



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 is 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 2026-2027 capacity is up to 14%, \$1.06 Million 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

Color of Money



General Fund



Special Revenue Funds



Enterprise Funds

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	0.500%	Nov. 2024	06/30/2040	10
Lone Tree Overpass	0.230%	Nov. 2018	06/30/2039	20

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 June 30, 2043
- Next election November 2040
- Can increase rates with voter approval

Debt Options



- Require a future resource to pay obligations
- General Obligation Bonds
 - Requires voter approval in a November election
 - Backed by Secondary Property Tax levy
 - Examples: Courthouse, Housing
- Revenue obligations
 - Only the 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

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General Fund



Special Revenue Funds



Enterprise Funds

- 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, currently being updated
- Revisit every five years to address new growth and evaluate through Development Growth model and Infrastructure Improvement plan
- Other areas allowed are libraries, parks, recreation facilities, street facilities, water, wastewater, stormwater

Capacity Fees

- Fees allowed for Water, Wastewater and Stormwater infrastructure growth
- The City currently utilizes Capacity Fees for Water and Wastewater

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