

City of Phoenix  
2025 Development Impact Fee Update  
**ALTERNATIVE REVENUE OFFSETS REPORT**

**DRAFT**  
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**City of Phoenix**  
PLANNING & DEVELOPMENT DEPARTMENT

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## SUMMARY OF PROPOSED OFFSETS

Arizona impact fee rules and long-standing exaction case law requires jurisdictions that collect development impact fees to apply an offset against impact fee assessments for alternative revenue sources such as sales taxes, property taxes and utility rates. Offsets are intended to avoid double-charging new development that is assessed development impact fees at the time of construction and can be expected to pay additional taxes and rates upon completion and occupation of the development.

The city evaluates offsets for each impact fee category from two perspectives (1) outstanding (and potential) debt service (backward-looking), and (2) planned 'pay-go' projects (forward-looking). Since the city's CIP only covers five-years, in some cases it may be necessary to forecast future CIP expenditures based on historic trends. Alternative revenue requirements for tax- and rate-backed bonds are evaluated on actual bond sale terms and remaining debts. For bonds that are planned but have not been sold, the assumed terms are 4% interest over a 25-year term for GO, and 5% interest over a 25-year term for bonds backed by excise taxes and 5% over a 40-year term for water and sewer bonds. Alternative revenue requirements for pay-go projects are evaluated based on an estimated 20-year revenue requirement for capital expenditures in the current 5-year CIP and estimated future expenditures for the remaining 15 years.

### Summary of Proposed Offsets

Development Impact Fee Category	Secondary Property Taxes <sup>1</sup>	Excise Taxes (Debt)	W & WW Rate (Debt) <sup>2</sup>	Potential Util Bonds <sup>3</sup>	PPPI (CIP)	Total Offset
<b>Fire Protection</b>						
NW & DV	\$39.21	\$0.00				\$39.21
NE & PR	\$10.00	\$0.00				\$10.00
SW	\$10.00	\$20.64				\$30.64
AHW	\$10.00	\$22.43				\$32.43
<b>Police</b>						
NW & DV	\$7.18	\$40.86				\$48.04
NE & PR	\$7.18	\$40.86				\$48.04
SW	\$7.18	\$40.86				\$48.04
AHW	\$7.18	\$40.86				\$48.04
<b>Parks</b>						
NW & DV	\$3.00				\$179.12	\$182.12
NE & PR	\$15.35				\$179.12	\$194.47
SW	\$8.27				\$179.12	\$187.39
AHW	\$3.00				\$179.12	\$182.12
<b>Library</b>						
NW & DV	\$0.00					\$0.00
NE & PR	\$11.60					\$11.60
SW	\$8.96					\$8.96
AHW	\$0.00					\$0.00
<b>Water Transmission</b>						
Northern			\$64.99			\$64.99
Southern			\$64.99			\$64.99
<b>Water Treatment</b>						
Citywide			\$209.41	TBD		\$209.41
<b>WW Collection</b>						
Northern (NW, NE, PR)			\$2.38			\$2.38
Estrella South			\$2.38			\$2.38
Laveen West			\$2.38			\$2.38
<b>WW Treatment</b>						
Citywide			\$200.22	TBD		\$200.22

- 1) Includes qualifying debt service after FY25 for '06 GO Bonds for Fire, Police, & Parks.
- 2) Includes qualifying debt service after FY25 for '04, '09, '15 bond sales. An evaluation of projects funded by more recent Water and Sewer bonds is underway and may result in an increase to the amounts shown.
- 3) Water and/or Sewer bonds may provide funding for planned Advanced Water Treatment Facilities and/or new wastewater treatment capacity. An evaluation of potential utility bonds is underway and may result in an additional offset.

### ***Fire Protection Impact Fee Offset***

- Current: \$83 per EDU in 2020 IIP
- \$10.00 per EDU in all Impact Fee Service Areas for remaining debt service from the '06 GO Bonds for new fire stations, apparatus, and other qualifying fire facilities.
- \$39.21 per EDU in the Northwest Impact Fee Service Area for Secondary Property Taxes associated with 2023 GO Bond for Fire Station #51.
- \$22.43 per EDU in the Ahwatukee Impact Fee Service Area for Sales Taxes associated with Excise Tax Bonds for Fire Station #74.
- \$20.64 per EDU in the Southwest Impact Fee Service Area for Sales Taxes associated with Excise Tax Bonds for Fire Station #62.

### ***Police Impact Fee Proposed Offset***

- Current: \$15 per EDU in 2020 IIP
- \$1 per EDU in all Impact Fee Service Areas for remaining debt service from the '06 GO Bonds for new precincts and other qualifying police facilities.
- \$6.18 per EDU for all Impact Fee Services Areas for Secondary Property Taxes associated with 2023 GO Bond for Cactus Park Precinct relocation, that will benefit existing residents and businesses, as well as new development citywide.
- \$40.86 per EDU for all Impact Fee Service Areas for Sales Taxes associated with Excise Tax Bonds sold in 2022 and 2024 for the new Police Department Headquarters, that will benefit existing residents and businesses, as well as new development citywide.

### ***Parks Impact Fee Proposed Offset***

- Current: \$88 per EDU in the 2020 IIP
- \$3 per EDU in all Impact Fee Service Areas for Secondary Property Taxes associated with remaining debt service (past GO Bonds) associated with general flatland park development and trailhead improvements.
- \$15.35 per EDU in the Northeast and Paradise Ridge Impact Fee Service Area for Secondary Property Taxes associated with 2023 GO Bond for partial share of the Desert View Civic Space Regional Park.
- \$8.27 per EDU in the Southwest Impact Fee Service Area for Secondary Property Taxes associated with the 2023 GO Bond for partial share of the Estrella Civic Space Regional Park.
- \$179.12 per EDU in all Impact Fee Services Areas for Excise Taxes (PPPI) associated with planned expenditures for general flatland park development and trailhead improvements.

### ***Library Impact Fee Proposed Offset***

State impact fee rules prohibit collecting impact fees for libraries in excess of 10,000 square feet. Since the city's branch library standard is 13,000 square feet, the Library Impact Fee only provides 76.92% of planned branch library design & construction costs. The remaining cost must be covered with other funding sources, including other funding sources collected from new development. As such, the Library Offset is based on 76.92% of estimated debt service.

- Current: \$0 per EDU in the 2020 IIP
- \$11.60 per EDU in the Northeast and Paradise Ridge Impact Fee Service Area for Secondary Property Taxes associated with 2023 GO Bond for partial share of the Desert View Civic Space Branch Library.
- \$8.96 per EDU in the Southwest Impact Fee Service Area for Secondary Property Taxes associated with the 2023 GO Bond for partial share of the Estrella Civic Space Branch Library.

### ***Storm Drainage Impact Fee Proposed Offset***

The only alternative revenue source for flood control projects is managed by the Flood Control District of Maricopa County. FCDMC contributions (50% or 65% depending on the project) have been incorporated in the cost estimates specified in the proposed 2025 Storm Drainage Infrastructure Improvements Plan.

- Current: \$0 per EDU in the 2020 IIP

### ***Bridges and Roads Impact Fee Proposed Offset***

The 2020 Infrastructure Financing Plan Update did not include Major Arterials Offsets. The Major Arterials fee methodology includes a cost adjustment for pass-through traffic that reduces the cost to new development and becomes the responsibility of the general city. As a result, an offset is not required since the alternative revenue generation from new development subject to impact fees does not exceed the city's funding obligation pursuant to the pass-through traffic adjustment.

- Current: \$0 per EDU in the 2020 IIP

### ***Water Transmission Impact Fee***

In conjunction with the proposed 'citywide' water and wastewater treatment fees, staff will be recommending elimination of the Water and Sewer Development Occupational Fee (DOF). Subject to approval by City Council, this would result in elimination of the DOF Offset. If the DOF remains in place the offset amount will be updated accordingly.

- Current: \$1,291 for SFR water transmission AND water treatment combined. Includes \$600 for DOF.
- \$65 per EDU rate offset based on 2020 Water Impact Fee Update and does not reflect any recent or future water-bond funded projects. This value will be updated upon completion of the rate offset analysis.

### ***Water Treatment Impact Fee***

In conjunction with the proposed 'citywide' water and wastewater treatment fees, staff will be recommending elimination of the Water and Sewer Development Occupational Fee (DOF). Subject to approval by City Council, this would result in elimination of the DOF Offset. If the DOF remains in place the offset amount will be updated accordingly.

- Current: \$1,291 for SFR water transmission AND water treatment combined. Includes \$600 for DOF.
- \$209 per EDU rate offset based on 2020 Water Impact Fee Update and does not reflect any recent or future water-bond funded projects. This value will be updated upon completion of the rate offset analysis.

### ***Wastewater Collection Impact Fee***

In conjunction with the proposed 'citywide' water and wastewater treatment fees, staff will be recommending elimination of the Water and Sewer Development Occupational Fee (DOF). Subject to approval by City Council, this would result in elimination of the DOF Offset. If the DOF remains in place the offset amount will be updated accordingly.

- Current: \$887 for SFR wastewater collection AND wastewater treatment combined. Includes \$600 for DOF.
- \$2 per EDU rate offset based on 2020 Wastewater Impact Fee Update and does not reflect any recent or future sewer-bond funded projects. This value will be updated upon completion of the rate offset analysis.

### ***Wastewater Treatment Impact Fee***

In conjunction with the proposed 'citywide' water and wastewater treatment fees, staff will be recommending elimination of the Water and Sewer Development Occupational Fee (DOF). Subject to approval by City Council, this would result in elimination of the DOF Offset. If the DOF remains in place the offset amount will be updated accordingly.

- Current: \$887 for SFR wastewater collection AND wastewater treatment combined. Includes \$600 for DOF.
- \$2 per EDU rate offset based on 2020 Wastewater Impact Fee Update and does not reflect any recent or future sewer-bond funded projects. This value will be updated upon completion of the rate offset analysis.

### ***Water Resources Acquisition Fee***

There are no alternative revenue offsets of revenue for water resources acquisition projects.

- Current: \$0 per EDU in the 2020 IIP

## SECONDARY PROPERTY TAXES

Phoenix voters approved a \$500 million general obligation bond package in November 2023. Debts backed by GO Bonds are repaid with secondary property taxes. While most projects included in the 2023 GO Bond package are focused on upgrades and deferred maintenance at existing public facilities, there are a few projects that will expand service capacity of necessary public services within the city’s development impact fee areas. Secondary property taxes paid by new development for these projects may be subject to an alternative revenue offset.

This section describes how the offsets are calculated for qualifying 2023 GO Bond projects.

### **Debt Service Assumptions**

The 2023 GO Bond is expected to be sold in two series. Series 1 was sold in July 2024, however little or no expenditures have been made to date. Since actual expenditures for each series is unknown, we are assuming a 50/50 split between bond series for each project. It should be noted that the cost estimates include adjustments for inflation based on the anticipated year of construction. However, for this purpose no further adjustments have been made to the cost estimates.

The debt service assumptions for each series are as follow:

#### Series 1

- 3.5% Interest
- 5 years interest-only
- 20 years interest + principal
- Payments begin 2025

#### Series 2

- 4% Interest
- 25 years interest + principal
- Payments begin 2027

It is assumed that the debt burden is shared among all residents and businesses, based on the forecasted equivalent demand units (EDUs) in 2035 for the respective type of service. This marks the end of the infrastructure planning horizon and is almost certain to be early than the mid-point of the debt repayment period. In other words, this assumes that a larger share of the debt is incurred by future new development than what is most likely to take place and has the effect of increasing the offset amount.

### **Fire Protection Impact Fee (Fire Station #51)**

The 2023 GO Bond package includes funding for land acquisition, design & construction, and equipment for Fire Station #51, that will in the Northwest Impact Fee Service Area. FS #51 is planned as a 20,000 square foot, 5-Bay station that will be equipped with 5 new fire apparatus (1 ladder, 1 ladder tender, 1 pumper, 1 hazardous material support vehicle and 1 rescue vehicle), as well as 1 new battalion chief vehicle.

The total cost to complete FS #51, including inflation, was estimated at \$24,577,682. The city estimated \$6 million in other funding sources for the station. Those include a \$5 million award in federal grant funds and \$1 million in existing Northwest Fire Impact Fee Funds. The scope of improvements includes \$431,243 that are not eligible for the Fire Development Impact Fee. Adjustments have been made to remove those elements from the offset calculation. The final principal cost for calculating the offset is \$18,146,439.

<b>Fire Station #51</b>	
Capital Facility Cost	\$24,577,682
Other Funds / Adjustments	\$6,431,243
Adjusted Cost	\$18,146,439
Impact Fee Program Adjustment	100.00%
Offset Qualifying Cost	\$18,146,439
Total Debt Service	\$27,714,119
Citywide Fire EDU (2035)	÷ 948,866
<b>Offset (\$/EDU)</b>	<b>\$29.21</b>

The forecasted 10-year Fire Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 53,139. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$1,552,190.

Offset (\$/EDU)	\$29.21
10-Year EDU	× 53,139
<b>Secondary Property Tax Revenue</b>	<b>\$1,552,190</b>

***Police Impact Fee (Cactus Park Precinct)***

The 2023 GO Bond package includes funding for land acquisition, design & construction to relocate the Cactus Park Precinct that serves the Northwest Impact Fee Service Area. The project includes acquiring 10 acres that will accommodate a new 13,225 square foot precinct building, 4,100 square foot mechanic shop with an attached firearm training facility, solar covered parking, and demolition of the existing precinct facility.

The total cost to complete the Cactus Park Precinct, including inflation, was estimated at \$37,338,657. The scope of improvements includes \$9,892,072 that are not eligible for the Police Development Impact Fee. Adjustments have been made to remove those elements from the offset calculation. There are no other funding sources assumed for the Cactus Park Precinct. Since the new precinct will equally benefit existing and new development through buildout, an additional adjustment of 14% is applied to the GO Bond Cost Estimate. This adjustment ensures that new development only pays that share of improvement costs that is proportionate to the benefit. The final principal cost for calculating the offset is \$3,842,522.

<b>Cactus Park Precinct</b>	
Capital Facility Cost	\$37,338,657
Other Funds / Adjustments	\$9,892,072
Adjusted Cost	\$27,446,585
Impact Fee Program Adjustment	14.00%
Offset Qualifying Cost	\$3,842,522
Total Debt Service	\$5,868,485
Citywide Parks EDU (2035)	÷ 948,866
<b>Offset (\$/EDU)</b>	<b>\$6.18</b>

The forecasted 10-year Police Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 53,139. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$328,399.

Offset (\$/EDU)	\$6.18
10-Year EDU	× 53,139
<b>Secondary Property Tax Revenue</b>	<b>\$328,399</b>

***Parks Impact Fee (Desert View Civic Space Regional Park)***

The 2023 GO Bond package includes Desert View Civic Space - Phase 1, that is in the Northeast Impact Fee Service Area. At completion, this facility is expected to include a 40-acre regional park, a community center, a branch library, and a park and ride. Phase 1 consists of the civic space master plan, regional park design, construction of 1/2 of regional park amenities, and a 13,000 square foot branch library.

The total cost to complete Desert View Civic Space Regional Park, including inflation, was estimated at \$8,385,263. The scope of Phase 1 improvements includes \$328,473 that are not eligible for the Parks Development Impact Fees. Adjustments have been made to remove those elements from the offset calculation. There are no other funding sources assumed for the Desert View Civic Space Regional Park. Since only 30-acres of the 40-acre facility is eligible under the Parks Development Impact Fee Program, an additional adjustment of 75% is applied to the 2023 GO Bond Cost Estimate. The final principal cost for calculating the offset is \$6,042,593.

<b>Desert View Civic Space Regional Park</b>	
Capital Facility Cost	\$8,385,263
Other Funds / Adjustments	\$328,473
Adjusted Cost	\$8,056,790
Impact Fee Program Adjustment	75.00%
Offset Qualifying Cost	\$6,042,593
Total Debt Service	\$9,228,540
Citywide Parks EDU (2035)	÷ 747,427
<b>Offset (\$/EDU)</b>	<b>\$12.35</b>

The forecasted 10-year Parks Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 43,539. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$537,707.

Offset (\$/EDU)	\$12.35
10-Year EDU	× 43,539
<b>Secondary Property Tax Revenue</b>	<b>\$537,707</b>

***Parks Impact Fee (Estrella Civic Space Regional Park)***

The 2023 GO Bond package includes Phase 1 of the Estrella Civic Space, that is in the Southwest Impact Fee Service Area. At completion this facility is expected to include a 93-acre regional park, a community center, an aquatic center, and a branch library. Phase 1 consists of the civic space master plan, regional park design, construction of 1/3 of regional park amenities, and a 13,000 square foot branch library.

The total cost to complete Estrella Civic Space Regional Park, including inflation, was estimated at \$12,352,835. The scope of Phase 1 improvements includes \$358,945 that are not eligible for the Parks Development Impact Fees. The city estimated \$4 million in existing Southwest Park Impact Fee funds. Adjustments have been made to remove those elements from the offset calculation. Since only 30-acres of the 93-acre facility is eligible under the Parks Development Impact Fee Program, an additional adjustment of 32.26% is applied to the 2023 GO Bond cost estimate. The final principal cost for calculating the offset is \$2,578,829.

<b>Estrella Civic Space Regional Park</b>	
Capital Facility Cost	\$12,352,835
Other Funds / Adjustments	\$4,358,945
Adjusted Cost	\$7,993,890
Impact Fee Program Adjustment	32.26%
Offset Qualifying Cost	\$2,578,829
Total Debt Service	\$3,938,512
Citywide Parks EDU (2035)	÷ 747,427
<b>Offset (\$/EDU)</b>	<b>\$5.27</b>



The forecasted 10-year Parks Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 43,539. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$229,450.

Offset (\$/EDU)	\$5.27
10-Year EDU	× 43,539
<b>Secondary Property Tax Revenue</b>	<b>\$229,450</b>

***Library Impact Fee (Branch Library at Desert View Civic Space)***

The total cost to complete the new branch library at Desert View Civic Space, including inflation, was estimated at \$11,813,210. The scope of improvements includes \$2,929,745 that are not eligible for the Library Development Impact Fees. The city estimated \$1.5 million in existing Northeast / Paradise Ridge Library Impact Fee funds. Adjustments have been made to remove those elements from the offset calculation. Since only 10,000 square feet of the 13,000 square foot facility is eligible under the Library Development Impact Fee Program, an additional adjustment of 76.92% is applied to the 2023 GO Bond Cost Estimate. The final principal cost for calculating the offset is \$5,679,361.

<b>Desert View Civic Space Library</b>	
Capital Facility Cost	\$11,813,210
Other Funds / Adjustments	\$4,429,745
Adjusted Cost	\$7,383,465
Impact Fee Program Adjustment	76.92%
Offset Qualifying Cost	\$5,679,361
Total Debt Service	\$8,673,795
Citywide Parks EDU (2035)	747,427
<b>Offset (\$/EDU)</b>	<b>\$11.60</b>

The forecasted 10-year Library Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 43,539. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$505,052.

Offset (\$/EDU)	\$11.60
10-Year EDU	43,539
<b>Secondary Property Tax Revenue</b>	<b>\$505,052</b>

***Library Impact Fee (Branch Library at Estrella Civic Space)***

The total cost to complete the new branch library at Estrella Civic Space, including inflation, was estimated at \$11,574,460. The scope of improvements includes \$2,874,717 that are not eligible for the Library Development Impact Fees. The city estimated \$3 million in existing Southwest Library Impact Fee funds. Adjustments have been made to remove those elements from the offset calculation. Since only 10,000 square feet of the 13,000 square foot facility is eligible under the Library Development Impact Fee Program, an additional adjustment of 76.92% is applied to the 2023 GO Bond Cost Estimate. The final principal cost for calculating the offset is \$4,384,242.

**Estrella Civic Space Library**

Capital Facility Cost	\$11,574,460
Other Funds / Adjustments	\$5,874,717
Adjusted Cost	\$5,699,743
Impact Fee Program Adjustment	76.92%
Offset Qualifying Cost	\$4,384,242
Total Debt Service	\$6,695,826
Citywide Parks EDU (2035)	÷ 747,427
<b>Offset (\$/EDU)</b>	<b>\$8.96</b>

The forecasted 10-year Library Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 43,539. The estimated secondary property tax revenue generated from new development that is subject to Parks Development Impact Fees is \$390,109.

Offset (\$/EDU)	\$8.96
10-Year EDU	× 43,539
<b>Secondary Property Tax Revenue</b>	<b>\$390,109</b>

## EXCISE TAX BONDS

Excise tax bonds are municipal bonds backed by city sales taxes. The city sold excise tax bonds in 2021, 2022 and 2024 for police and fire facilities that will fully or partially serve new development. Specifically, the proceeds of excise tax bonds have funded the new Police Headquarters, and Fire Stations #74 and #62. These three facilities are anticipated to be included in the proposed 2025 impact fee updates.

### ***Debt Service Terms / Assumptions***

The recent Excise Tax Bonds were sold at 5% interest for a 25-year term. For the offset calculation it is assumed the remaining debt service is shared among all residents and businesses, based on the forecasted citywide EDUs in 2035. Like the GO Bond debt service, this assumes that a larger share of the debt is incurred by future new development than what is most likely to take place and has the effect of increasing the offset amount.

The 2021 excise tax bonds were repaid in-full, so only the 2022 and 2024 excise tax bonds are included. For the purpose of calculating offsets, it is assumed that two-years of debt service payments have been made on the 2022 bonds and no debt service payments have been made on the 2024 bonds.

### ***2022 Excise Tax Bonds***

#### ***Fire Protection Impact Fee (Fire Station #62)***

The 2022 Excise Tax Bond provides funding to construct a new Fire Station #62 located in the Southwest Impact Fee Service Area.

The total cost of Fire Station #62 is estimated at \$17,743,950. The city estimated \$5,743,950 in existing Southwest Fire Impact Fee funds. The final principal cost for calculating the offset is \$12,000,000.

<b>Fire Station #62 (2022 Excise Tax)</b>	
Capital Facility Cost	\$17,743,950
Other Funds / Adjustments	\$5,743,950
Adjusted Cost	\$12,000,000
Impact Fee Program Adjustment	100.00%
Offset Qualifying Cost	\$12,000,000
Total Debt Service	\$19,582,878
Citywide Fire EDU (2035)	948,866
<b>Offset (\$/EDU)</b>	<b>\$20.64</b>

The forecasted 10-year Fire Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 53,139. The estimated Excise Tax Revenue generated from new development that is subject to Fire Protection Development Impact Fees is \$1,191,908.

Offset	\$20.64
10-Year EDU	53,139
<b>Excise Tax Revenue</b>	<b>\$1,096,789</b>

**2024 Excise Tax Bonds**

**Fire Protection Impact Fee (Fire Station #74)**

The 2024 Excise Tax Bond provides funding to construct a new Fire Station #74 that is located in the Ahwatukee Impact Fee Service Area.

The total cost of Fire Station #74 is estimated at \$15,303,950. The Fire Department was awarded \$1 million in federal grant money for the station. The city estimated \$2,303,950 in existing Ahwatukee Fire Impact Fee funds. The final principal cost for calculating the offset is \$12,000,000.

<b>Fire Station #74</b>	
Capital Facility Cost	\$15,303,950
Other Funds / Adjustments	\$3,303,950
Adjusted Cost	\$12,000,000
Impact Fee Program Adjustment	100.00%
Offset Qualifying Cost	\$12,000,000
Total Debt Service	\$21,285,737
Citywide Fire EDU (2035)	948,866
<b>Offset (\$/EDU)</b>	<b>\$22.43</b>

The forecasted 10-year Fire Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 53,139. The estimated Excise Tax Revenue generated from new development that is subject to Fire Protection Development Impact Fees is \$1,191,908.

Offset	\$22.43
10-Year EDU	53,139
<b>Excise Tax Revenue</b>	<b>\$1,191,908</b>

**2022 & 2024 Excise Tax Bonds**

**Police Impact Fee (Police Headquarters)**

Excise Tax Bonds provide funding to renovate the old Wells Fargo Bank building at 100 W. Washington Street, for a future Police Headquarters.

The total cost of renovation was estimated at \$168,400,000. There are no other funding sources for the headquarters. Since the new headquarters is intended to serve existing and new development through full buildout, an additional adjustment of 14% is applied to the Excise Tax Bond Cost Estimate. This adjustment ensures that new development only pays that share of improvement costs that is proportionate to the benefit. The final principal cost for calculating the offset is \$23,576,000.

<b>Police HQ (2022 Excise Tax)</b>	
Capital Facility Cost	\$138,400,000
Other Funds / Adjustments	\$0
Adjusted Cost	\$138,400,000
Impact Fee Program Adjustment	14.00%
Offset Qualifying Cost	\$19,376,000
Total Debt Service	\$31,619,821
Citywide Parks EDU (2035)	948,866
<b>Offset (\$/EDU)</b>	<b>\$33.32</b>

The estimated Excise Tax Revenue generated from new development that is subject to Police Development Impact Fees is \$1,770,591.

Offset (\$/EDU)	\$33.32
10-Year EDU	53,139
<b>Excise Tax Revenue</b>	<b>\$1,770,591</b>

**Police HQ (2024 Excise Tax)**

Capital Facility Cost	\$30,000,000
Other Funds / Adjustments	\$0
Adjusted Cost	\$30,000,000
Impact Fee Program Adjustment	14.00%
Offset Qualifying Cost	\$4,200,000
Total Debt Service	\$7,152,008
Citywide Parks EDU (2035)	948,866
<b>Offset (\$/EDU)</b>	<b>\$7.54</b>

The estimated Excise Tax Revenue generated from new development that is subject to Police Development Impact Fees is \$400,668.

Offset (\$/EDU)	\$7.54
10-Year EDU	53,139
<b>Excise Tax Revenue</b>	<b>\$400,668</b>

## EXCISE TAX PAY-GO (PPPI)

In 2008, City voters approved the Phoenix Parks and Preserve Initiative (PPPI), which continued a previous Parks ten percent sales tax through 2039 for specific types of parks facilities. Revenues from the PPPI sales tax are allocated for park improvements, the acquisition of desert preserves and related purposes. Sixty percent of the revenues are to be used for traditional “flatland” parks and forty percent is to be used for desert and mountain preserves. Of those percentages, the City has committed up to 10% of PPPI revenues to be used for operations and maintenance. As shown in the following table, the PPPI offset calculation is based on the total anticipated city-wide tax revenues for the period 2025 through the last authorized year 2039.

10-Year Avg. Expense	\$5,871,348
FY 2025 Revenue Est.	÷ \$56,084,000
<b>Qualifying % PPPI Revenue</b>	<b>10.47%</b>

The expected share of revenue that will go toward qualifying park expenditures of 10.47% is assumed to remain constant at that rate and was calculated by dividing FY 2024/25 estimated PPPI revenue by an estimate of average annual expenditures, based on 2020 – 2024 actuals and FY 2025 CIP.

	PPPI Sales Tax (1)	Revenue Source	Eligible Parks Facility CIP Expenditures (2)
<b>2000-01</b>	<b>21,986,000</b>		
<i>Avg. Annual Chg.</i>	<i>5.96%</i>		<i>10.47%</i>
<b>2021-22</b>	<b>49,173,000</b>	Actual	
<b>2022-23</b>	<b>51,708,000</b>	Estimate	
<b>2023-24</b>	<b>53,420,000</b>	Estimate	
2024-25	56,084,000	Budget Forecast	\$5,871,348
2025-26	59,010,000	Budget Forecast	\$6,177,667
2026-27	62,210,000	Budget Forecast	\$6,512,670
2027-28	65,461,000	Budget Forecast	\$6,853,012
2028-29	69,361,000	Long-Range Forecast	\$7,261,297
2029-30	73,493,000	Long-Range Forecast	\$7,693,870
2030-31	77,871,000	Long-Range Forecast	\$8,152,196
2031-32	82,510,000	Long-Range Forecast	\$8,637,846
2032-33	87,425,000	Long-Range Forecast	\$9,152,390
2033-34	92,633,000	Long-Range Forecast	\$9,697,607
2034-35	98,151,000	Long-Range Forecast	\$10,275,278
2035-36	103,998,000	Long-Range Forecast	\$10,887,392
2036-37	110,193,000	Long-Range Forecast	\$11,535,937
2037-38	116,757,000	Long-Range Forecast	\$12,223,112
2038-39	123,712,000	Long-Range Forecast	\$12,951,221
<b>20-Year PPPI Expenditures</b>			<b>\$133,882,845</b>
<b>Citywide Parks EDU (2035)</b>			<b>747,427</b>
<b>PPPI Offset (\$/EDU)</b>			<b>\$179.12</b>

(1) Sales tax projections through FY28 from FY24 Summary Budget. Projections beyond FY28 based on PPPI sales tax growth rate from first full-year (2000-01; \$21,986,000) through most current year (2023-24; \$53,420,000), an average of 5.96% per year.

(2) Eligible annual park facility expenditures averaged for FY20 - 29. Based on actual expenditures for FY20-24, and Parks Dept CIP for FY25-29. Total eligible amount assumes fixed percentage of projected PPPI for FY25-39.

The forecasted 10-year Parks Equivalent Demand Units (EDUs) within Impact Fee Service Areas is 43,539. The estimated PPPI Excise Sales Tax revenue generated from new development that is subject to Parks Development Impact Fees is \$2,234,894.

Offset (\$/EDU)	\$51.33
10-Year EDU	× 43,539
<b>PPPI Sales Tax Revenue</b>	<b>\$2,234,894</b>

