

## GFOAz Plans 40th Annual Conference

The 40th Annual GFOAz Conference will be held March 31-April 2 at the Prescott Resort in Prescott, Arizona. The conference will provide educational and networking opportunities for a wide variety of public finance professionals from both government and private practice. On the first day of the conference, an extended seminar-style session on revenue forecasting will be offered. Concurrent educational sessions on Thursday and Friday will include a variety of topics including an economic update, effective leadership, GASB issues, credit card acceptance implementation, budgeting, fund balance policies, the streamlined sales tax project, impact fees, external investment advisors, and affordable employee benefits. As always, there will be plenty of opportunity to relax and meet with fellow professionals, including a golf tournament and two social receptions.

You will be receiving registration materials for the conference soon. In addition, they will soon be available for download at [www.gfoaz.org](http://www.gfoaz.org). The deadline to register for the conference is March 25, 2004. You can also make your reservation at the Prescott Resort by calling 1-800-967-4637 and mentioning GFOAz. The group rates range from \$89-\$119 depending on accommodations and will be available through March 1, 2004.

## Meetings Around the State

The Colorado River Finance Officers Association (CRFOA) held its bi-monthly meeting on December 17 in Kingman, Arizona at the Mohave Community College, Kingman Campus. The 2004 election of Officers was held: Past President, Dennis Massara, Assistant Finance Director, Lake Havasu City; President, Rudy Vera, Finance Director, City of Bullhead City; Vice-President, James Menlove, Comptroller, Mohave Community College; and Secretary/Treasurer, James Kessler, Management Analyst, Mohave County. The following meeting dates have been set for 2004: February 18, Town of Parker; April 21, Bullhead City; June 16, Mohave County (Kingman); August 18, City of Kingman; October 20, Lake Havasu City; and December 15, Mohave Community College, Kingman Campus.

There are currently 25 Active Members of the CRFOA, representing municipal and county governments, fire districts, community college, and regional medical center. CRFOA also has six Associate Members.

The Westside Finance Officers Association (WFOA) continues to meet on a monthly basis. Over the past year the WFOA has

discussed new avenues of grant funding including homeland security funds, utilization of interns, economic development and financing of the Glendale Arena and stadium site, water resources, property tax management and auditing, CIP and budgeting, and other topics. Following presentation of these topics there is always a question and answer session that leads into discussion on a wide variety of issues. This is the greatest asset of these meetings, the ability to sit down and talk with each other about the day-to-day activities of our organizations and what we are doing to address the many issues that we face.

Over the past year, WFOA has grown to 75 members, with an average monthly meeting attendance of 25. The WFOA meets over lunch on the third Wednesday of each month at revolving locations. For more information please e-mail Doug Sandstrom, Budget Manager, City of Surprise, at [dsandstrom@surpriseaz.com](mailto:dsandstrom@surpriseaz.com).

## GFOAz Board Votes to Create Scholarship Fund

In January 2004, the GFOAz Board of Directors voted to establish a professional development fund for GFOAz members. In FY05, the Board will set aside \$2,000 for professional development scholarships. The board will make scholarships of up to \$500 each available and recipients will have the opportunity to choose the GFOA or GFOAz professional development activities most beneficial to their careers. Specific information on the scholarship program will be provided to members this summer and letters of interest will be due in October.

## Save the Date

**February 17, 2004**

Cash Handling Seminar  
Sierra Vista

**February 18, 2004**

Cash Handling Seminar  
Goodyear

**March 1, 2004**

Last Day of Guaranteed Group Rate  
Reservations at the Prescott Resort

**March 25, 2004**

GFOAz Annual Conference Registration  
Deadline

**March 31- April 2, 2004**

GFOAz Annual Conference  
Prescott Resort, Prescott

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## GFOAz Board

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Scholarship recipients will be notified in November 2004 and will have until the end of the fiscal year to use the funds. Funds will be provided to recipients as a reimbursement of any costs associated with the professional development event, up to the amount of the scholarship award.

GFOAz members interested in applying for funds will be asked to submit a letter of interest that addresses the intended program(s) the funds will be used for and the anticipated costs; the portion of costs the applicant's employer will pay towards registration fees; why receiving GFOAz funds is important to the candidate's ability to attend; a description of how the program will benefit the applicant's career and organization; and a commitment to share information learned with other members through an article in the newsletter, conference or professional development event.

## Peoria Hosts Arizona Regional Revenue Forecasting Forum

The City of Peoria, in conjunction with Arizona State University, hosted the first meeting of the Arizona Regional Forecasting Forum on October 24, 2003. This was the inaugural meeting in the development of a regional focus group designed to serve as a local resource and assist forecasting experts in gathering useful revenue information. Presentations at the Forum included discussion of statistical modeling versus judgemental forecasting methods, revenue forecasting methods, practical application of statistical modeling, and economic/forecasting resources.

Approximately 50 staff members from Valley cities attended the Forum. The City of Peoria and Arizona State University would like to expand this group into an ongoing resource with multi-jurisdictional data collection, publication of periodic newsletters, development of a forecasting resource

website and regular annual or semi-annual discussion and training sessions. If you are interested in participating on a committee to develop goals and plan activities for this group, please contact Debbie Card (623-773-7148 or via email at debbiec@peoriaaz.com) or Jeff Tyne (623-773-7114 or via email at jeffreyt@peoriaaz.com) at the City of Peoria.

## GFOA Teams with Grant Street Group to create GFOA YieldAdvantage

The national GFOA has created an alliance with Grant Street Group, a fixed income Internet auction house, to create GFOA YieldAdvantage, a real-time electronic marketplace for governments to invest cash holdings.

Historically, governments have sought quotes from several local banks before investing their cash. This is done by phone or fax and often consumes a significant portion of a treasury manager's day. YieldAdvantage revolutionizes this process by creating a market in which banks compete for your investment business. Competition optimizes the yields earned on short-term cash investments.

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In a sealed bid auction, YieldAdvantage allows government to solicit bids for multiple investment instruments. It can be used to invest in certificates of deposit, commercial paper, treasury and agency securities, and repurchase agreements. This flexibility allows governments to diversify their short-term investments and the platform automatically compares returns across the various instruments, which further streamlines the investment process.

For more information on GFOA YieldAdvantage, refer to the GFOA website ([www.gfoa.org](http://www.gfoa.org)).

## Impact Fees: A Vote of Confidence for Economic Growth?

Joel R. Theis and Richard D. Giardina of Rick Giardina & Associates, Inc.

### Introduction

An unpopular reaction is often the result any time a local government attempts to increase infrastructure funding by raising fees, taxes, etc. Implementing or increasing impact fees is no different. However, while generally opposed by developers and homebuilders, citizens typically support impact fees. That is because impact fees shift the cost burden associated with new facilities to new residents. For this and other reasons, impact fees are a widely used infrastructure-funding source that has been opposed by developers as a deterrent to economic growth.

Growth brings to the community increased property and sales tax revenues, and jobs that further contribute to the demand for government-provided services. Although there are many who oppose impact fees under the premise that they restrict growth and economic development, there is little empirical or quantitative evidence to support this conclusion. In fact, there is some evidence that impact fees can act as a precursor or impetus to growth, especial-

ly if implemented appropriately and with careful consideration of their application.

This article provides a summary of two relatively current research documents on the question of whether impact fees deter growth.

### Impact Fees and Economic Growth

A report by The Milken Institute<sup>1</sup> ranked the largest 200 cities and metropolitan areas based on economic growth. The report does not measure specific business costs or cost-of-living components. Instead, it focuses on outcomes such as job creation, wage and salary levels, and technology growth.

Each year, Milken's report lists factors associated with cities that had strong growth. These factors include government employment, service-based industries, healthcare related services, and population-driven growth. One can deduce from this report that if an area has the resources and cultural amenities to meet the demands of new citizens, then businesses will locate in such areas provided their employment needs are met and key resources are available at a reasonable price.

One of the requisites for growth, therefore, is to understand what types of entities can best be supported by a location, and make the location attractive by providing the appropriate services.

In order to assess whether there may be a correlation between impact fees and growth, a comparison was made of impact fees in the top three highest and lowest ranked cities in the Milken report. The results are summarized in Table 1. Comparisons shown in Table 1 include fees for parks and recreation, water, sewer, roads, and schools.

In addition, a comparison was made of impact fees for the three cities that moved up in ranking the most to the cities that moved down in ranking the most. Based on these results, there appears to be no

clear correlation between high impact fees and low growth, or low impact fees and high growth. Furthermore, discerning which characteristics led to growth is not simple, as one might expect.

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Table 1: Residential Impact Fees

Category of Growth (1)	Fees (2)
<b>Top 3 in Growth</b>	
Fayetteville, AK	\$0
Las Vegas, NV	\$9,043
Fort Meyers-Cape Coral, FL	\$6,805-\$10,523
<b>Bottom 3 in Growth</b>	
Flint, MI	\$0
Youngstown-Warren, OH	\$0-\$2,496
Gary, IN	\$0
<b>3 Most Improved</b>	
Savannah, GA	\$1,000
Des Moines, IA	\$1,668
Newburgh, PA-NY	\$0
<b>3 Greatest Decline</b>	
Santa Cruz-Watsonville, CA	\$4,556-\$31,099
Boston, MA	\$0
Portland-Vancouver, OR-WA	\$5,748-\$8,888
(1) As ranked in "Best Performing Cities: Where America's Jobs are Created," The Milken Institute, July 2003.	
(2) Fees for parks and recreation, water, sewer, roads, and school as tabulated by RGA.	

<sup>1</sup> "Best Performing Cities: Where America's Jobs Are Created", The Milken Institute, July 2003.

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The topic of whether impact fees impede growth has also recently been researched by the Brookings Institute<sup>2</sup>, which found that rather than impede growth, impact fees may serve as a catalyst for growth, or at least do not deter it. In their study, 67 Florida counties were analyzed using a quantitative approach designed to assess the association of impact fees with job growth. The results indicate that there was no direct correlation.

Thus, there is little evidence that impact fees significantly influence an entity deciding on where to locate. The recent evidence seems to support this conclusion, and is consistent with

<sup>2</sup> "Paying for Prosperity: Impact Fees and Job Growth," The Brookings Institute, Center On Urban and Metropolitan Policy, June 2003.

the Brookings Institute findings. Specifically, impact fees can send a message that a community is planning for and securing infrastructure financing to meet the demands of new development.

### Where to Locate

What factors do businesses consider when deciding where to locate? A review of the literature and various news media suggests that any number of factors could influence a decision to choose an area or city.

High priority characteristics of a re-location or expansion decision might focus on proximity to competitors and transportation, both of which may be a higher priority than the cost-of-living or one-time relocation costs. Some of the factors entities consider in choosing a location

involve infrastructure and associated services such as those listed in Table 2. The factors influencing a re-location or expansion decision are often business specific. However, it is likely that any number of the factors listing in Table 2 would take higher priority than the impact fees that might be paid, but it is difficult to determine which ones, if any, consistently rank higher than the others.

In short, financial timing considerations and how businesses balance many objectives influence their decisions on where to locate. These considerations include the current economic environment and business activity.

### Advantages of Impact Fees

One of the advantages of impact fees is the credibility and fairness aspect that can coincide with the process associated with developing impact fees. Fairness can be ascribed to impact fees by carefully identifying the facilities that growth will require, and calculating the fees from reasonable cost estimates so that those paying the fee receive "value" for the promised service (e.g., parks, roadways and utilities). In contrast, implementing sales or property taxes to finance "growth-related" facilities, often shifts costs based on factors other than who the facilities were constructed for (i.e., property value or sale volume).


Credibility is gained with impact fees through a public approval process that relies on demonstrating how the costs of growth are determined. City councils and county boards can be shown through a properly conducted impact fee calculation

who pays how much and why. Whereas, in the case of implementing a sales tax to pay for new facilities needed to meet growth, only general correlations can be made between who pays and who benefits from the

Table 2: Influential Factors for Choosing a Locality

Business Environment	Resources	Public Services	Governmental Polices and Regulation
State and Local Taxes	Educational Institutions	Parks and Recreation	Business Activity Related Regulations
Cost-of-Living	Natural Resources	Water and Wastewater Services	Growth and Development Policies
Competition/Business Location	Financial Resources	Public Transportation	Environmental Regulations
Geographic Location		Police and Fire Protection	Zoning Restrictions
Workforce Characteristics		Information Technology Services	
Air, Water, and Land Transportation Access		Health Services	
Social, Recreational, and Cultural Amenities		Electric Power	

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facilities. As such, with impact fees there is a link between cost causation and revenue that is typically not found in sales and property taxes.

While it can be difficult as a public finance director to marshal an effort to obtain more revenue from those viewed as bringing "growth and prosperity" to the community (i.e., developers and homebuilders), there are clear advantages associated with impact fees. These include:

- Impact fees are a one-time payment, not a recurring payment like most taxes.
- Impact fees are often not noticeable to the end-user (in many instances the fee, in part or in whole, is paid by the land owner, developer or home builder), but when they are, they can have clear purposes and can be supported by a comprehensive impact fee study.
- Impact fees are targeted for specific projects, and are restricted to funding those projects from a separately managed fund.
- Considering the alternative sources of funding, there is less chance of bias and inequity if impact fees are used.

### Conclusion

In summary, with careful planning, impact fees can provide the funding source to maintain service levels in a growing community. As such they can represent an affordable one-time entrance fee into a highly desirable place to live and conduct business. They can also be encouraging for certain types of entities in terms of providing a funding source for infrastructure. In this way, instead of being viewed as a deterrent to growth, impact fees may actually support growth.

## Applications for 2004 GFOA Scholarships Now Available

The national GFOA offers five annual scholarship programs. The closing date to apply for all of the scholarships is March 1, 2004. Applications for each

scholarship are available in the "forms" section of GFOA's web site, [www.gfoa.org](http://www.gfoa.org).

### Daniel B. Goldberg Scholarship

The Daniel B. Goldberg Scholarship of \$10,000 is awarded to a graduate student who is enrolled in full-time master's study preparing for a career in state and local government finance. The winner of the scholarship receives complimentary registration to the GFOA Annual Conference, where the award is presented. This scholarship is funded by GFOA and the Girard Miller Foundation.

### Frank L. Greathouse Government Accounting Scholarship

The GFOA Frank L. Greathouse Government Accounting Scholarship of \$3,500 is awarded to one or more senior undergraduate students enrolled in full-time study preparing for a career in state and local government finance. The winner of the scholarship receives complimentary registration to the GFOA Annual Conference, where the award is presented.

### George A. Nielsen Public Investor Scholarship

The Public Investor Scholarship of \$5,000 (may be two awards of \$2,500 each) is awarded to an employee of a local government or other public entity who is enrolled or plans to enroll in an undergraduate or graduate program in public administration, finance, business administration, or related field. The purpose of the scholarship is to support the studies of students with career interests in the efficient and productive investment of public funds.

### Minorities in Government Finance Scholarship

The GFOA's Minorities in Government Finance Scholarship of \$5,000 is awarded to an upper-division undergraduate or graduate student of public administration, (governmental) accounting, finance, political science, economics, or business

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## MEMBER PROFILE

### Christy Eusebio

Budget & Research Analyst, City of Goodyear



#### Where are you originally from?

I was born and raised in San Diego, Ca. I lived my first 20 years in the same house! I got married and moved to Peoria, AZ in 1981.

#### What do you like most about your job?

The thing I like most about my job is being able to improve work processes. I love to analyze a process and see if there is a way to provide a better product in a more efficient and effective way.

#### What areas of government finance interest you the most?

I like auditing and grant accounting the most.

#### What other communities have you worked for?

I worked for the City of Phoenix for 10 years first as an Account Clerk, then as Internal Auditor, and finally as an Accountant. I also worked at Maricopa Association of Governments (MAG) for a little over 2 years as their Financial Systems supervisor.

#### What is your favorite book?

I'm cheating on this one just a little...My favorite book is actually 3. I love the Lord of the Rings series and used to (back when I had more leisure time) read it once a year. I think it's a classic tale of good versus evil and shows the need for everyone to do their part to make the world a better place.

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administration (with a specific focus on government or nonprofit management).

The purpose of scholarship is to recognize outstanding performance by minority students preparing for careers in state and local government finance. This scholarship is funded by Fidelity Investments Tax-Exempt Services Company.

### Public Employee Retirement Research and Administration Scholarship

The Public Employee Retirement Research and Administration Scholarship of \$4,000 is awarded to a graduate student in public administration, finance, business administration, or social sciences. The purpose of the scholarship is to support the studies of a graduate student preparing for a career in the field of public-sector retirement benefits. This scholarship is funded by the ICMA Retirement Corporation.

## Deadline Extended for Government Performance Reporting Demonstration Grants

The National Center for Civic Innovation, with support from the Alfred P. Sloan Foundation, has launched the Government Performance Reporting Demonstration Grants Program. The aim of this three-year initiative is to encourage local and state governments to apply the criteria specified in the Governmental Accounting Standards Board's (GASB) Special Report, *Performance Reporting: Suggested Criteria for Effective Communication*.

To encourage a wide range of participation, approximately 30 governments will be awarded grants of about \$30,000 to assist them in preparing two annual performance reports using some or all of the GASB Suggested Criteria. Preference will be given to jurisdictions that will meet all or a large number of the GASB Suggested Criteria. Grant recipients will be expected to communicate performance data to their constituents, and assess the influence and effectiveness of their reports.

Grants will provide important recognition to the governments that are selected, identifying them as innovators and trailblazers in performance measurement. GASB staff will be available to grantees to provide expert technical assistance. All grant recipients will have access to reports, information on best practices, lessons learned and other developments through special e-mail lists and web communications.

Grants will be awarded on a staggered basis after applications are received and reviewed by a selection panel comprised of individuals with expert knowledge or experience with citizen-based government performance measures. **The deadline for submitting grant applications has been extended to March 31, 2004.**

A specific list of requirements for grant eligibility is available on the National Center for Civic Innovation's web site, at [www.nationalcenterfor-civicinnovation.org/gpr.html](http://www.nationalcenterfor-civicinnovation.org/gpr.html). A description of the GASB Suggested Criteria and the Special Report on Performance Reporting can be obtained at [www.seagov.org](http://www.seagov.org).

## Sierra Vista Cash Handling Seminar Registration Extended

GFOAz is hosting a half-day Cash Handling Training Seminar on February 17 in Sierra Vista and February 18 in Goodyear. The program is designed to teach finance officers, treasury officials, city clerks, and front-line cash handlers about proper cash handling techniques. The program style and course materials make this seminar an excellent "train the trainer" opportunity as well.

The presenter for the training will be Linda Patterson of

Patterson & Associates. Ms. Patterson is the former Deputy State Treasurer for the State of Texas and the former Treasurer for the City of Ft. Worth. The Association of Public Treasurer's Model Cash Handling Training Manual will be used as the course text and is included in the cost of registration.

The cost of the seminar is \$65. The deadline to register for the Sierra Vista Seminar has been extended to Friday, February 13. To obtain registration materials, please visit [www.gfoaz.org](http://www.gfoaz.org) and click on "Conferences & Training."

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