

**Land Use Assumptions,
Infrastructure Improvements Plan,
and **DRAFT** Development Fee Report**

**Prepared for:
Fountain Hills, Arizona**

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION	1
Necessary Public Services.....	1
Infrastructure Improvements Plan.....	2
Qualified Professionals	2
Conceptual Development Fee Calculation	3
Evaluation of Credits/Offsets	3
INTRODUCTION TO DEVELOPMENT FEES	3
REQUIRED FINDINGS	4
DEVELOPMENT FEE REPORT	5
DEVELOPMENT FEE COMPONENTS.....	6
CURRENT DEVELOPMENT FEES.....	6
PROPOSED DEVELOPMENT FEES.....	7
DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES	7
STAFF PROPOSED DEVELOPMENT FEES.....	8
DIFFERENCE BETWEEN STAFF PROPOSED AND CURRENT DEVELOPMENT FEES	8
LAND USE ASSUMPTIONS.....	9
SUMMARY OF GROWTH INDICATORS	9
RESIDENTIAL DEVELOPMENT.....	11
Recent Residential Construction	11
Occupancy Factors.....	12
Residential Estimates	13
Seasonal Population.....	13
Residential Projections.....	13
NONRESIDENTIAL DEVELOPMENT.....	14
Nonresidential Demand Factors	14
Nonresidential Estimates.....	14
Nonresidential Projections.....	15
DEVELOPMENT PROJECTIONS	16
FIRE FACILITIES.....	17
SERVICE AREA	17
PROPORTIONATE SHARE.....	17
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	19
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	19
Fire Facilities – Incremental Expansion	20
Fire Apparatus – Incremental Expansion	21
Fire Equipment – Incremental Expansion	22
Development Fee Report – Plan-Based.....	23
PROJECTED DEMAND FOR SERVICES AND COSTS	23
Fire Facilities – Incremental Expansion	24
Fire Apparatus – Incremental Expansion	25
Fire Equipment – Incremental Expansion	26
FIRE FACILITIES DEVELOPMENT FEES	27
Construction Sales Tax Credit/Offset	27
Fire Facilities Development Fees.....	27

FIRE FACILITIES DEVELOPMENT FEE REVENUE..... 28

PARKS AND RECREATIONAL FACILITIES IIP 29

SERVICE AREA 29

PROPORTIONATE SHARE..... 29

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT 30

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES..... 30

 Developed Park Land – Incremental Expansion 31

 Park Amenities – Incremental Expansion..... 32

 Development Fee Report – Plan-Based..... 34

PROJECTED DEMAND FOR SERVICES AND COSTS 34

 Developed Park Land – Incremental Expansion 35

 Park Amenities – Incremental Expansion..... 36

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES 37

 Construction Sales Tax Credit/Offset 37

 Parks and Recreational Facilities Development Fees..... 37

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE 38

STREET FACILITIES IIP..... 39

SERVICE AREA 39

PROPORTIONATE SHARE..... 39

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT 40

 Residential Trip Generation Rates 40

 Nonresidential Trip Generation Rates 41

 Trip Rate Adjustments 41

 Commuter Trip Adjustment..... 41

 Adjustment for Pass-By Trips 42

 Average Weekday Vehicle Trips 42

 Trip Length Weighting Factor..... 43

 Local Vehicle Miles Traveled 43

PROJECTED DEMAND FOR SERVICES AND COSTS 43

 Calibrated Travel Demand Model..... 45

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES..... 46

 Street Improvements – Plan-Based 46

 Development Fee Report – Plan-Based..... 47

STREET FACILITIES DEVELOPMENT FEES 48

 Construction Sales Tax Credit/Offset 48

 Street Facilities Development Fees..... 48

STREET FACILITIES DEVELOPMENT FEE REVENUE..... 49

APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES..... 50

REVENUE PROJECTIONS..... 50

APPENDIX B: PROFESSIONAL SERVICES 51

APPENDIX C: LAND USE DEFINITIONS 52

RESIDENTIAL DEVELOPMENT..... 52

NONRESIDENTIAL DEVELOPMENT..... 53

EXECUTIVE SUMMARY

The Town of Fountain Hills, Arizona, contracted with TischlerBise to document land use assumptions, prepare the Infrastructure Improvements Plan (hereinafter referred to as the “IIP”), and update development fees pursuant to Arizona Revised Statutes (“ARS”) § 9-463.05 (hereafter referred to as the “Enabling Legislation”). Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions. The IIP for each type of infrastructure is in the middle section of this document. The proposed development fees are displayed in the Development Fee Report in the next section.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development’s proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies. This update of Fountain Hills’ Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

1. Fire Facilities
2. Parks and Recreational Facilities
3. Street Facilities

This plan includes all necessary elements required to be in full compliance with the Enabling Legislation.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

The Enabling Legislation governs how development fees are calculated for municipalities in Arizona.

Necessary Public Services

Under the requirements of the Enabling Legislation, development fees may only be used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, library, street, fire, police, and parks and recreational. Additionally, a necessary public service includes any facility that was financed before June 1, 2011, and that meets the following requirements:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011, to finance construction of the facility.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an IIP. For each necessary public service that is the subject of a development fee, by law, the IIP shall include the following seven elements:

1. A description of the existing necessary public services in the service area and the costs to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial.
5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
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, construction contracting or 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.

Qualified Professionals

The IIP must be developed by qualified professionals using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure financing analyses, user fee/cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

Conceptual Development Fee Calculation

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire service area (usually referred to as system improvements). The first step is to determine an appropriate demand indicator for the particular type of infrastructure. The demand indicator measures the number of service units for each unit of development. For example, an appropriate indicator of the demand for parks is population growth and the increase in population can be estimated from the average number of persons per housing unit. The second step in the development fee formula is to determine infrastructure improvement units per service unit, typically called level-of-service (LOS) standards. In keeping with the park example, a common LOS standard is improved park acres per thousand people. The third step in the development fee formula is the cost of various infrastructure units. To complete the park example, this part of the formula would establish a cost per acre for land acquisition and/ or park amenities.

Evaluation of Credits/Offsets

Regardless of the methodology, a consideration of credits/offsets is integral to the development of a legally defensible development fee. There are two types of credits/offsets that should be addressed in development fee studies and ordinances. The first is a revenue credit/offset due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of credit/offset is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

INTRODUCTION TO DEVELOPMENT FEES

Development fees are one-time payments used to fund capital improvements necessitated by future development. Development fees have been utilized by local governments in various forms for at least fifty years. Development fees do have limitations and should not be regarded as the total solution for infrastructure financing needs. Rather, they should be considered one component of a comprehensive portfolio to ensure adequate provision of public facilities with the goal of maintaining current levels of service in a community. Any community considering facility fees should note the following limitations:

- 1) Fees can only be used to finance capital infrastructure and cannot be used to finance ongoing operations and / or maintenance and rehabilitation costs.
- 2) Fees cannot be deposited in the General Fund. The funds must be accounted for separately in individual accounts and earmarked for the capital expenses for which they were collected.
- 3) Fees cannot be used to correct existing infrastructure deficiencies unless there is a funding plan in place to correct the deficiency for all current residents and businesses in the community.

REQUIRED FINDINGS

There are three reasonable relationship requirements for development fees that are closely related to “rational nexus” or “reasonable relationship” requirements enunciated by a number of state courts. Although the term “dual rational nexus” is often used to characterize the standard by which courts evaluate the validity of development fees under the U. S. Constitution, we prefer a more rigorous formulation that recognizes three elements: “impact or need,” “benefit,” and “proportionality.” The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the *Dolan* case. The reasonable relationship language of the statute is considered less strict than the rational nexus standard used by many courts. Individual elements of the nexus standard are discussed further in the following paragraphs.

Demonstrating an Impact. All future development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Development fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to development fees. In this study, the impact of development on improvement needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

Demonstrating a Benefit. A sufficient benefit relationship requires that development fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. However, nothing in the U.S. Constitution or the State enabling Act authorizing development fees requires that facilities funded with fee revenues be available *exclusively* to development paying the fees. In other words, existing development may benefit from these improvements as well.

Procedures for the earmarking and expenditure of fee revenues are typically mandated by the State Enabling Legislation, as are procedures to ensure that the fees are expended expeditiously or refunded. All requirements are intended to ensure that developments benefit from the fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the *Dolan* case (although the relevance of that decision to development fees has been debated) and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate development fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development.

DEVELOPMENT FEE REPORT

Development fees for the necessary public services made necessary by new development must be based on the same level of service (LOS) provided to existing development in the service area. There are three basic methodologies used to calculate development fees. They examine the past, present, and future status of infrastructure. The objective of evaluating these different methodologies is to determine the best measure of the demand created by new development for additional infrastructure capacity. Each methodology has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss basic methodologies for calculating development fees and how those methodologies can be applied.

- **Cost Recovery** (past improvements) - The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.
- **Incremental Expansion** (concurrent improvements) - The incremental expansion methodology documents current LOS standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.
- **Plan-Based** (future improvements) - The plan-based methodology allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

DEVELOPMENT FEE COMPONENTS

Shown below, Figure 1 summarizes service areas, methodologies, and infrastructure cost components for the proposed fees.

Figure 1: Proposed Development Fee Service Areas, Methodologies, and Cost Components

Necessary Public Service	Service Area	Cost Recovery	Incremental Expansion	Plan-Based	Cost Allocation
Fire	Citywide	N/A	Fire Facilities, Fire Apparatus, Fire Equipment	Development Fee Report	Population, Jobs
Parks and Recreational	Citywide	N/A	Developed Park Land, Park Amenities	Development Fee Report	Population, Jobs
Street	Citywide	N/A	N/A	Street Improvements, Development Fee Report	VMT

Calculations throughout this report are based on an analysis conducted using Excel software. Most results are discussed in the report using two, three, and four decimal places, which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

CURRENT DEVELOPMENT FEES

Current development fees are shown in Figure 2. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development type, the development unit is 1,000 square feet of floor area.

Figure 2: Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Current Fees
Single Family	Housing Unit	\$122	\$1,916	\$1,935	\$3,973
Multi-Family	Housing Unit	\$94	\$1,479	\$964	\$2,537

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Current Fees
Industrial	1,000 Sq Ft	\$100	\$560	\$630	\$1,290
Commercial	1,000 Sq Ft	\$140	\$810	\$2,860	\$3,810
Office & Other Services	1,000 Sq Ft	\$180	\$1,030	\$1,240	\$2,450
Institutional	1,000 Sq Ft	\$60	\$320	\$2,480	\$2,860

PROPOSED DEVELOPMENT FEES

Proposed development fees will be assessed per development unit. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area. The proposed fees represent the maximum allowable fees based on the analysis outlined in this report. Fountain Hills may adopt fees that are less than the amounts shown; however, a reduction in development fee revenue will necessitate an increase in other revenues, a decrease in planned capital improvements, and/or a decrease in level-of-service standards. All costs in the Development Fee Report represent current dollars with no assumed inflation over time. If costs change significantly over time, development fees should be recalculated.

Figure 3: Proposed Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Proposed Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$6,997	\$12,314
Multi-Family	Housing Unit	\$923	\$2,844	\$3,390	\$7,157

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Proposed Fees
Industrial	1,000 Sq Ft	\$862	\$215	\$2,035	\$3,112
Commercial	1,000 Sq Ft	\$1,164	\$291	\$6,719	\$8,174
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$4,531	\$6,768
Institutional	1,000 Sq Ft	\$511	\$128	\$8,160	\$8,799

DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the proposed and current development fees are displayed below in Figure 4. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area.

Figure 4: Difference Between Proposed and Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Single Family	Housing Unit	\$1,181	\$2,098	\$5,062	\$8,341
Multi-Family	Housing Unit	\$829	\$1,365	\$2,426	\$4,620

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Industrial	1,000 Sq Ft	\$762	(\$345)	\$1,405	\$1,822
Commercial	1,000 Sq Ft	\$1,024	(\$519)	\$3,859	\$4,364
Office & Other Services	1,000 Sq Ft	\$1,610	(\$583)	\$3,291	\$4,318
Institutional	1,000 Sq Ft	\$451	(\$192)	\$5,680	\$5,939

STAFF PROPOSED DEVELOPMENT FEES

The staff proposed development fees shown in Figure 5 include a 50 percent reduction to the proposed street facilities development fees shown in Figure 3. The Fountain Hills Town Council adopted the LUA and IIP on October 21, 2025. The adopted street facilities IIP includes an engineering cost estimate of approximately \$6.3 million to widen Shea Boulevard from Palisades Boulevard to Fountain Hills Boulevard, and Fountain Hills received a bid of approximately \$3.9 million after adoption of the street facilities IIP. The bid cost is approximately 62 percent of the engineering cost estimate used in the adopted street facilities IIP, and Fountain Hills staff recommend a 50 percent reduction to the proposed street facilities development fees. Fountain Hills will assess the staff proposed development fees per development unit.

Figure 5: Staff Proposed Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$3,499	\$8,816
Multi-Family	Housing Unit	\$923	\$2,844	\$1,695	\$5,462

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Industrial	1,000 Sq Ft	\$862	\$215	\$1,018	\$2,095
Commercial	1,000 Sq Ft	\$1,164	\$291	\$3,360	\$4,815
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$2,266	\$4,503
Institutional	1,000 Sq Ft	\$511	\$128	\$4,080	\$4,719

DIFFERENCE BETWEEN STAFF PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the staff proposed and current development fees are displayed below in Figure 6. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area.

Figure 6: Difference Between Staff Proposed and Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Single Family	Housing Unit	\$1,181	\$2,098	\$1,564	\$4,843
Multi-Family	Housing Unit	\$829	\$1,365	\$731	\$2,925

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Industrial	1,000 Sq Ft	\$762	(\$345)	\$388	\$805
Commercial	1,000 Sq Ft	\$1,024	(\$519)	\$500	\$1,005
Office & Other Services	1,000 Sq Ft	\$1,610	(\$583)	\$1,026	\$2,053
Institutional	1,000 Sq Ft	\$451	(\$192)	\$1,600	\$1,859

LAND USE ASSUMPTIONS

Arizona’s Development Fee Act requires the preparation of Land Use Assumptions, which are defined in Arizona Revised Statutes § 9-463.05(T)(6) as:

“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

The estimates and projections of residential and nonresidential development in this Land Use Assumptions document are for all areas within Fountain Hills. The current demographic estimates and future development projections will be used in the Infrastructure Improvements Plan (IIP) and in the calculation of development fees. Current demographic data estimates for 2025 are used in calculating levels of service (LOS) provided to existing development in Fountain Hills. Arizona’s Enabling Legislation requires fees to be updated at least every five years and limits the IIP to a maximum of 10 years. The service area for all Infrastructure Improvements Plans is shown in Figure L1.

SUMMARY OF GROWTH INDICATORS

Key land use assumptions include population, housing units, employment, and nonresidential floor area projections. Based on Development Services Department recommendations, the analysis uses recent permit trends for residential projections and Maricopa Association of Governments (MAG) employment data for nonresidential projections. Development projections are summarized in Figure L9. These projections will be used to estimate fee revenue and to indicate the anticipated need for growth-related infrastructure. However, development fee methodologies are designed to reduce sensitivity to development projections in the determination of the proportionate share fee amounts. If actual development occurs at a slower rate than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development occurs at a faster rate than anticipated, fee revenue will increase, but Fountain Hills will also need to accelerate infrastructure improvements to keep pace with the actual rate of development. During the next 10 years, residential development projections indicate a population increase of 2,462 persons in 1,270 housing units, and nonresidential development projections indicate an employment increase of 447 jobs in approximately 175,000 square feet.

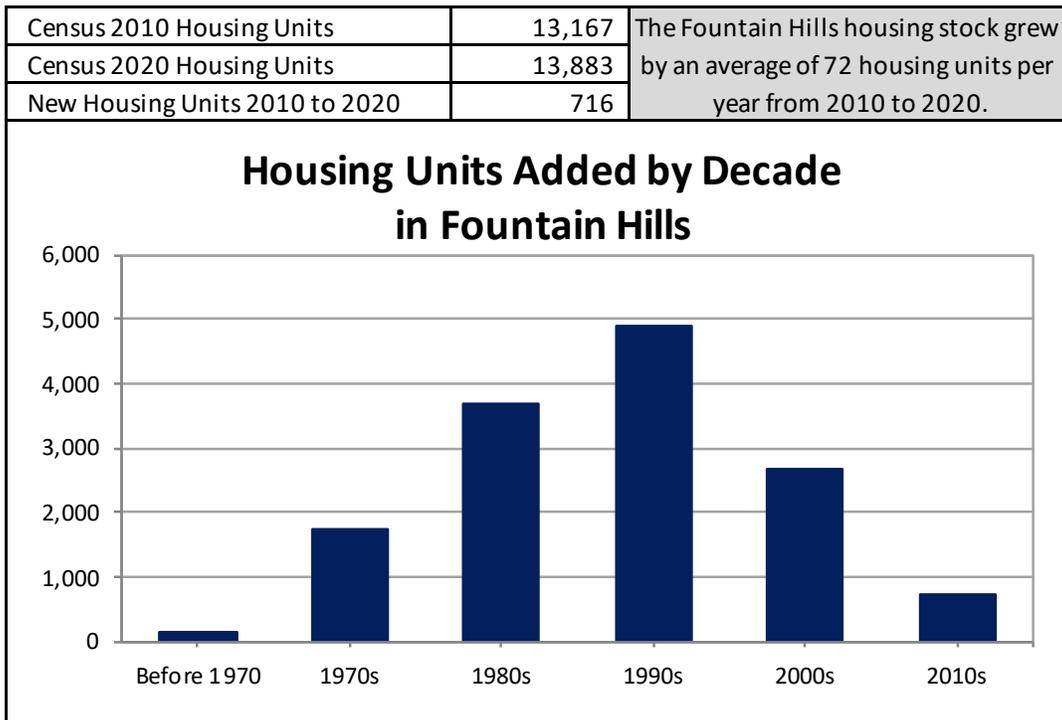
RESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of residential development including population and housing units.

Recent Residential Construction

Development fees require an analysis of current levels of service. For residential development, current levels of service are determined using estimates of population and housing units. Shown below, Figure L2 shows the number of housing units added by decade according to U.S. Census Bureau data. In the previous decade, Fountain Hills’ housing stock grew by an average of 72 housing units per year.

Figure L2: Housing Units by Decade



Source: U.S. Census Bureau, Census 2020 Summary File 1, Census 2010 Summary File 1, 2019-2023 5-Year American Community Survey (for 2000s and earlier, adjusted to yield total units in 2010).

As shown below, recent residential permits averaged 76 single-family units, two duplex units, and 55 multi-family units per year.

Figure L3: Residential Permitted Units

Year	Single Family	Duplex	Multi-Family	Total
2020	35	4	94	133
2021	96	2	107	205
2022	119	0	8	127
2023	53	0	11	64
Total	303	6	220	529
Average	76	2	55	132

Source: Town of Fountain Hills, Land Use Analysis & Statistical Report, 2023

Occupancy Factors

According to the U.S. Census Bureau, a household is a housing unit occupied by year-round residents. Development fees often use per capita standards and persons per housing unit (PPHU) or persons per household (PPH) to derive proportionate share fee amounts. When PPHU is used in the fee calculations, infrastructure standards are derived using year-round population. When PPH is used in the fee calculations, the development fee methodology assumes a higher percentage of housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. TischlerBise recommends that Fountain Hills impose development fees for residential development according to the number of persons per household.

Occupancy calculations require data on population and the types of units by structure. The 2010 census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which has limitations due to sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses, which share a common sidewall, but are constructed on an individual parcel of land). For development fees in Fountain Hills, “Single-Family” includes detached, attached, and mobile home units, and “Multi-Family” includes duplexes and all structures with two or more units on an individual parcel of land, recreational vehicles, boats, and all other types of units.

Figure L4 below shows the occupancy estimates for Fountain Hills based on 2019-2023 American Community Survey 5-Year Estimates. Single-family units averaged 2.23 persons per household and multi-family units averaged 1.58 persons per household. The estimates shown below are used only to calculate occupancy factors and may not match population and housing unit estimates shown throughout this report.

Figure L4: Occupancy Factors

Housing Type	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single-Family ¹	20,644	9,249	2.23	10,781	1.91	81.0%	14.21%
Multi-Family ²	2,894	1,828	1.58	2,528	1.14	19.0%	27.69%
Total	23,538	11,077	2.12	13,309	1.77	100.0%	16.77%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

- 1. Includes detached, attached (townhouse), and mobile home units.
- 2. Includes dwellings in structures with two or more units, RVs, and all other units.

Residential Estimates

The Fountain Hills 2023 Land Use Analysis & Statistical Report includes 14,330 housing units in 2023 and 2024 building permit data provided by Fountain Hills staff includes 56 single-family units for a total of 14,386 housing units in 2024. To estimate housing units in the 2025 base year, TischlerBise uses a modified average of recent permit trends shown in Figure L3 – 70 single-family units and 57 multi-family units. The 2025 base year includes 14,513 housing units.

Arizona Office of Economic Opportunity estimates for 2024 include a population of 24,163 persons. To estimate population in the 2025 base year, the analysis converts the housing unit increase from 2024 to 2025 into population using the occupancy factors shown in Figure L4. The 2025 base year includes 24,409 persons (24,163 persons in 2023 + (70 single-family units X 2.23 persons per housing unit = 156 persons) + (57 multi-family units X 1.58 persons per housing unit = 90 persons)). For this study, the analysis assumes the occupancy factors shown in Figure L4 will remain constant throughout the 10-year projection period.

Seasonal Population

To account for seasonal residents, the analysis includes vacant households used for seasonal, recreational, or occasional use. According to 2019-2023 ACS estimates, seasonal units account for 1,635 of the 2,232 vacant units (13,309 total housing units – 11,077 occupied housing units) shown in Figure L4. Applying the townwide occupancy rate of 2.12 persons per household to 1,635 seasonal households provides a seasonal population estimate of 3,474 persons. In the 2025 base year, the peak population estimate is 27,883 (24,655 resident population + 3,474 seasonal population).

Residential Projections

Population and housing unit projections are used to illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease.

To project future housing units, the analysis uses a modified average of recent permit trends shown in Figure L3 – 70 single-family units per year and 57 multi-family units per year. To convert projected housing units to population, the analysis uses occupancy factors shown in Figure L4.

Based on these assumptions, the 10-year projections include an increase of 1,270 housing units (700 single-family units + 570 multi-family units) and 2,462 persons ((700 single-family units X 2.23 persons per household) + (570 multi-family units X 1.58 persons per household)) in Fountain Hills.

Figure L5: Residential Projections

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2035	10-Year Increase
	Base Year	1	2	3	4	5	10	
Peak Population	27,883	28,129	28,375	28,621	28,868	29,114	30,345	2,462
Housing Units								
Single Family	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Total	14,513	14,640	14,767	14,894	15,021	15,148	15,783	1,270

NONRESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of nonresidential development including jobs and nonresidential floor area.

Nonresidential Demand Factors

TischlerBise uses the term jobs to refer to employment by place of work. Figure L6 includes the nonresidential development prototypes used to derive employment densities from data published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Light Industrial (ITE 110) with 637 square feet of floor area per employee. For office development, the prototype is General Office (ITE 710) with 307 square feet of floor area per employee. The prototype for institutional development is Government Office (ITE 730) with 330 square feet of floor area per employee. The prototype for commercial development is Shopping Center (ITE 820) with 471 square feet of floor area per employee.

Figure L6: Nonresidential Demand Units

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Emp Per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Nonresidential Estimates

The analysis uses data published by Esri Business Analyst Online for the 2025 employment estimate of 7,501 jobs. According to CoStar data, existing nonresidential development in the 2025 base year includes 4,915,020 square feet – 1,612,280 square feet of industrial development, 1,408,000 square feet of commercial development, 1,574,691 square feet of office development, and 770,049 square feet of institutional development.

Figure L7: Nonresidential Estimates

Development Type	2025 Jobs ¹	Percent of Total Jobs	2025 Floor Area ²
Industrial ³	781	10%	1,162,280
Commercial ⁴	2,215	30%	1,408,000
Office & Other Services ⁵	3,543	47%	1,574,691
Institutional ⁶	962	13%	770,049
Total	7,501	100%	4,915,020

- 1. Esri Business Analyst Online, Business Summary, 2025.
- 2. CoStar, 2025
- 3. Major sectors are Manufacturing; Wholesale Trade.
- 4. Major sectors are Retail Trade; Accommodation & Food Services.
- 5. Major sectors are Health Care and Social Assistance; Other Services.
- 6. Major sectors are Educational Services; Public Administration.

Nonresidential Projections

Employment and floor area projections are used to illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease.

TischlerBise projects future commercial, office and other services, and institutional development using employment projections published by the Maricopa Association of Governments (MAG). As directed by Fountain Hills Development Services Department staff, the analysis projects no industrial employment growth due to the limited availability of industrial sites. During the next 10 years, projected employment growth includes an additional 447 jobs. This includes no additional industrial jobs, 224 commercial jobs, 173 office and other services jobs, and 50 institutional jobs.

Applying the ITE employment density factors shown in Figure L6 to the employment projections shown in Figure L8 provides the necessary conversion from jobs to nonresidential floor area. During the next 10 years, projected nonresidential development growth includes approximately 175,000 square feet of floor area. This includes no industrial development due to the limited availability of industrial sites, 106,000 square feet of commercial development (224 commercial jobs X 471 square feet per job), 53,000 square feet of office development (173 office jobs X 307 square feet per job), and 16,000 square feet of institutional development (50 institutional jobs X 330 square feet per job).

Figure L8: Nonresidential Projections

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2035	10-Year Increase
	Base Year	1	2	3	4	5	10	
Employment								
Industrial	781	781	781	781	781	781	781	0
Commercial	2,215	2,220	2,225	2,230	2,234	2,239	2,439	224
Office & Other Services	3,543	3,573	3,602	3,632	3,662	3,691	3,716	173
Institutional	962	968	973	979	985	990	1,012	50
Total	7,501	7,541	7,581	7,622	7,662	7,702	7,948	447
Floor Area / Sq Ft (x1,000)								
Industrial	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other Services	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional	770	772	774	776	778	779	786	16
Total	4,915	4,928	4,942	4,955	4,968	4,981	5,090	175

DEVELOPMENT PROJECTIONS

Provided below is a summary of development projections used in the Development Fee Report. Base year estimates for 2025 are used in the fee calculations. Development projections are used to illustrate a possible future pace of demand for service units and cash flows resulting from revenues and expenditures associated with those demands.

Figure L9: Development Projections Summary

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	10-Year
	Base Year	1	2	3	4	5	6	7	8	9	10	Increase
Peak Population	27,883	28,129	28,375	28,621	28,868	29,114	29,360	29,606	29,852	30,098	30,345	2,462
Housing Units												
Single Family	10,138	10,208	10,278	10,348	10,418	10,488	10,558	10,628	10,698	10,768	10,838	700
Multi-Family	4,375	4,432	4,489	4,546	4,603	4,660	4,717	4,774	4,831	4,888	4,945	570
Total	14,513	14,640	14,767	14,894	15,021	15,148	15,275	15,402	15,529	15,656	15,783	1,270
Employment												
Industrial	781	781	781	781	781	781	781	781	781	781	781	0
Commercial	2,215	2,220	2,225	2,230	2,234	2,239	2,279	2,319	2,359	2,399	2,439	224
Office & Other Services	3,543	3,573	3,602	3,632	3,662	3,691	3,696	3,701	3,706	3,711	3,716	173
Institutional	962	968	973	979	985	990	995	999	1,003	1,007	1,012	50
Total	7,501	7,541	7,581	7,622	7,662	7,702	7,751	7,801	7,850	7,899	7,948	447
Floor Area / Sq Ft (x1,000)												
Industrial	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial	1,408	1,410	1,413	1,415	1,417	1,419	1,438	1,457	1,476	1,495	1,514	106
Office & Other Services	1,575	1,584	1,593	1,602	1,611	1,620	1,622	1,623	1,625	1,626	1,628	53
Institutional	770	772	774	776	778	779	781	782	784	785	786	16
Total	4,915	4,928	4,942	4,955	4,968	4,981	5,003	5,025	5,047	5,069	5,090	175

FIRE FACILITIES

ARS § 9-463.05 (T)(7)(f) defines the eligible facilities and assets for the Fire Facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and 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 firefighters or officers from more than one station or substation.”

The Fire Facilities IIP includes components for fire facilities, fire apparatus, fire equipment, and the cost of preparing the Fire Facilities IIP and related development fee report. The incremental expansion methodology is used for fire facilities, fire apparatus, and fire equipment. The plan-based methodology is used for the development fee report.

SERVICE AREA

The Fountain Hills Fire Department strives to provide a uniform response time within the town limits; therefore, there is a single service area for the Fire Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Fire Facilities IIP and development fees allocate the capital cost of necessary public services between residential and nonresidential development based on functional population. Functional population is similar to what the U.S. Census Bureau calls "daytime population." This accounts for people living and working in a jurisdiction, but it also considers commuting patterns and time spent at home and nonresidential locations. The functional population approach allocates the cost of the fire infrastructure to residential and nonresidential development based on the activity of residents and workers through 24 hours in a day.

Residents that do not work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Fountain Hills are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Fountain Hills are assigned 14 hours to residential development, and the remaining 10 hours in the day are assumed to be spent working outside of Fountain Hills. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2022 population data from the Arizona Office of Economic Opportunity and 2022 employment data from the U.S. Census Bureau's OnTheMap web application, functional population is 80 percent residential development and 20 percent nonresidential development.

Figure F1: Proportionate Share

Demand Units in 2022				
Residential			Demand Hours/Day	Person Hours
Population	23,972			
Residents Not Working	14,709		20	294,180
Employed Residents	9,263			
Employed in Fountain Hills		1,276	14	17,864
Employed outside Fountain Hills		7,987	14	111,818
Residential Subtotal				423,862
Residential Share				80%
Nonresidential				
Non-working Residents	14,709		4	58,836
Jobs Located in Fountain Hills	4,779			
Residents Employed in Fountain Hills		1,276	10	12,760
Non-Resident Workers (inflow commuters)		3,503	10	35,030
Nonresidential Subtotal				106,626
Nonresidential Share				20%
Total				530,488

Source: Arizona Office of Economic Opportunity (population), U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, Version 6.23.5 (employment).

The proportionate share of costs attributable to residential development will be allocated to population and then converted to an appropriate amount by housing type. Since nonresidential calls for service were unavailable by specific nonresidential use, TischlerBise recommends using jobs as the demand indicator for nonresidential demand. Employment density is highest for office development and lowest for institutional development. Commercial and industrial densities fall between the other two categories. This ranking of employment densities is consistent with the relative demand for fire services from nonresidential development.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure F2 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays the number of persons per household for each development unit based on American Community Survey data shown in Figure L4. For nonresidential development, the table displays the number of jobs per development unit based on ITE employment density factors shown in Figure L6.

Figure F2: Ratio of Service Unit to Development Unit

Residential Development		
Development Type	Development Unit	Persons per Unit ¹
Single Family	Housing Unit	2.23
Multi-Family	Housing Unit	1.58

Nonresidential Development		
Development Type	Development Unit	Jobs per Unit ¹
Industrial	1,000 Sq Ft	1.57
Commercial	1,000 Sq Ft	2.12
Office & Other Services	1,000 Sq Ft	3.26
Institutional	1,000 Sq Ft	0.93

1. U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

2. [Trip Generation](#), Institute of Transportation Engineers, 11th Edition (2021).

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Fire Facilities – Incremental Expansion

Fountain Hills currently provides 16,000 square feet of fire facilities to existing development, and Fountain Hills plans to construct additional fire facilities to serve future development. To allocate the proportionate share of demand for fire facilities to residential and nonresidential development, this analysis uses functional population shown in Figure F1. The existing level of service for residential development is 0.4591 square feet per person (16,000 square feet X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.4266 square feet per job (16,000 square feet X 20 percent nonresidential share / 7,501 jobs).

The analysis uses a construction cost estimate of \$1,000 per square foot as a proxy for future growth-related fire facility costs. For fire facilities, the cost is \$459.06 per person (0.4591 square feet per person X \$1,000 per square foot) and \$426.61 per job (0.4266 square feet per job X \$1,000 per square foot).

Figure F3: Existing Level of Service

Description	Square Feet
Fire Station 1	6,400
Fire Station 2	9,600
Total	16,000

Cost Factors	
Cost per Square Foot	\$1,000

Level-of-Service (LOS) Standards	
Existing Square Feet	16,000
Residential	
Residential Share	80%
2025 Population	27,883
Square Feet per Person	0.4591
Cost per Person	\$459.06
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Square Feet per Job	0.4266
Cost per Job	\$426.61

Source: Fountain Hills Fire Department

Fire Apparatus – Incremental Expansion

Fountain Hills currently serves existing development with 8 fire apparatus and plans to acquire additional fire apparatus to serve future development. The replacement cost of the existing fleet is \$3,685,000. The average cost of the existing fleet is \$460,625 per unit, and the analysis uses this as a proxy for future growth-related fire apparatus costs. To allocate the proportionate share of demand for fire apparatus to residential and nonresidential development, this analysis uses functional population outlined in Figure F1. The existing level of service for residential development is 0.0002 units per person (8 units X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.0002 units per job (8 units X 20 percent nonresidential share / 7,501 jobs).

The average cost of the existing fleet is \$460,625 per unit (\$3,685,000 total cost / 8 units), and the analysis uses this as a proxy for future growth-related fire apparatus costs. For fire apparatus, the cost is \$105.73 per person (0.0002 units per person X \$460,625 per unit) and \$98.25 per job (0.0002 units per job X \$460,625 per unit).

Figure F4: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Brush Truck	2	\$300,000	\$600,000
Command Vehicle	2	\$145,000	\$290,000
Engine	2	\$900,000	\$1,800,000
Ladder Truck	1	\$950,000	\$950,000
UTV	1	\$45,000	\$45,000
Total	8	\$460,625	\$3,685,000

Cost Factors	
Average Cost per Unit	\$460,625

Level-of-Service (LOS) Standards	
Existing Units	8
Residential	
Residential Share	80%
2025 Population	27,883
Units per Person	0.0002
Cost per Person	\$105.73
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Units per Job	0.0002
Cost per Job	\$98.25

Source: Fountain Hills Fire Department

Fire Equipment – Incremental Expansion

Fountain Hills currently serves existing development with 39 units of fire equipment, and Fountain Hills plans to acquire additional fire equipment to serve future development. The replacement cost of the existing inventory is \$193,000. To allocate the proportionate share of demand for fire equipment to residential and nonresidential development, this analysis uses functional population outlined in Figure F1. The existing level of service for residential development is 0.0011 units per person (39 units X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.0010 units per job (39 units X 20 percent nonresidential share / 7,501 jobs).

The average cost of the existing inventory is \$4,949 per unit (\$193,000 total cost / 39 units), and the analysis uses this as a proxy for future growth-related fire equipment costs. For fire equipment, the cost is \$5.4 per person (0.0011 units per person X \$4,949 per unit) and \$5.15 per job (0.0010 units per job X \$4,949 per unit).

Figure F5: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Defibrillators	25	\$1,000	\$25,000
Multi-Band Portable Radio	14	\$12,000	\$168,000
Total	39	\$4,949	\$193,000

Cost Factors	
Average Cost per Unit	\$4,949

Level-of-Service (LOS) Standards	
Existing Units	39
Residential	
Residential Share	80%
2025 Population	27,883
Units per Person	0.0011
Cost per Person	\$5.54
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Units per Job	0.0010
Cost per Job	\$5.15

Source: Fountain Hills Fire Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Fire Facilities IIP and related development fee report equals \$21,300. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,600. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$13.4 per person and \$19.04 per job.

Figure F6: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, projected development during the next 10 years includes population growth of 2,462 persons and employment growth of 447 jobs. To maintain existing levels of service, Fountain Hills needs to construct approximately 1,321 square feet of fire facilities, acquire approximately one fire apparatus, and acquire approximately three units of fire equipment over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Fire Facilities IIP.

Fire Facilities – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire facilities over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 1,130 square feet of fire facilities (2,462 additional persons X 0.4591 square feet per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 191 additional square feet of fire facilities (447 additional jobs X 0.4266 square feet per job). Future development demands approximately 1,321 square feet of fire facilities at a cost of \$1,320,893 (1,320.9 X \$1,000 per square foot). Fountain Hills will use development fees to construct new fire facilities or to expand existing fire facilities.

Figure F7: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Sq Ft
Fire Facilities	0.4591 Square Feet	per Person	\$1,000
	0.4266 Square Feet	per Job	

Demand for Fire Facilities					
Year	Population	Jobs	Square Feet		
			Residential	Nonresidential	Total
2025	27,883	7,501	12,800.0	3,200.0	16,000.0
2026	28,129	7,541	12,913.0	3,217.1	16,130.1
2027	28,375	7,581	13,026.0	3,234.3	16,260.3
2028	28,621	7,622	13,139.0	3,251.4	16,390.4
2029	28,868	7,662	13,252.0	3,268.6	16,520.6
2030	29,114	7,702	13,365.0	3,285.7	16,650.7
2031	29,360	7,751	13,478.0	3,306.7	16,784.8
2032	29,606	7,801	13,591.0	3,327.8	16,918.8
2033	29,852	7,850	13,704.0	3,348.8	17,052.8
2034	30,098	7,899	13,817.0	3,369.8	17,186.9
2035	30,345	7,948	13,930.0	3,390.9	17,320.9
10-Yr Increase	2,462	447	1,130.0	190.9	1,320.9
Growth-Related Expenditures			\$1,130,025	\$190,869	\$1,320,893

Fire Apparatus – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire apparatus over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 0.6 fire apparatus (2,462 persons X 0.0002 units per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 0.1 fire apparatus (447 additional jobs X 0.0002 units per job). Future development demands approximately 0.7 fire apparatus at a cost of \$304,218 (0.7 units X \$460,625 per unit). Fountain Hills will use development fees to expand its fire apparatus fleet.

Figure F8: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Fire Apparatus	0.0002 Units	per Person	\$460,625
	0.0002 Units	per Job	

Demand for Fire Apparatus					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	6.4	1.6	8.0
2026	28,129	7,541	6.5	1.6	8.1
2027	28,375	7,581	6.5	1.6	8.1
2028	28,621	7,622	6.6	1.6	8.2
2029	28,868	7,662	6.6	1.6	8.3
2030	29,114	7,702	6.7	1.6	8.3
2031	29,360	7,751	6.7	1.7	8.4
2032	29,606	7,801	6.8	1.7	8.5
2033	29,852	7,850	6.9	1.7	8.5
2034	30,098	7,899	6.9	1.7	8.6
2035	30,345	7,948	7.0	1.7	8.7
10-Yr Increase	2,462	447	0.6	0.1	0.7
Growth-Related Expenditures			\$260,259	\$43,959	\$304,218

Fire Equipment – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire equipment over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 2.8 units of fire equipment (2,462 persons X 0.0011 units per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 0.5 units of fire equipment (447 jobs X 0.0010 units per job). Future development demands approximately 3.2 units of fire equipment at a cost of \$15,933 (3.2 units X \$4,949 per unit). Fountain Hills will use development fees to expand its fire equipment inventory.

Figure F9: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Fire Equipment	0.0011 Units	per Person	\$4,949
	0.0010 Units	per Job	

Demand for Fire Equipment					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	31.2	7.8	39.0
2026	28,129	7,541	31.5	7.8	39.3
2027	28,375	7,581	31.8	7.9	39.6
2028	28,621	7,622	32.0	7.9	40.0
2029	28,868	7,662	32.3	8.0	40.3
2030	29,114	7,702	32.6	8.0	40.6
2031	29,360	7,751	32.9	8.1	40.9
2032	29,606	7,801	33.1	8.1	41.2
2033	29,852	7,850	33.4	8.2	41.6
2034	30,098	7,899	33.7	8.2	41.9
2035	30,345	7,948	34.0	8.3	42.2
10-Yr Increase	2,462	447	2.8	0.5	3.2
Growth-Related Expenditures			\$13,631	\$2,302	\$15,933

FIRE FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills’ construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

Fire Facilities Development Fees

Figure F10 includes infrastructure components and cost factors for fire facilities development fees. The cost per service unit is \$584.17 per person and \$549.05 per job.

Residential development fees are calculated per housing unit and vary proportionately according to the number of persons per household. For a single-family unit, the fee of \$1,303 is calculated using a cost of \$584.17 per person multiplied by 2.23 persons per household.

Nonresidential development fees are calculated per development unit and vary proportionately according to the number of jobs. For commercial development, the fee of \$1,164 per development unit (1,000 square feet) is calculated using a cost of \$549.05 per job multiplied by 2.12 jobs per development unit.

Figure F10: Fire Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Fire Facilities	\$459.06	\$426.61
Fire Apparatus	\$105.73	\$98.25
Fire Equipment	\$5.54	\$5.15
Development Fee Report	\$13.84	\$19.04
Total	\$584.17	\$549.05

Residential Fees per Development Unit					
Development Type	Development Unit	Persons per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	2.23	\$1,303	\$122	\$1,181
Multi-Family	Housing Unit	1.58	\$923	\$94	\$829

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Jobs per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	1.57	\$862	\$100	\$762
Commercial	1,000 Sq Ft	2.12	\$1,164	\$140	\$1,024
Office & Other Services	1,000 Sq Ft	3.26	\$1,790	\$180	\$1,610
Institutional	1,000 Sq Ft	0.93	\$511	\$60	\$451

1. See Land Use Assumptions

FIRE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona’s enabling legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for fire facilities needed to accommodate future development. Projected fee revenue shown in Figure F11 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for fire facilities shown in Figure F10. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will decrease along with development fee revenue. Projected development fee revenue equals \$1,664,640 and projected expenditures equal \$1,683,645.

Figure F11: Fire Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Fire Facilities	\$1,320,893	\$0	\$1,320,893
Fire Apparatus	\$304,218	\$0	\$304,218
Fire Equipment	\$15,933	\$0	\$15,933
Development Fee Report	\$42,600	\$0	\$42,600
Total	\$1,683,645	\$0	\$1,683,645

		Single Family \$1,303 per unit	Multi-Family \$923 per unit	Industrial \$862 per unit	Commercial \$1,164 per unit	Office & Other \$1,790 per unit	Institutional \$511 per unit
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$912,100	\$526,110	\$0	\$123,384	\$94,870	\$8,176

Projected Fee Revenue	\$1,664,640
Total Expenditures	\$1,683,645

PARKS AND RECREATIONAL FACILITIES IIP

ARS § 9-463.05 (T)(7)(g) defines the facilities and assets that can be included in the Parks and Recreational Facilities IIP:

“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”

The Parks and Recreational Facilities IIP includes components for developed park land, park amenities, and the cost of preparing the Parks and Recreational Facilities IIP and related Development Fee Report. The incremental expansion methodology is used for developed park land and park amenities. The plan-based methodology is used for the Development Fee Report.

SERVICE AREA

Fountain Hills provides townwide access to parks and recreational facilities; therefore, there is a single service area for the Parks and Recreational Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Parks and Recreational Facilities IIP and development fees allocate the capital cost of necessary public services between residential and nonresidential based on functional population. The Arizona Office of Economic Opportunity estimates Fountain Hills’ 2022 population equal to 23,972 persons. Based on 2022 estimates from the U.S. Census Bureau’s OnTheMap web application, 3,503 inflow commuters traveled to Fountain Hills for work. The proportionate share is based on cumulative impact hours per year. Potential impact to parks and recreational facilities equals 4,380 hours per year per resident and 500 hours per year per inflow commuter. For parks and recreational facilities, residential development generates 98 percent of demand and nonresidential development generates the remaining two percent of demand.

Figure PR1: Proportionate Share

Development Type	Service Unit	Impact Hours per Year	Cumulative Impact Hours per Year	Proportionate Share
Residential	23,972 persons ¹	4,380	104,997,360	98%
Nonresidential	3,503 inflow commuters ²	500	1,751,500	2%
Total			106,748,860	100%

1. Arizona Office of Economic Opportunity, 2022.

2. U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, Version 6.23.5, 2022.

Residential Impact: 12 hours per day X 365 days per year

Nonresidential Impact: 2 hours per day X 5 days per week X 50 weeks per year

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure PR2 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays the number of persons per household for each development unit based on American Community Survey data shown in Figure L4. For nonresidential development, the table displays the number of jobs per development unit based on ITE employment density factors shown in Figure L6.

Figure PR2: Ratio of Service Unit to Development Unit

Residential Development		
Development Type	Development Unit	Persons per Unit ¹
Single Family	Housing Unit	2.23
Multi-Family	Housing Unit	1.58

Nonresidential Development		
Development Type	Development Unit	Jobs per Unit ¹
Industrial	1,000 Sq Ft	1.57
Commercial	1,000 Sq Ft	2.12
Office & Other Services	1,000 Sq Ft	3.26
Institutional	1,000 Sq Ft	0.93

1. U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates
 2. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Developed Park Land – Incremental Expansion

Fountain Hills currently provides 951.4 total acres and 131.4 developed acres of parks to existing development. To comply with Arizona’s Enabling Legislation, the analysis excludes ineligible park land at Fountain Park (lake acreage) and Golden Eagle Trailhead (owned by HOA). The analysis uses 98.0 acres of developed park land to calculate the level of service. Due to the availability of undeveloped land, Fountain Hills does not plan to acquire additional park land. Fountain Hills will develop existing park land or other town sites during the 10-year IIP timeframe. To allocate the proportionate share of demand for developed park land to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing LOS for residential development is 0.00344 eligible acres per person (98 eligible acres X 98 percent residential share / 27,883 persons). For nonresidential development, the existing LOS is 0.00026 eligible acres per job (98 eligible acres X two percent nonresidential share / 7,501 jobs).

The analysis includes a cost of \$40,000 per acre for development costs not captured in the park amenities component (site development, grading, utilities, etc.). For developed park land, the cost is \$137.78 per acre (0.00344 eligible acres per person X \$40,000 per acre) and \$10.45 per job (0.00026 eligible acres per job X \$40,000 per acre).

Figure PR3: Existing Level of Service

Description	Total Acres	Developed Acres	Eligible Acres
Avenue Linear Park	3.0	3.0	3.0
Desert Botanical Garden	8.0	8.0	8.0
Desert Vista Park	12.0	12.0	12.0
Fountain Park	65.0	65.0	32.0
Four Peaks Park	16.0	16.0	16.0
Golden Eagle Park	25.0	25.0	25.0
Golden Eagle Trailhead	0.4	0.4	0.0
McDowell Mtn. Preserve	822.0	2.0	2.0
Total	951.4	131.4	98.0

Cost Factors	
Developed Cost per Acre ¹	\$40,000

Level-of-Service (LOS) Standards	
Existing Eligible Acres	98.0
Residential	
Residential Share	98%
2025 Population	27,883
Eligible Acres per Person	0.00344
Cost per Person	\$137.78
Nonresidential	
Nonresidential Share	2%
2025 Jobs	7,501
Eligible Acres per Job	0.00026
Cost per Job	\$10.45

Source: Fountain Hills Parks and Recreation Department

1. Includes infrastructure costs but excludes acquisition costs.

Park Amenities – Incremental Expansion

Fountain Hills currently provides 1,052 park amenities and plans to construct additional park amenities to serve future development. The total cost of existing park amenities is \$46,811,800, and the analysis uses the average cost of \$44,498 per unit as a proxy for future growth-related park amenity costs. Figure PR5 includes a detailed list of existing park amenities.

To allocate the proportionate share of demand for park amenities to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing LOS for residential development is 0.0370 units per person (1,052 units X 98 percent residential share / 27,883 persons). For nonresidential development, the existing LOS is 0.0028 units per job (1,052 units X two percent nonresidential share / 7,501 jobs).

Based on the cost of Fountain Hills’ existing park amenities, the average cost for park amenities is \$44,498 per unit (\$46,811,800 total cost / 1,052 units). For park amenities, the cost is \$1,645.29 per person (0.0370 units per person X \$44,498 per unit) and \$124.81 per job (0.0028 units per job X \$44,498 per unit).

Figure PR4: Existing Level of Service

Cost Factors	
Average Cost per Unit	\$44,498

Level-of-Service (LOS) Standards	
Existing Units	1,052
Residential	
Residential Share	98%
2025 Population	27,883
Units per Person	0.0370
Cost per Person	\$1,645.29
Nonresidential	
Nonresidential Share	2%
2025 Jobs	7,501
Units per Job	0.0028
Cost per Job	\$124.81

Source: Fountain Hills Parks and Recreation Department

Figure PR5: Existing Park Amenities

Description	Units	Unit Cost	Total Cost
Baseball/Softball Field	6	\$725,000	\$4,350,000
Basketball Court	3	\$120,000	\$360,000
Bench	101	\$2,500	\$252,500
Bike Rack	46	\$300	\$13,800
Bleachers	29	\$3,000	\$87,000
Bridge (Pedestrian)	2	\$1,000,000	\$2,000,000
Building	11	\$400,000	\$4,400,000
Disc Golf Course	1	\$15,300	\$15,300
Dog Park	1	\$650,000	\$650,000
Drinking Fountain	22	\$3,000	\$66,000
Dugout Bench	15	\$1,000	\$15,000
Entry Monument Signage	9	\$20,000	\$180,000
Exercise Equipment Area	2	\$40,000	\$80,000
FIT Trail Trailhead	2	\$100,000	\$200,000
Grill	12	\$400	\$4,800
Horseshoe Pit	1	\$2,500	\$2,500
Interpretive Signage	14	\$1,000	\$14,000
Light Bollard	291	\$2,000	\$582,000
Multi-Use Sports Field	4	\$475,000	\$1,900,000
Parking Lot	11	\$526,000	\$5,786,000
Passive Lawn/Recreation	14	\$475,000	\$6,650,000
Pet Station	21	\$300	\$6,300
Pickleball Court	6	\$70,000	\$420,000
Picnic Table	110	\$3,500	\$385,000
Playground (2-5 years)	4	\$125,000	\$500,000
Playground (5+ years)	4	\$230,000	\$920,000
Ramada (with picnic table)	21	\$84,000	\$1,764,000
Recycle	24	\$600	\$14,400
Restroom	21	\$420,000	\$8,820,000
Sand Volleyball	2	\$24,000	\$48,000
Scoreboard	4	\$8,000	\$32,000
Shade Structure <100 ksf	18	\$50,000	\$900,000
Shade Structure >100 ksf	5	\$100,000	\$500,000
Shower	1	\$4,000	\$4,000
Sign Kiosk	11	\$4,000	\$44,000
Skate Park	1	\$1,089,000	\$1,089,000
Soccer Goal	6	\$2,500	\$15,000
Specialty Play	2	\$100,000	\$200,000
Splash Pad	1	\$860,000	\$860,000
Tennis Court	6	\$170,000	\$1,020,000
Trash Receptacle	166	\$600	\$99,600
Veteran's Memorial	1	\$900,000	\$900,000
Walking Track/Trail	6	\$95,000	\$570,000
Water Feature	6	\$15,000	\$90,000
Wayfinding Signage	8	\$200	\$1,600
Total	1,052	\$44,498	\$46,811,800

Source: Fountain Hills Parks and Recreation Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Parks and Recreational Facilities IIP and related development fee report equals \$21,300. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,600. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$16.96 per person and \$1.90 per job.

Figure PR6: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, projected development during the next 10 years includes population growth of 2,462 persons and employment growth of 447 jobs. To maintain the existing levels of service, Fountain Hills needs to develop approximately 8.6 acres of park land and construct approximately 92 park amenities over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Parks and Recreational Facilities IIP.

Developed Park Land – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for developed park land over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands an additional 8.5 acres (2,462 additional persons X 0.00344 eligible acres per person). With projected employment growth of 447 jobs, future nonresidential development demands an additional 0.1 acres (447 additional jobs X 0.00026 eligible acres per job). Future development demands 8.6 additional acres at a cost of \$343,825 (8.6 acres X \$40,000 per acre). Fountain Hills will use development fees to develop additional park land.

Figure PR7: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Acre
Developed Park Land	0.00344 Eligible Acres	per Person	\$40,000
	0.00026 Eligible Acres	per Job	

Demand for Developed Park Land					
Year	Population	Jobs	Eligible Acres		
			Residential	Nonresidential	Total
2025	27,883	7,501	96.0	2.0	98.0
2026	28,129	7,541	96.9	2.0	98.9
2027	28,375	7,581	97.7	2.0	99.7
2028	28,621	7,622	98.6	2.0	100.6
2029	28,868	7,662	99.4	2.0	101.4
2030	29,114	7,702	100.3	2.0	102.3
2031	29,360	7,751	101.1	2.0	103.2
2032	29,606	7,801	102.0	2.0	104.0
2033	29,852	7,850	102.8	2.1	104.9
2034	30,098	7,899	103.7	2.1	105.7
2035	30,345	7,948	104.5	2.1	106.6
10-Yr Increase	2,462	447	8.5	0.1	8.6
Growth-Related Expenditures			\$339,149	\$4,676	\$343,825

Park Amenities – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for park amenities over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands an additional 91.0 park amenities (2,462 additional persons X 0.0370 units per person). With projected employment growth of 447 jobs, future nonresidential development demands an additional 1.3 park amenities (447 additional jobs X 0.0028 units per job). Future development demands 92.3 additional park amenities at a cost of \$4,105,884 (92.3 units X \$44,498 per unit). Fountain Hills will use development fees to construct additional park amenities.

Figure PR8: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Park Amenities	0.0370 Units	per Person	\$44,498
	0.0028 Units	per Job	

Demand for Park Amenities					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	1,031.0	21.0	1,052.0
2026	28,129	7,541	1,040.1	21.2	1,061.2
2027	28,375	7,581	1,049.2	21.3	1,070.4
2028	28,621	7,622	1,058.3	21.4	1,079.6
2029	28,868	7,662	1,067.4	21.5	1,088.9
2030	29,114	7,702	1,076.5	21.6	1,098.1
2031	29,360	7,751	1,085.6	21.7	1,107.3
2032	29,606	7,801	1,094.7	21.9	1,116.6
2033	29,852	7,850	1,103.8	22.0	1,125.8
2034	30,098	7,899	1,112.9	22.2	1,135.0
2035	30,345	7,948	1,122.0	22.3	1,144.3
10-Yr Increase	2,462	447	91.0	1.3	92.3
Growth-Related Expenditures			\$4,050,041	\$55,843	\$4,105,884

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills’ construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

Parks and Recreational Facilities Development Fees

Figure PR9 includes infrastructure components and cost factors for parks and recreational facilities development fees. The cost per service unit is \$1,800.03 per person and \$137.16 per job.

Residential development fees are calculated per housing unit and vary proportionately according to the number of persons per household. For a single-family unit, the fee of \$4,014 is calculated using a cost of \$1,800.03 per person multiplied by 2.23 persons per household.

Nonresidential development fees are calculated per development unit and vary proportionately according to the number of jobs. For commercial development, the fee of \$291 per development unit (1,000 square feet) is calculated using a cost of \$137.16 per job multiplied by 2.12 jobs per development unit.

Figure PR9: Parks and Recreational Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Developed Park Land	\$137.78	\$10.45
Park Amenities	\$1,645.29	\$124.81
Development Fee Report	\$16.96	\$1.90
Total	\$1,800.03	\$137.16

Residential Fees per Development Unit					
Development Type	Development Unit	Persons per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	2.23	\$4,014	\$1,916	\$2,098
Multi-Family	Housing Unit	1.58	\$2,844	\$1,479	\$1,365

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Jobs per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	1.57	\$215	\$560	(\$345)
Commercial	1,000 Sq Ft	2.12	\$291	\$810	(\$519)
Office & Other Services	1,000 Sq Ft	3.26	\$447	\$1,030	(\$583)
Institutional	1,000 Sq Ft	0.93	\$128	\$320	(\$192)

1. See Land Use Assumptions

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for parks and recreational facilities needed to accommodate new development. Projected fee revenue shown in Figure PR10 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for parks and recreational facilities shown in Figure PR9. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will decrease along with development fee revenue. Projected development fee revenue equals \$4,487,465 and projected expenditures equal \$4,492,309.

Figure PR10: Parks and Recreational Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Developed Park Land	\$343,825	\$0	\$343,825
Park Amenities	\$4,105,884	\$0	\$4,105,884
Development Fee Report	\$42,600	\$0	\$42,600
Total	\$4,492,309	\$0	\$4,492,309

		Single Family \$4,014 per unit	Multi-Family \$2,844 per unit	Industrial \$215 per unit	Commercial \$291 per unit	Office & Other \$447 per unit	Institutional \$128 per unit
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$2,809,800	\$1,621,080	\$0	\$30,846	\$23,691	\$2,048

Projected Fee Revenue	\$4,487,465
Total Expenditures	\$4,492,309

STREET FACILITIES IIP

ARS § 9-463.05 (T)(7)(e) defines the eligible facilities and assets for the Street Facilities IIP:

“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”

The Street Facilities IIP includes components for street improvements and the cost of preparing the Street Facilities IIP and related Development Fee Report. The plan-based methodology is used for street improvements and the Development Fee Report.

SERVICE AREA

Fountain Hills provides a transportation network within the town limits; therefore, there is a single service area for the Street Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Street Facilities IIP and development fees will allocate the cost of necessary public services between residential and nonresidential based on trip generation rates, trip adjustment factors, and trip lengths.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Fountain Hills will use vehicle miles traveled (VMT) as the demand units for street facilities fees. Components used to determine VMT include average weekday vehicle trip generation rates, adjustments for commuting patterns and pass-by trips, and trip length weighting factors.

Residential Trip Generation Rates

As an alternative to simply using national average trip generation rates for residential development, published by the Institute of Transportation Engineers (ITE), TischlerBise calculates custom trip rates using local demographic data. Key inputs needed for the analysis, including average number of persons and vehicles available per housing unit, are available from American Community Survey (ACS) data. Shown in Figure S1, custom trip generation rates for Fountain Hills vary slightly from the national averages. Single-family residential development is expected to generate 8.03 average weekday vehicle trip ends per dwelling – compared to the national average of 9.43 (ITE 210). Multi-family residential development is expected to generate 3.89 average weekday vehicle trip ends per dwelling, which is lower than the national average of 4.54 (ITE 221).

Figure S1: Average Weekday Vehicle Trip Ends by Housing Type

Tenure by Units in Structure	Vehicles Available ¹	Households by Structure Type ²			Vehicles per HH by Tenure
		Single-Family	Multi-Family	Total	
Owner-Occupied	17,994	8,342	886	9,228	1.95
Renter-Occupied	2,991	907	942	1,849	1.62
Total	20,985	9,249	1,828	11,077	1.89

Units in Structure	Persons in Households ³	Trip Ends ⁴	Vehicles by Type of Unit	Trip Ends ⁵	Average Trip Ends	Housing Units ⁶	Trip Ends per Housing Unit	
							Local	National ⁷
Single-Family	20,644	57,498	17,734	115,580	86,539	10,781	8.03	9.43
Multi-Family	2,894	6,546	3,251	13,104	9,825	2,528	3.89	4.54
Total	23,538	64,045	20,985	128,685	96,365	13,309	7.24	

1. Vehicles available by tenure from Table B25046, American Community Survey, 2023 5-Year Estimates.
2. Households by tenure and units in structure from Table B25032, American Community Survey, 2023 5-Year Estimates.
3. Total population in households from Table B25033, American Community Survey, 2023 5-Year Estimates.
4. Vehicle trips ends based on persons using formulas from ITE *Trip Generation* . For single-family housing (ITE 210), the fitted curve equation is $EXP(0.89*LN(persons)+1.72)$ [ITE 2017]. To approximate the average population of the ITE studies, persons were divided by 37 and the equation result multiplied by 37. For multi-family housing (ITE 221), the fitted curve equation is $(2.29*persons)-81.02$ [ITE 2017].
5. Vehicle trip ends based on vehicles available using formulas from ITE *Trip Generation* . For single-family housing (ITE 210), the fitted curve equation is $EXP(0.99*LN(vehicles)+1.93)$ [ITE 2017]. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 69 and the equation result multiplied by 69. For multi-family housing (ITE 220), the fitted curve equation is $(3.94*vehicles)+293.58$ [ITE 2012].
6. Housing units from Table B25024, American Community Survey, 2023 5-Year Estimates.
7. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Nonresidential Trip Generation Rates

For nonresidential development, TischlerBise uses trip generation rates published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Light Industrial (ITE 110) which generates 4.87 average weekday vehicle trip ends per 1,000 square feet of floor area. For office development, the prototype is General Office (ITE 710), and it generates 10.84 average weekday vehicle trip ends per 1,000 square feet of floor area. For institutional development, the prototype is Government Office (ITE 730), and it generates 22.59 average weekday vehicle trip ends per 1,000 square feet of floor area. The prototype for commercial development is Shopping Center (ITE 820) which generates 37.01 average weekday vehicle trips per 1,000 square feet of floor area.

Figure S2: Average Weekday Vehicle Trip Ends by Land Use

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Emp Per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
150	Warehousing	1,000 Sq Ft	1.71	5.05	0.34	2,953
254	Assisted Living	bed	2.60	4.24	0.61	n/a
310	Hotel	room	7.99	14.34	0.56	n/a
520	Elementary School	1,000 Sq Ft	19.52	21.00	0.93	1,076
610	Hospital	1,000 Sq Ft	10.77	3.77	2.86	350
620	Nursing Home	bed	3.06	3.31	0.92	n/a
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
720	Medical-Dental Office	1,000 Sq Ft	36.00	8.71	4.13	242
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Trip Rate Adjustments

To calculate street facilities fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50 percent. As discussed further in this section, the development fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

Commuter Trip Adjustment

Residential development has a larger trip adjustment factor of 66 percent to account for commuters leaving Fountain Hills for work. According to the 2022 National Household Travel Survey (see Table 8-2) weekday work trips are typically 36 percent of production trips (i.e., all out-bound trips, which are 50 percent of all trip ends). As shown in Figure S3, the U.S. Census Bureau's OnTheMap web application indicates 86 percent of resident workers traveled outside of Fountain Hills for work in 2022. In combination, these factors ($0.36 \times 0.50 \times 0.86 = 0.16$) support the additional 16 percent allocation of trips to residential development.

Figure S3: Commuter Trip Adjustment

Trip Adjustment Factor for Commuters	
Employed Residents	9,263
Residents Living and Working in Fountain Hills	1,276
Residents Commuting Outside Fountain Hills for Work	7,987
Percent Commuting out of Fountain Hills	86%
Additional Production Trips ¹	16%
Residential Trip Adjustment Factor	66%

Source: U.S. Census Bureau, OnTheMap Application (version 6.23.5) and LEHD Origin-Destination Employment Statistics, 2022.

1. According to the 2022 National Household Travel Survey* (see Table 8-2), home-based work trips are typically 36 percent of “production” trips, in other words, out-bound trips (which are 50 percent of all trip ends). Also, LED OnTheMap data from 2022 indicate that 86 percent of Fountain Hills’ workers travel outside the city for work. In combination, these factors (0.36 x 0.50 x 0.86 = 0.16) account for 16 percent of additional production trips. The total adjustment factor for residential includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (16 percent of production trips) for a total of 66 percent. *<http://nhts.ornl.gov/publications>; Summary of Travel Trends: 2022 National Household Travel Survey (Table 8-2. Travel Characteristics for Weekday Versus Weekend)

Adjustment for Pass-By Trips

For commercial development, the trip adjustment factor is less than 50 percent because this type of development attracts vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, ITE data indicate 34 percent of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66 percent of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66 percent multiplied by 50 percent, or approximately 33 percent of the trip ends.

Average Weekday Vehicle Trips

Shown below in Figure S4, multiplying average weekday vehicle trip ends and trip adjustment factors by existing development units provides the average weekday vehicle trips generated by existing development. As shown below, existing development in Fountain Hills generates 102,221 vehicle trips on an average weekday.

Figure S4: Average Weekday Vehicle Trips by Land Use

Development Type	Dev Unit	ITE Code	Avg Wkday VTE	Trip Adjustment	2025 Dev Units	2025 Veh Trips
Single Family	HU	210	8.03	66%	10,138	53,729
Multi-Family	HU	220	3.89	66%	4,375	11,232
Industrial	KSF	110	4.87	50%	1,162	2,830
Commercial	KSF	820	37.01	33%	1,408	17,196
Office & Other Services	KSF	710	10.84	50%	1,575	8,535
Institutional	KSF	730	22.59	50%	770	8,698
Total						102,221

Trip Length Weighting Factor

The street facilities development fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 3-4, Table 3-5, and Table 3-6 of the 2022 National Household Travel Survey, vehicle trips from residential development are approximately 120 percent of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 50 percent of the average trip length while other nonresidential development typically accounts for trips that are 76 percent of the average for all trips.

Local Vehicle Miles Traveled

Figure S5 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays VMT per household for each development unit. For nonresidential development, the table displays the number of VMT per development unit.

Figure S5: Ratio of Service Unit to Development Unit

Residential Development						
Development Type	Development Unit	AWVTE per unit ¹	Trip Adjustment ²	Average Trip Length (miles)	Trip Length Adjustment ³	VMT per Unit
Single Family	Housing Unit	8.03	66%	4.4653	120%	28.40
Multi-Family	Housing Unit	3.89	66%	4.4653	120%	13.76

Nonresidential Development						
Development Type	Development Unit	AWVTE per Unit ⁴	Trip Adjustment ⁴	Average Trip Length (miles)	Trip Length Adjustment ³	VMT per Unit
Industrial	1,000 Sq Ft	4.87	50%	4.4653	76%	8.26
Commercial	1,000 Sq Ft	37.01	33%	4.4653	50%	27.27
Office & Other Services	1,000 Sq Ft	10.84	50%	4.4653	76%	18.39
Institutional	1,000 Sq Ft	19.52	50%	4.4653	76%	33.12

1. TischlerBise calculation.
2. TischlerBise calculation based on OnTheMap Application (version 6.25.1) and LEHD Origin-Destination Employment Statistics, 2022; and 2022 National Household Travel Survey.
3. 2022 National Household Travel Survey.
4. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

According to recent estimates, Fountain Hills currently provides 70.0 lane miles of arterials. Using a capacity standard of 8,175 vehicles per lane mile, the existing arterial network provides 572,250 vehicle miles of capacity (70.0 lane miles X 8,175 vehicles per lane mile). To derive the average utilization (i.e., average trip length expressed in miles) of the major streets, divide vehicle miles of capacity by vehicle trips attracted to development in Fountain Hills. As shown in Figure S6, existing development currently attracts 102,221 average weekday vehicle trips. Dividing 572,250 vehicle miles of capacity by existing average weekday vehicle trips yields an unweighted-average trip length of approximately 5.598 miles. The calibration of average trip length includes the same adjustment factors used in the development fee calculations (i.e., commuter trip adjustment, pass-by trip adjustment, and average trip length adjustment). With these refinements, the weighted-average trip length is 5.621 miles.

As shown in the *Land Use Assumptions* document, 10-year projected growth includes 1,270 housing units and 175,000 square feet of nonresidential floor area. Based on the trip generation factors discussed in this section, projected development generates an additional 40,546 VMT over the next 10 years. Shown below in Figure S6, Fountain Hills will need to construct approximately 4.96 lane miles of street improvements to maintain the existing LOS over the next 10 years.

Figure S6: Projected Travel Demand

Development Type	Dev Unit	ITE Code	Weekday Veh Trips	Local Trip Length	Trip Length Adj	Weekday VMT
Single Family	HU	210	5.30	5.6210	120%	35.75
Multi-Family	HU	220	2.57	5.6210	120%	17.32
Industrial	KSF	110	2.44	5.6210	76%	10.40
Commercial	KSF	820	12.21	5.6210	50%	34.33
Office & Other Services	KSF	710	5.42	5.6210	76%	23.15
Institutional	KSF	730	11.30	5.6210	76%	48.25

VMC Per Lane Mile	8,175
Average Trip Length (miles)	5.6210

Fountain Hills, Arizona	Base 2025	1 2026	2 2027	3 2028	4 2029	5 2030	10 2035	10-Year Increase
Single-Family Units	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family Units	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Industrial KSF	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial KSF	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other KSF	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional KSF	770	772	774	776	778	779	786	16
Single Family Trips	53,729	54,100	54,471	54,842	55,213	55,584	57,439	3,710
Multi-Family Trips	11,232	11,379	11,525	11,671	11,818	11,964	12,696	1,463
Residential Trips	64,962	65,479	65,996	66,514	67,031	67,548	70,135	5,173
Industrial Trips	2,830	2,830	2,830	2,830	2,830	2,830	2,830	0
Commercial Trips	17,196	17,224	17,252	17,280	17,308	17,336	18,487	1,290
Office & Other Trips	8,535	8,584	8,634	8,683	8,732	8,782	8,823	288
Institutional Trips	8,698	8,719	8,740	8,761	8,782	8,803	8,883	185
Nonresidential Trips	37,259	37,357	37,456	37,554	37,653	37,751	39,023	1,764
Total Vehicle Trips	102,221	102,836	103,452	104,068	104,684	105,299	109,158	6,937
VMT	572,217	576,086	579,955	583,824	587,693	591,562	612,763	40,546
Lane Miles	70.00	70.47	70.94	71.42	71.89	72.36	74.96	4.96

Calibrated Travel Demand Model

Fountain Hills plans to construct 3.94 lane miles of arterials over the next 10 years to serve future development. Since Fountain Hills plans to build fewer than 4.96 lane miles, as shown in Figure S6, the average trip length of 5.6210 miles is adjusted until the 10-year demand for arterials equals 3.94 lane miles – resulting in an average trip length of 4.4653 miles on the planned street improvements. The 10-year increase in VMT on the planned street improvements equals 32,209 VMT.

Figure S7: Calibrated Travel Demand

Development Type	Dev Unit	ITE Code	Weekday Veh Trips	Local Trip Length	Trip Length Adj	Weekday VMT
Single Family	HU	210	5.30	4.4653	120%	28.40
Multi-Family	HU	220	2.57	4.4653	120%	13.76
Industrial	KSF	110	2.44	4.4653	76%	8.26
Commercial	KSF	820	12.21	4.4653	50%	27.27
Office & Other Services	KSF	710	5.42	4.4653	76%	18.39
Institutional	KSF	730	11.30	4.4653	76%	38.33

VMC Per Lane Mile	8,175
Average Trip Length (miles)	4.4653

Fountain Hills, Arizona	Base	1	2	3	4	5	10	10-Year Increase
	2025	2026	2027	2028	2029	2030	2035	
Single-Family Units	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family Units	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Industrial KSF	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial KSF	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other KSF	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional KSF	770	772	774	776	778	779	786	16
Single Family Trips	53,729	54,100	54,471	54,842	55,213	55,584	57,439	3,710
Multi-Family Trips	11,232	11,379	11,525	11,671	11,818	11,964	12,696	1,463
Residential Trips	64,962	65,479	65,996	66,514	67,031	67,548	70,135	5,173
Industrial Trips	2,830	2,830	2,830	2,830	2,830	2,830	2,830	0
Commercial Trips	17,196	17,224	17,252	17,280	17,308	17,336	18,487	1,290
Office & Other Trips	8,535	8,584	8,634	8,683	8,732	8,782	8,823	288
Institutional Trips	8,698	8,719	8,740	8,761	8,782	8,803	8,883	185
Nonresidential Trips	37,259	37,357	37,456	37,554	37,653	37,751	39,023	1,764
Total Vehicle Trips	102,221	102,836	103,452	104,068	104,684	105,299	109,158	6,937
VMT	454,567	457,641	460,714	463,787	466,861	469,934	486,776	32,209
Lane Miles	55.60	55.98	56.36	56.73	57.11	57.48	59.54	3.94

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Street Improvements – Plan-Based

Fountain Hills plans to expand Shea Boulevard to serve future development. The Fountain Hills Public Works Department provided construction cost estimates of \$29,311,273 to construct 3.94 lane miles of Shea Boulevard. The eligible cost of \$8,793,382 excludes the 70 percent Maricopa Association of Governments (MAG) share of funding.

Figure S8: Cost Factors

Shea Blvd Widening	Miles	Lanes	Lane Miles	Total Cost	MAG Funding	Eligible Cost
Palisades to FH Blvd	0.94	1	0.94	\$6,276,218	\$4,393,353	\$1,882,865
FH Blvd to Technology Dr	1.50	2	3.00	\$23,035,055	\$16,124,539	\$6,910,517
Total	2.44		3.94	\$29,311,273	\$20,517,891	\$8,793,382

Source: Fountain Hills Public Works Department

As shown below, the analysis includes a credit of \$900,000 for the May 2025 street facilities development fee fund balance. The adjusted cost of street improvements is \$7,893,382, and the adjusted cost per lane mile is \$2,003,396. The planned level of service is 1.2232 lane miles per 10,000 VMT (59.54 lane miles / (486,776 VMT / 10,000)). For street improvements, the cost is \$245.06 per VMT (59.4 lane miles / 486,776 VMT X \$2,003,396 per lane mile).

Figure S9: Planned Level of Service

Cost Factors	
Eligible Cost	\$8,793,382
May 2025 Fund Balance	(\$900,000)
Adjusted Cost	\$7,893,382
Lane Miles	3.94
Adjusted Cost per Lane Mile	\$2,003,396

Level-of-Service (LOS) Standards	
Adjusted Lane Miles	59.54
2035 VMT	486,776
Lane Miles per 10,000 VMT	1.2232
Cost per VMT	\$245.06

Source: Fountain Hills Public Works Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Street Facilities IIP and related development fee report equals \$21,350. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,700. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$1.33 per VMT.

Figure S10: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

STREET FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills’ construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

Street Facilities Development Fees

Figure S11 includes infrastructure components and cost factors for street facilities development fees. The cost per service unit is \$246.39 per VMT.

Residential development fees are calculated per housing unit and vary proportionately according to the amount of VMT. For a single-family unit, the fee of \$6,997 is calculated using a cost of \$246.39 per VMT multiplied by 28.40 VMT per unit.

Nonresidential development fees are calculated per development unit and vary proportionately according to the amount of VMT. For commercial development, the fee of \$6,719 per development unit (1,000 square feet) is calculated using a cost of \$246.39 per VMT multiplied by 27.27 VMT per development unit.

Figure S11: Street Facilities Development Fees

Fee Component	Cost per VMT
Street Improvements	\$245.06
Development Fee Report	\$1.33
Total	\$246.39

Residential Fees per Development Unit					
Development Type	Development Unit	VMT per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	28.40	\$6,997	\$1,935	\$5,062
Multi-Family	Housing Unit	13.76	\$3,390	\$964	\$2,426

Nonresidential Fees per Development Unit					
Development Type	Development Unit	VMT per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	8.26	\$2,035	\$630	\$1,405
Commercial	1,000 Sq Ft	27.27	\$6,719	\$2,860	\$3,859
Office & Other Services	1,000 Sq Ft	18.39	\$4,531	\$1,240	\$3,291
Institutional	1,000 Sq Ft	33.12	\$8,160	\$2,480	\$5,680

1. See Land Use Assumptions

STREET FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure S12 is based on the development projections in the *Land Use Assumptions* document and the updated street facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue equals \$7,913,117 and projected expenditures equal \$7,936,010.

Figure S12: Street Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Street Improvements	\$7,893,310	\$0	\$7,893,310
Development Fee Report	\$42,700	\$0	\$42,700
Total	\$7,936,010	\$0	\$7,936,010

		Single Family \$6,997 per unit	Multi-Family \$3,390 per unit	Industrial \$2,035 per 1,000 sq ft	Commercial \$6,719 per 1,000 sq ft	Office & Other \$4,531 per 1,000 sq ft	Institutional \$8,160 per 1,000 sq ft
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$4,897,900	\$1,932,300	\$0	\$712,214	\$240,143	\$130,560

Projected Fee Revenue	\$7,913,117
Total Expenditures	\$7,936,010

APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES

ARS § 9-463.05(E)(7) requires:

“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, construction contracting or 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 as required in subsection B, paragraph 12 of this section.”

ARS § 9-463.05(B)(12) states,

“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.”

REVENUE PROJECTIONS

Fountain Hills does not have a higher-than-normal construction excise tax rate; therefore, the required offset described above is not applicable. Shown in Figure A1, Fountain Hills provided the required forecast of non-development fee revenue from identified sources that can be attributed to future development over a period of five years. Fountain Hills directs the revenues shown below to non-development fee eligible operations and capital needs including maintenance, repair, and replacement.

Figure A1: Revenue Projections

Projected Revenue	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
Intergovernmental Revenue	\$8,337,654	\$8,504,407	\$8,674,495	\$8,847,985	\$9,024,945
Licenses, Permits & Fees	\$1,637,398	\$1,686,520	\$1,737,116	\$1,789,229	\$1,842,906
Building Permit Revenue	\$712,740	\$734,122	\$756,146	\$778,830	\$802,195
Local Sales Taxes	\$16,500,234	\$17,160,243	\$17,589,249	\$18,028,981	\$18,479,705
Total	\$27,188,026	\$28,085,293	\$28,757,006	\$29,445,025	\$30,149,751

Source: Town of Fountain Hills 2026-2030 Revenue Projections

APPENDIX B: PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see ARS § 9-463.05.A). Because development fees must be updated at least every five years, the analysis allocates the cost of two updates to the projected increase in service units during 10-year study period (see Figure B1). Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education or experience”.

Figure B1: Cost of Professional Services

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

APPENDIX C: LAND USE DEFINITIONS

RESIDENTIAL DEVELOPMENT

The residential development categories shown below are based on data from the U.S. Census Bureau, American Community Survey. Development fees will be assessed to all new residential units. One-time development fees are determined by site capacity (i.e., number of residential units).

Single Family: includes fully detached, semi-detached (semi-attached, side-by-side), row house, townhouse, and mobile home units. In the case of attached units, each must be separated from the adjacent unit by a ground-to-roof wall in order to be classified as a single-family structure. Also, these units must not share heating/air-conditioning systems or utilities.

Multi-Family: includes residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.). This also includes boats, RVs, vans, etc., occupied as a housing unit or units that do not fit into the other categories.

NONRESIDENTIAL DEVELOPMENT

The proposed general nonresidential development categories (defined below) can be used for all new construction. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Commercial: Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, *Commercial* includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, movie theaters, hotels, and motels.

Industrial: Establishments primarily engaged in the production, transportation, or storage of goods. By way of example, *Industrial* includes manufacturing plants, distribution warehouses, trucking companies, utility substations, power generation facilities, and telecommunications buildings.

Institutional: Establishments including public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, *Institutional* includes schools, universities, churches, daycare facilities, and government buildings.

Office & Other Services: Establishments providing management, administrative, professional, or business services; personal and health care services. By way of example, *Office & Other Services* includes banks, business offices, assisted living facilities, nursing homes, hospitals, medical offices, and veterinarian clinics.