INTEREST EARNINGS ON ALL FUND BALANCES

	<u>Interest Income</u>
Parks	\$943,929
Trails	\$120,707
Transportation Facilities	\$393,978
Police Facilities	\$42,643
Fire Facilities	\$0
Total Interest	<hr/> \$1,501,257

DEBT SERVICE PAID BY DEVELOPMENT IMPACT FEE FUNDS

	Transportation Facilities	Police Facilities	Fire Facilities	Total Debt Service
2018 B Excise Tax Bond	\$427,427	\$0	\$0	\$427,427
2018 B Excise Tax Bond	\$0	\$123,040	\$0	\$123,040
2018 B Excise Tax Bond	\$0	\$0	\$430,227	\$430,227
2020 Excise Tax Bond	\$338,192	\$0	\$594,925	\$933,117
Total	\$765,619	\$123,040	\$1,025,152	\$1,913,811

DEVELOPMENT IMPACT FEES PAID BY THE TOWN ASSOCIATED WITH DEVELOPMENT AGREEMENTS

	<u>Parks</u>	<u>Trails</u> ¹	<u>Transportation</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
LGES Development Agreement	\$1,756	\$0	\$1,134	\$386	\$709	\$3,985

Note:

¹Activity is from October, 2024. Trails Impact Fee was not effective until May 12, 2025.

DEVELOPMENT IMPACT FEE PERMIT ACTIVITY

Single Family

	PARKS	TRAILS¹	TRANSPORTATION²	POLICE	FIRE
JULY	121	0	121	121	121
AUGUST	108	0	108	108	108
SEPTEMBER	102	0	102	102	102
OCTOBER	154	0	154	154	154
NOVEMBER	104	0	104	104	104
DECEMBER	82	0	82	82	82
JANUARY	112	0	112	112	112
FEBRUARY	98	0	98	98	98
MARCH	112	0	112	112	112
APRIL	119	0	119	119	119
MAY	81	54	81	81	81
JUNE	83	83	83	83	83
Subtotal	1,276	137	1,276	1,276	1,276
Less Refunded Permits	(8)	0	(8)	(8)	(8)
Total Single Family Permits	1,268	137	1,268	1,268	1,268
Projected Single-Family Per Study	1,083	1,083	1,083	1,083	1,083
Variance	185	(946)	185	185	185
% Variance	17%	-87%	17%	17%	17%

Notes:

¹The new Trails Impact Fee was effective May 12, 2025

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets, waster and wastewater utility functions. As such, square footage for transportation may be higher than the other fee categories because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

DEVELOPMENT IMPACT FEE PERMIT ACTIVITY (Continued)

Multi- Family

	PARKS	TRAILS ¹	TRANSPORTATION ²	POLICE	FIRE
JULY	2	0	2	2	2
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER	3	0	3	3	3
NOVEMBER	0	0	0	0	0
DECEMBER	3	0	3	3	3
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	4	0	4	4	4
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
Subtotal	12	0	12	12	12
Less Refunded Permits	0	0	0	0	0
Total Multi Family Permits	12	0	12	12	12
Multi-Family Development Per Study	855	855	855	855	855
Variance	(843)	(855)	(843)	(843)	(843)
% Variance	-99%	-100%	-99%	-99%	-99%

Notes:

¹The new Trails Impact Fee was effective May 12, 2025

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets, waster and wastewater utility functions. As such, square footage for transportation may be higher than the other fee categories because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

DEVELOPMENT IMPACT FEE PERMIT ACTIVITY (Concluded)

Non-Residential Permits (Square Feet)

	<u>PARKS AND TRAILS</u>	<u>TRAILS¹</u>	<u>TRANSPORTATION²</u>	<u>POLICE</u>	<u>FIRE</u>
Industrial	157,890	44,131	157,890	157,890	157,890
Commercial	386,895	59,743	386,895	386,895	386,895
Office & Other Services	99,928	65,567	99,928	99,928	99,928
Total Square Feet	644,713	169,441	644,713	644,713	644,713
Projected Square Feet Per Study	1,382,000	1,382,000	1,382,000	1,382,000	1,382,000
Square Feet Variance	(737,287)	(1,212,559)	(737,287)	(737,287)	(737,287)
% Variance	-53%	-88%	-53%	-53%	-53%

<u>DESCRIPTION</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>OFFICE/OTHER</u>	<u>TOTAL</u>
BUSINESS PARK		44,131	54,852	98,983
CHURCH			26,272	26,272
ENTERTAINMENT	7,148			7,148
FINANCIAL INSTITUTION	6,441			6,441
FITNESS	39,836			39,836
GROCERY STORE	63,237			63,237
HOTEL	91,119			91,119
MANUFACTURING		1,575		1,575
RESTAURANT	52,561			52,561
RETAIL	117,427			117,427
STORAGE		112,184	18,804	130,988
TOWN PROJECT	9,126			9,126
TOTAL	386,895	157,890	99,928	644,713

Notes:

¹The Trails Fee was effective May 12, 2025.

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets, water and wastewater utility functions. As such, square footage for transportation may be higher than the other fees because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

DEVELOPMENT IMPACT FEE REVENUES

Single Family

	<u>PARKS</u>	<u>TRAILS¹</u>	<u>TRANSPORTATION²</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
JULY	\$385,869	\$0	\$256,278	\$77,440	\$142,175	\$861,762
AUGUST	\$344,412	\$0	\$228,744	\$69,120	\$126,900	\$769,176
SEPTEMBER	\$325,278	\$0	\$216,036	\$65,280	\$119,850	\$726,444
OCTOBER	\$491,106	\$0	\$326,172	\$98,560	\$180,950	\$1,096,788
NOVEMBER	\$331,656	\$0	\$220,272	\$66,560	\$122,200	\$740,688
DECEMBER	\$261,498	\$0	\$173,676	\$52,480	\$96,350	\$584,004
JANUARY	\$357,168	\$0	\$237,216	\$71,680	\$131,600	\$797,664
FEBRUARY	\$312,522	\$0	\$207,564	\$62,720	\$115,150	\$697,956
MARCH	\$357,168	\$0	\$237,216	\$71,680	\$131,600	\$797,664
APRIL	\$379,491	\$0	\$252,042	\$76,160	\$139,825	\$847,518
MAY	\$190,485	\$6,912	\$121,392	\$40,068	\$77,085	\$435,942
JUNE	\$160,439	\$10,624	\$98,687	\$35,026	\$69,720	\$374,496
Subtotal	\$3,897,092	\$17,536	\$2,575,295	\$786,774	\$1,453,405	\$8,730,102
Less Refunds	(\$19,301)	\$0	(\$12,875)	(\$4,007)	(\$7,217)	(\$43,400)
Total Single Family Development Impact Fee Revenue	\$3,877,791	\$17,536	\$2,562,420	\$782,767	\$1,446,188	\$8,686,702
Projected Revenue Per Study	\$2,093,439	\$138,624	\$1,287,687	\$457,026	\$909,720	\$4,886,496
\$ Variance	\$1,784,352	(\$121,088)	\$1,274,733	\$325,741	\$536,468	\$3,800,206
% Variance	85%	-87%	99%	71%	59%	78%

Notes:

¹The Trails Fee was effective May 12, 2025.

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets, water and wastewater utility functions. As such, square footage for transportation may be higher than the other fees because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

DEVELOPMENT IMPACT FEE REVENUES (Continued)

Multi Family

	<u>PARKS</u>	<u>TRAILS</u> ¹	<u>TRANSPORTATION</u> ²	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
JULY	\$4,586	\$0	\$2,958	\$920	\$1,690	\$10,154
AUGUST	\$0	\$0	\$0	\$0	\$0	\$0
SEPTEMBER	\$0	\$0	\$0	\$0	\$0	\$0
OCTOBER	\$6,879	\$0	\$4,437	\$1,380	\$2,535	\$15,231
NOVEMBER	\$0	\$0	\$0	\$0	\$0	\$0
DECEMBER	\$6,879	\$0	\$4,437	\$1,380	\$2,535	\$15,231
JANUARY	\$0	\$0	\$0	\$0	\$0	\$0
FEBRUARY	\$0	\$0	\$0	\$0	\$0	\$0
MARCH	\$0	\$0	\$0	\$0	\$0	\$0
APRIL	\$9,172	\$0	\$5,916	\$1,840	\$3,380	\$20,308
MAY	\$0	\$0	\$0	\$0	\$0	\$0
JUNE	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$27,516	\$0	\$17,748	\$5,520	\$10,140	\$60,924
Less Refunds	\$0	\$0	\$0	\$0	\$0	\$0
Total Multi Family Development Impact Fee Revenue	\$27,516	\$0	\$17,748	\$5,520	\$10,140	\$60,924
Projected Revenue Per Study	\$1,291,050	\$85,500	\$686,565	\$282,150	\$560,880	\$2,906,145
\$ Variance	(\$1,263,534)	(\$85,500)	(\$668,817)	(\$276,630)	(\$550,740)	(\$2,845,221)
% Variance	-98%	-100%	-97%	-98%	-98%	-98%

Notes:

¹The Trails Fee was effective May 12, 2025.

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or collected for streets, water and wastewater utility functions. As such, square footage for transportation may be higher than the other fees because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

DEVELOPMENT IMPACT FEE REVENUES (Concluded)

Non-Residential

Industrial, Commercial, Office/Other

	<u>PARKS</u>	<u>TRAILS¹</u>	<u>TRANSPORTATION²</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
JULY	\$18,425	\$0	\$43,071	\$10,334	\$18,955	\$90,784
AUGUST	\$17,653	\$0	\$62,570	\$14,465	\$26,527	\$121,215
SEPTEMBER	\$125,790	\$0	\$83,271	\$28,063	\$51,542	\$288,666
OCTOBER	\$29,827	\$0	\$50,452	\$12,637	\$23,185	\$116,102
NOVEMBER	\$14,693	\$0	\$36,685	\$8,742	\$16,034	\$76,154
DECEMBER	\$3,844	\$0	\$13,623	\$3,149	\$5,776	\$26,392
JANUARY	\$145,935	\$0	\$515,003	\$119,741	\$218,850	\$999,529
FEBRUARY	\$12,043	\$0	\$42,685	\$9,868	\$18,096	\$82,692
MARCH	\$0	\$0	\$0	\$0	\$0	\$0
APRIL	\$40,029	\$0	\$134,981	\$31,322	\$57,441	\$263,773
MAY	\$20,704	\$1,374	\$27,967	\$8,294	\$16,527	\$74,866
JUNE	\$90,089	\$5,984	\$107,776	\$32,102	\$63,926	\$299,877
Subtotal	\$519,032	\$7,359	\$1,118,084	\$278,716	\$516,860	\$2,440,050
Less Refunds	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Residential Development Impact Fee Revenue	\$519,032	\$7,359	\$1,118,084	\$278,716	\$516,860	\$2,440,050
Projected Revenue Per Study	\$811,696	\$53,976	\$785,512	\$232,750	\$462,736	\$2,346,670
\$ Variance	(\$292,664)	(\$46,617)	\$332,572	\$45,966	\$54,124	\$93,380
% Variance	-36%	-86%	42%	20%	12%	4%

Notes:

¹The Trails Fee was effective May 12, 2025.

²As stated in A.R.S. 9-500.18, a city or town shall not assess or collect any fees or costs from a school district or charter school for fees pursuant to section 9-463.05. This prohibition does not include fees assessed or

collected for streets, water and wastewater utility functions. As such, square footage for transportation may be higher than the other fees because the others are not paid by school districts.

³New impact fee study effective May 12, 2025. Revenue projections have been updated to reflect the new study.

CUMULATIVE IMPACT FEE ANALYSIS – 2 YEARS (2024 Study)

Cumulative Impact Fee Analysis FY 23-24 - FY 24-25 (Year 2)

	<u>2-YR</u> <u>Projection</u>	<u>2-YR Actual</u>	<u>Variance</u>	<u>% Variance</u>	<u>10-YR Totals</u> <u>Per Impact</u> <u>Fee Study</u>	<u>% of 10-YR Totals</u> <u>Per Impact Fee</u> <u>Study</u>
<u>Units</u>						
Single-Family	2,371	2,921	550	23%	11,715	25%
Multi-Family	1,553	695	(858)	-55%	4,513	15%
<u>Square Feet (1K)</u>						
Commercial	404,000	852,729	448,729	111%	2,280,000	37%
Office & Other Services	136,000	198,908	62,908	46%	720,000	28%
Industrial	1,473,000	2,480,902	1,007,902	68%	7,515,000	33%
Revenue	\$19,574,981	\$34,992,198	\$15,417,217	79%	\$87,241,797	40%

*New Trails Impact Fee effective May 12, 2025. This analysis reflects the 2024 Impact Fee Study Projections for FY 23-24 through FY 24-25.

CUMULATIVE IMPACT FEE ANALYSIS – 8 YEARS (2019 Study)

Cumulative Impact Fee Analysis (2019 Study) FY 17-18 to FY 24-25 (Year 8)

	<u>8-YR</u>		<u>Variance</u>	<u>% Variance</u>	<u>10-YR Totals Per</u>	<u>% of 10-YR Totals</u>
	<u>Projection</u>	<u>8-YR Actual</u>			<u>Impact Fee</u>	<u>Per Impact Fee</u>
<u>Units</u>					<u>Study</u>	<u>Study</u>
Single-Family	9,578	11,879	2,301	24%	11,863	100%
Multi-Family	1,772	2,529	757	43%	1,857	136%
<u>Square Feet (1K)</u>						
Commercial	875,000	2,265,027	1,390,027	159%	925,000	245%
Office & Other Services	1,232,000	1,075,024	(156,976)	-13%	1,287,000	84%
Industrial	472,000	2,963,889	2,491,889	528%	502,000	590%
Revenue	\$91,847,942	\$115,589,933	\$23,741,991	26%	\$109,633,194	105%

*This analysis reflects the 2019 Impact Fee Study projections. However, in the updated 2024 Impact Fee Study, a new Trails fee was added which has generated revenue from it's effective date on May 12, 2025.

CONSTRUCTION SALES TAX

Construction Sales Tax

The Development Impact Fee Statute requires offset for construction sales taxes assessed at a greater level than the average transaction privilege tax. This entire excess portion 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 tax rate. This excess amount is limited to growth related service needs of the community. As such, construction sales tax works in conjunction with development impact fees to reduce the amount collected from impact fees. This excess revenue in construction sales tax has a 10-year projection. The 2.0% Dedicated Construction Sales Tax revenue collected throughout the fiscal year, will offset the amount of the impact fee when they are calculated.

Construction Sales Tax Activity – FY 2024-25

Issuing a Certificate of Occupancy is the final step in completing a single-family home. The date of this issuance is most closely tied to construction sales tax and is used as an indicator in our forecasts. If there is a large number of permits being pulled in a prior fiscal year, you might see a significant increase in Certificate of Occupancy lagging later in following fiscal years.

In FY 2024-25, we see a large increase in single-family certificate of occupancy due to the timing of the prior year's issuances. Most notably, the Madera development had nearly 400 permits issued in a prior year, which resulted in a large issuance of Certificate of Occupancy in FY 2024-25. Many other developments also show an increase such as, Barney Farms, Ellsworth Ranch, Light Sky Ranch, Ranchos Legante and North Creek.

Certificate of Occupancy issuances for multi-family in FY 2024-25 include, the Residences at QC Commons and Bungalows on Combs.

Issuances for non-residential include a public storage facility, a dealership and the Germann Commerce Center.

CONSTRUCTION SALES TAX (CONTINUED)

Cumulative Construction Sales Tax Analysis FY 23-24 - FY 24-25 (Year 2)

<u>Certificate of Occupancy¹</u>	<u>2-YR Projection</u>	<u>2-YR Actual</u>	<u>Variance</u>	<u>% Variance</u>	<u>10-Yr Totals CST Projection</u>	<u>% of 10-Yr Totals Per CST Projection</u>
All Land Use Types	2,187	3,928	1,741	80%	11,379	35%
 <u>CST Revenues</u>						
All Land Use Types	\$43,835,710	\$51,600,906	\$7,765,196	18%	\$206,789,736	25%

Note:

¹This is the final step of completion. Therefore, there could be up to a 10-month lag from the time a project is permitted. These projections are from the 2024 Impact Fee Study.

CONSTRUCTION SALES TAX (CONCLUDED)

Cumulative Construction Sales Tax Analysis FY 17-18 - FY 24-25 (Year 8)

	<u>8-YR</u> <u>Projection</u>	<u>8-YR Actual</u>	<u>Variance</u>	<u>% Variance</u>	<u>10-Yr Totals CST</u> <u>Projection</u>	<u>% of 10-Yr Totals Per</u> <u>CST Projection</u>
CST Revenues	\$17,418,541	\$118,903,339	\$101,484,798	583%	\$23,928,017	497%

Note:

¹Construction sales tax revenues in the 2019 Impact Fee Study exceeded expectations.
The 2019 Impact Fee Study has concluded and has since been updated with the 2024 Impact Fee Study.

Additional Resources*

Town of Queen Creek FY 2024-25 Annual Budget – Capital Improvement Plan and Infrastructure Improvement Plan

Infrastructure Improvement Plan/Impact Fee Study – May, 2025

*Available on Town's Website: <https://www.queencreekaz.gov/government/finance/finance-reports-documents#!/>