



Resource Toolkit

User Fees



- Need statutory authorization from State
- City may charge user fees for cost of providing a service from the people who benefit
- Must be reasonably related to recovering costs of providing the service
- Citywide Cost Recovery Policy in the works
- Examples: plans review, permits, admissions, ramada rentals, special events applications, fingerprinting, liquor license, parking fees

Rates



- Generally set on a consumption base
- Tends to be more inclusive of cost recovery to deliver the service or program; operation and maintenance, debt service, capital additions and replacement, overhead
- Customer classes may have varying rates based on impact
- Most common for Enterprise Funds

Property Tax

Primary Property Tax




- Rate adopted by City Council to impose a levy
- State restrictions on annual increase in levy 2%
- FY 2024-2025 capacity is up to 10%, \$740,000 levy increase


Secondary Property Tax




- Voters must authorize using secondary property tax
- Only used to pay general obligation bond debt
- Rate must match the current amount of debt service requirements
- State limits total general obligation debt outstanding


Transaction Privilege Taxes/Sales Taxes

- General Fund Sales Tax 1% 
 - Voter approval is required
 - 10-year approval, can change with over approval
 - Effective through June 30, 2035
 - Next election November 2032
 - No tax on food and residential rentals
 - Can increase rates with voter approval

- Transportation Sales Taxes 
 - Voter approval is required
 - No tax on food and residential rentals
 - Can increase rates with voter approval

Tax Type	Rate	Last Voter Approval	End Date	# of Years
Roadway, Pedestrian, Bicycle, and Safety	0.426%	Nov. 2018	06/30/2041	20
Road Repair and Street Safety	0.330%	Nov. 2014	12/31/2034	20
Transit Services	0.295%	Nov. 2016	06/30/2030	20
Lone Tree Overpass	0.230%	Nov. 2018	06/30/2039	10

- Bed, Board and Beverage Taxes 
 - Voter approval is required
 - 2% additional sales tax on restaurants/bars, Hotels, motels, short-term rental
 - 15-year approval, can change with voter approval
 - Effective through May 31, 2028
 - Next election November 2024
 - Can increase rates with voter approval

Debt Options 

- Require a future resource to pay obligations
- Revenue obligations
 - Only sales tax backed bonds require voter approval
 - Backed by various tax and fee revenues
 - Examples: Business Incubator, Water, Wastewater, Road Repair and Street Safety
- Certificates of Participation
 - No voter authorization required
 - Pledges assets of the City, lease purchase agreements
 - Payment resources vary
 - Examples: Core Service Facility, Courthouse, Public Safety Pensions
- Loans
 - No voter authorization required, unless using secondary property tax
 - Water Infrastructure Finance Authority of Arizona (WIFA)
 - Examples: Water, Wastewater and Stormwater
- Capital Leases
 - No voter authorization required
 - Purchase of equipment and smaller capital improvements
 - Examples: Solar equipment, copier, parking kiosks, airport hangers
- Special Improvement District Bonds
 - No voter authorization required
 - Development tool for delivering major infrastructure enhancements
 - Obligation to pay is on the property owners, based on benefits
 - Backed with the full faith of the City, default issues
 - Examples: Downtown, Aspen Place, possible John Wesley Powell

Development Fees (Impact Fees)

- Public Safety renewed in Fall 2020
- Revisit every five years to address new growth and evaluate through Development Growth model and Infrastructure Improvement plan
- Study budgeted for \$75,000 on integrating development agreements into impact fees
- Other areas allowed are libraries, parks, recreation facilities, street facilities, water, wastewater, stormwater

Capacity Fees

- Fees allowed for Water, Wastewater and Stormwater infrastructure growth

Grants

- Many levels of grants: Federal, State, County, Local, and Foundations
- Federal grants broken out by various federal agencies
- State matching grants programs, such as Arizona Department of Transportation (ADOT) Aeronautics, ADOT AZ SMART Program
- Can be formula, entitlements or competitive
- Often require local matches
- Generally not used for ongoing programs, prefer funding projects

State and Federal Appropriations

- Annual legislative budget processes
- Congressionally directed spending vs competitive appropriation
- Arizona Environmental Infrastructure Program through the US Army Corp of Engineers
- Federal and State lobbyist advocacy and provide grant application congressional letters of support
- Examples: Stormwater, Forest Health, Sustainability, Public Safety

Color of Money



General Fund



Special Revenue Funds



Enterprise Funds