

City of Show Low, AZ
Annual Development Fee Report



For Fiscal Year Ended
June 30, 2013

Prepared by:
City of Show Low Finance Department
August 20, 2013
Doug Sandstrom, Administrative Services Director

August 20, 2013

Show Low City Clerk, and other interested parties:

This report is designed to fulfill the requirements of Arizona Revised Statutes, Section 9-463.05(G). It contains information concerning the City of Show Low's collection and use of development fees. The information contained in this report is based on the City's fund financial statements but is un-audited data.

Development fees (also sometimes known as impact fees or expansion fees) are collected on new building permits issued in the City. The fees are intended to reduce the financial impact of residential and commercial growth on existing City infrastructure and service delivery. In general, development fees are defined as one-time capital recovery charges assessed against new development as a way to recover a proportional share of the cost of capital facilities constructed to provide service capacity for new customers. The philosophy behind development fees is sometimes referred to as 'growth pays for itself'.

The City of Show Low's development fees are designed to comply with the Rational Nexus test established in court cases. This test requires that: 1) there is a reasonable connection between the need for additional facilities or capacity and the new growth; 2) the amount of the fee must be proportional to the costs incurred, or to be incurred, to provide capacity to accommodate this new growth; and 3) the fee must actually, but not exclusively, benefit the customers required to pay the fee.

The City of Show Low calculates its development fees based on infrastructure improvement plans (IIP's) periodically prepared by consultants contracted to do studies of the City's development fees. These plans reflect ARS 09-463.05 which requires the development of an infrastructure improvement plan that 1) estimates future necessary public services needed as a result of new growth; and 2) forecasts the costs associated with meeting those needs. The IIP incorporates information from the City's capital improvement plan and other data provided by City staff. The IIP takes into account only those projects, or portions of projects, that serve future growth. The City's development fee studies and infrastructure improvement plans are available for review from the City Clerk, or on the City's website at www.showlowaz.gov.

The development fee study was performed by Tischler & Associates, Inc. At the beginning of fiscal year 2012, the City had seven (7) categories of development fees, as follows: Parks, Library, Recreation, Open Space, Transportation, Water and Wastewater Development Fees. Due to substantial changes in state law concerning Development Impact Fees (Senate Bill 1525), the City consolidated, renamed and eliminated many of the development impact fees charged. At the end of FY2012 the City was continuing to charge three (3) categories of impact fees: Library, Parks & Recreation and Transportation Development Fees.

Although no longer charged, remaining balances in the Open Space, Water and Wastewater Development Impact Fee funds continue to be tracked separately and utilized for their legally intended purposes.

Development fees are charged on a per dwelling unit basis for all residential construction (including multi-family). Commercial projects do not pay adopted City of Show Low development impact fees. Commercial projects are required to pay water and wastewater capacity fees.

As required by state law, the following pages include (as applicable):

- 1) The amount assessed by the municipality for each type of development fee.
- 2) The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.
- 3) The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.
- 4) The amount of development fee monies used to repay:
 - a. Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment.
 - b. Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment.
- 5) The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.
- 6) The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

Sincerely,

City of Show Low
Finance Department

City of Show Low, Arizona
Annual Development Fee Report
Fiscal Year 2013
Summary by Development Fee

	Library Impact Fee	Open Space Impact Fee ⁽¹⁾	Parks & Recreation Impact Fee ⁽¹⁾	Water Impact Fee ⁽²⁾	Sewer Impact Fee ⁽²⁾	Transportation Impact Fee
Beginning Fund Balance 7/1/12	\$ -	\$ 138,680.54	\$ 3,141.79	\$ 153,461.34	\$ 4,461,023.00	\$ -
Development Fee Revenue	4,824.00	-	14,955.00	-	-	29,826.00
Prior year corrections	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-
Interest Revenue	(0.69)	412.42	(23.80)	(9.67)	2,667.60	(4.16)
Total Revenues and Other Sources	4,823.31	412.42	14,931.20	(9.67)	2,667.60	29,821.84
Debt Service	4,823.31	-	-	-	-	29,821.84
Trail - Meadows	-	8,526.09	-	-	-	-
Open Space Preservation - Meadow Purchase	-	130,566.87	-	-	-	-
Water Rights Acquisition	-	-	-	11,437.00	-	-
Wastewater Master Plan	-	-	-	-	1,086.58	-
Wastewater Treatment Plant Expansion	-	-	-	-	72,806.69	-
Show Low South Forest Service Land Exchange	-	-	-	-	11,777.17	-
Total Expenditures and Other Uses	4,823.31	139,092.96	-	11,437.00	85,670.44	29,821.84
Ending Fund Balance 6/30/13	\$ -	\$ -	\$ 18,072.99	\$ 142,014.67	\$ 4,378,020.16	\$ -

(1) Due to changes in state statutes governing impact fees, the City Council consolidated the Parks, Recreation and Open Space Fees effective January 6, 2012 as presented in the City's adopted Impact Fee Report. All Open Space Impact Fee funds collected prior to this date remain in this segregated fund. Those collected afterwards are reported in the consolidated Parks & Recreation Impact Fee Fund.

(2) This schedule assumes fund balance basis, not proprietary fund basis. On this schedule, expenses are shown in full in the fiscal year the transaction occurs, not as capitalized items are depreciated. Whereas in the City's Comprehensive Annual Financial Report (CAFR), capital improvement projects expenses are capitalized and depreciated (expensed) over the life of the asset. On this report, fund balance represents current assets minus current liabilities, and excludes any capital assets.