



City of Scottsdale, Arizona  
Annual Report of the Collection and Use of Impact Fees  
For the Fiscal Year Ended June 30, 2013

Prepared By City of Scottsdale Water Resources Division  
September 30, 2013

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The City of Scottsdale (the City), Arizona, Annual Report on the Collection and Use of Impact Fees for the Fiscal Year Ended June 30, 2013 is submitted in accordance with Arizona Revised Statutes (ARS) Section 9-463.05, N. "Each municipality that assesses development (impact) fees shall submit an annual report accounting for the collection and use of the fees."

The annual report must be submitted to the City Clerk within ninety days following the end of the fiscal year in order for the City to continue collecting impact fees. The annual report shall include the following:

1. The amount assessed by the municipality for each type of impact fee.
2. The balance of each fund maintained for each type of impact 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 impact 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 an impact fee assessment, including the amount needed to repay the debt service obligations on each facility for which impact fees have been identified as the source of funding and the time frames in which the debt service will be repaid (see debt schedule below).
  - (b) Monies advanced by the municipality from funds other than the funds established for impact fees in order to pay the cost of a capital improvement project that is the subject of an impact fee assessment, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality.
5. The amount of impact fee monies spent on each capital improvement project that is the subject of an impact fee assessment and the physical location of each capital improvement project.
6. The amount of impact fee monies spent for each purpose other than a capital improvement project that is the subject of an impact fee assessment.

The report must provide the balance of each fund maintained for each type of impact fee at the beginning and end of the year along with the current year's activity. This report complies with ARS Section 9-463.05, N, as amended.

Impact fees are one-time payments to fund construction of public facilities needed to accommodate new development. Impact fees may not be used for replacement of existing facilities, nor may they be used to cover operating expenses. The intent of these fees is for new development to pay its "proportionate share" of capital cost for infrastructure capacity needed for growth. Water Resources impact fees pay for the costs of acquiring new water supplies, including groundwater recharge at the Water Campus. Water impact fees pay for the cost of new water treatment, production, pumping, storage and transmission facilities required by developments.

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Sewer impact fees pay for the cost of sewer collection, conveyance, treatment, and reclamation. These fees apply to all development and are paid at the time of issuance of the building permit. To properly account for the collection and use of impact fees, the City established the three funds shown in the following table.

<b>Fee Type</b>	<b>Fund</b>
Water Impact Fees	626
Water Resources Impact Fees	627
Sewer Impact Fees	628

The City's current impact fees were designed to recover the costs of new development growth over a thirty-five year planning horizon. The cash balances in the impact fee funds may be positive or negative at various times during the new development growth and capital expansion cycle. At some points in time, new development growth may be served with existing system capacity. At these times, fees are collected in advance of capital expansion costs resulting in temporary positive cash balances, which will be applied toward future capital expansion costs. At other times, capital expansion must occur well in advance of collecting fees from future development in order to serve the next new development. This results in temporary negative cash balances that will be repaid as fees are collected from new development over time. The following Summary of the Collection and Use of Impact Fees shows negative ending cash balances in Funds 626, 627, and 628. The summary also presents the amounts collected and expended by fund for the fiscal year ended June 30, 2013.

This report is provided to comply with ARS Section 9-463.05, N. If you have any questions about this report or need additional information, contact:

City of Scottsdale  
Water Resources Division  
9379 East San Salvador Drive  
Scottsdale, AZ 85258  
(480) 312-5006

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**SUMMARY OF THE COLLECTION AND USE OF IMPACT FEES**

	Water Fund 626	Water Resources Fund 627	Sewer Fund 628
REVENUES			
Impact Fees Collected	<u>\$ 5,099,313</u>	<u>\$ 1,369,500</u>	<u>\$ 5,733,080</u>
EXPENDITURES			
Capital Project Expenditures	6,690,669	-	1,807,419
Financing & Professional Services	1,395	1,395	1,437
Debt Service Payments	<u>5,273,679</u>	<u>1,260,756</u>	<u>9,139,389</u>
Total Expenditures	<u>11,965,743</u>	<u>1,262,151</u>	<u>10,948,245</u>
Net Cash Increase (Decrease)	(6,866,430)	107,349	(5,215,165)
Beginning Cash Balance	<u>(112,983,137)</u>	<u>(3,547,366)</u>	<u>(120,756,122)</u>
Ending Cash Balance	<u>(\$119,849,567)</u>	<u>(\$3,440,017)</u>	<u>(\$125,971,287)</u>

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**SCHEDULE OF CAPITAL PROJECT EXPENDITURES**

**WATER IMPACT FEES - FUND 626**

<u>Project</u>	<u>Project Name</u>	<u>Project Location</u>	<u>Expenditures</u>
W9912	Distribution System Improvements	Various Locations	\$6,336,770
W0710	Water Over-sizing	Various Locations	28,120
W0901	Downtown Transmission Lines	Various Locations	200
W4708	Well Sites	Various Locations	25,579
W0205	Water Quality Improvements	Various Locations	100,000
W8525	Water Master Plan	Various Locations	200,000
			<hr style="border-top: 1px solid black;"/>
			\$6,690,669
			<hr style="border-top: 3px double black;"/>

**SEWER IMPACT - FUND 628**

<u>Project</u>	<u>Project Name</u>	<u>Project Location</u>	<u>Expenditures</u>
V3704	Collection System Improvements	Various Locations	\$1,800,000
V0703	Sewer Over-sizing	Various Locations	7,419
			<hr style="border-top: 1px solid black;"/>
			\$1,807,419
			<hr style="border-top: 3px double black;"/>

NOTES: Capital project expenditures are shown net of amounts financed, including financing reimbursements for prior years.

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**SCHEDULE OF DEBT SUMMARY**

<u>Debt Description</u>	<u>FY 2011/13 Debt Service</u>	<u>Principal At 6/30/13</u>	<u>Future Interest</u>	<u>Principal &amp; Interest</u>	<u>Final Payment</u>
<b>WATER</b>					
2008 MPC	\$4,918,306	\$60,547,503	\$33,046,652	\$93,594,155	2032
2010 MPC	<u>355,373</u>	<u>7,222,809</u>	<u>5,478,033</u>	<u>12,700,842</u>	2036
	<u>\$5,273,679</u>	<u>\$67,770,312</u>	<u>\$41,884,288</u>	<u>\$109,654,600</u>	
<b>WATER RESOURCES</b>					
2008 MPC	\$859,844	\$10,585,224	\$5,277,385	\$15,862,609	2032
2010 MPC	<u>400,912</u>	<u>8,148,356</u>	<u>6,180,001</u>	<u>14,328,357</u>	2036
	<u>\$1,260,756</u>	<u>\$18,733,580</u>	<u>\$11,457,386</u>	<u>\$30,190,966</u>	
<b>SEWER</b>					
2004 Revenue Refunding	\$2,685,289	\$2,428,020	\$222,244	\$2,650,264	2016
2004 MPC	1,004,867	945,333	47,267	992,600	2014
2006 MPC Refunding	588,322	11,766,442	5,552,885	16,731,005	2030
2008 Revenue Refunding	1,596,437	28,506,166	9,008,651	37,514,817	2023
2008 MPC	1,788,475	22,017,273	12,016,964	34,034,237	2032
2010 MPC	<u>1,475,999</u>	<u>29,999,043</u>	<u>22,752,335</u>	<u>52,751,378</u>	2036
	<u>\$9,139,389</u>	<u>\$95,662,277</u>	<u>\$49,600,346</u>	<u>\$144,674,301</u>	

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**SUMMARY OF DEBT FUNDED PROJECTS**

**DVW - Water Impact Fees**

**Project Description**

CAP Plant Regulatory Compliance  
Pima Road - Pinnacle Peak To Jomax Waterline  
Water Quality Improvements – So. Neighborhoods  
Zone 9 Reservoir Expansion  
CAP Water Connection: Shea To Mcdonald  
Zone 12-13 Water Transmission Lines  
Union Hills To Hualapai Transmission Line-Pima Rd  
Core North/South Water  
CAP Plant Expansion  
Zone 14-16 Water Improvements  
Zone 3 Tank East & 120Th St  
Water Oversizing  
Downtown Water Transmission Lines  
Dynamite - Scottsdale To Pima Road Waterline  
Pima Road - Ashler Hills To Cave Creek Waterline  
Pima Road - Jomax To Ashler Hills Waterline  
Alameda/122Nd Street Booster Pump Station  
Pump Station 130  
Architect/Engineer Services  
Master Well Site Study  
Chaparral Wtp Influent Waterline  
Well Sites  
Booster Station - 70th St/Lone Mountain  
Utility Sleeve Crossing/Outer Loop  
CAP Water Treatment Plant Expansion  
Pinnacle Peak Waterline Replacement  
68th Street: Osborn To Indian School Waterline  
CAP Water Transmission Main  
CAP Wtp Water Reservoir  
Master Plan – Water

**DVW - Water Resources Impact Fees**

**Project Description**

Advanced Water Treatment Plant - Phase 3  
Advanced Water Treatment Plant - Phase 2  
Advanced Water Treatment Plant  
Initial Recharge/Recovery System  
Bill Williams River Water Rights  
Water Rights Acquisition  
Deep Well Recharge/Recovery Facilities  
Master Plan – Water

**DVW – Sewer Impact Fees**

**Project Description**

Bell Road II Improvement District  
Advanced Water Treatment Plant - Phase 3  
Water Reclamation Plant Phase 3  
Core North/South Wastewater  
Regional Wastewater Reclamation Plant  
Scottsdale Rd - Relief Sewer  
Wastewater Oversizing  
SROG Water Reclamation Plant Exp. Up05  
Downtown Wastewater Trunk Lines  
Scottsdale Rd - Pinnacle Peak Boulders  
Miller Road Sewer Phase 3  
WRP Associated Collection System  
Wastewater Collection System Improvements  
SROG Wastewater Treatment Plant  
East Pumpback For Water Campus  
Pima Rd Sewer/Via Linda To Cholla  
Advanced Water Treatment Plant - Phase 2  
Master Plan Water Reclamation  
Residuals Sewerline  
Wastewater Reclamation Plant - Phase 2  
Westland Rd Relief Sewer  
Gainey Plant Improvements  
Gainey Wastewater Treatment Plant  
Miller Rd Trunk Sewer: Earl Dr To Roosevelt  
SROG Wastewater Plant Expansion  
Citywide Flow Monitoring  
Downtown Sewer Improvements  
Gainey Reimbursements  
North Scottsdale Rd Sewer Diversion  
Outer Loop Sewer Scottsdale Rd To Pima Rd

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**SUMMARY OF DEBT FUNDED PROJECTS - CONTINUED**

<b>DVW - Water Impact Fees</b> <b>Project Description - Continued</b> Pima Rd: Union Hills To Pinnacle Peak Waterline Sampling Water Quality Stations Thompson Peak Waterline Zone 2 Pump Station Zone 2 Res - 120th & Shea Blvd Ashler Hills Waterline CAP Wtp Pump Station/Zone 5 Zone 5-7 Pump St Pima/Deer Valley McDowell Mtn Ranch Reservoir Expansion Chaparral Water Treatment Plant Water Distribution System Improvements Zone 12-13 Water System Improvements Zone 5E Booster Pump Station And Transmission Line Water System Architect/Engineer Svc Architect/Engineer Services Water System Architect/Engineer Svc Water System Architect/Engineer Services	<b>DVW - Water Resources Impact Fees</b> <b>Project Description - Continued</b>	<b>DVW - Sewer Impact Fees</b> <b>Project Description - Continued</b> Relief Sewers - Citywide Water Campus Influent Pump Sta. Advanced Water Treatment Plant Relief Sewers - Citywide	
<b>Funds Advanced</b>	<b>(\$119,849,567)</b>	<b>(\$3,440,017)</b>	<b>(\$125,971,287)</b>
<b>Source of Advanced Funds</b>	<b>Water Rates</b>	<b>Water Rates</b>	<b>Sewer Rates</b>
<b>Terms</b>	<b>None</b>	<b>None</b>	<b>None</b>