Attachment 5

Development (Impact) Fees

City of Tucson
Fire Facilities

Fee Report

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Introduction

The City of Tucson collects development fees to offset some of the infrastructure costs associated with growth. The City currently charges fees for four public service categories: street facilities, parks and recreation facilities, fire and police. In order to continue assessing and collecting the fees, the City must comply with Arizona Revised Statute ARS §9-463.05, as amended. Consequently, the City is preparing new development fee studies, project lists, fee schedules, fee reports, and a development fee ordinance.

The statute, which codifies Senate Bill 1525, includes major changes in development fee assessment procedures and programs. The statute limits the types of "necessary public services" which fees can fund. A municipality must develop two preliminary products prior to calculating the fees for each service category: a set of land use assumptions and an infrastructure improvements plan (IIP). These documents were adopted by the Mayor and Council on August 5, 2014. The approved Fire IIP is hereby incorporated by reference.

While the City's streets and parks and recreation development fees are calculated within five separate service areas or benefit districts, fire and police development fees have been and will continue to be assessed on a city-wide basis. This is because unlike streets and parks facilities, which are in fixed locations, there is flexibility in how police and fire services can be allocated throughout the City at any given time, in response to the need. The Fire Facilities city-wide service area is shown in Exhibit 1.

Fire Components and Fundable Improvements

A list of fire improvements to be funded between 2016 and 2025 is shown in Exhibit 2, which corresponds to Exhibit 12 of the Fire IIP. The list includes projects in the City-wide service area. The total cost of improvements is $17,636,000. These components are eligible pursuant the definitions of necessary public services in A.R.S. §9-463.05 (T)(7)(f).

Necessary Public Services – Existing Needs

The Fire Facilities IIP describes the incremental expansion method to calculate the fire facilities development fees, which is the same method used prior to this update. The value of the service standard is estimated by inventorying existing assets, including buildings, land, vehicles and equipment, and assigning a replacement value to each asset type based on current costs, as determined by City staff and professional judgment. This derived value is adjusted to account for outstanding debt on existing facilities; funding from outside sources, such as federal grants; the cost of the fee study; and the current balance of the development fee account. The adjusted value is then applied to the projected new development as indicated in the land use assumptions report, to estimate the future demand.

As detailed in the IIP, the valuation of existing assets is $157,836,386. Credits associated with other funding, the cost of the fee study and the current balance are $77,082,386. The resulting net facilities valuation is $80,754,000.

Exhibit 1 Fire Facilities Service Area

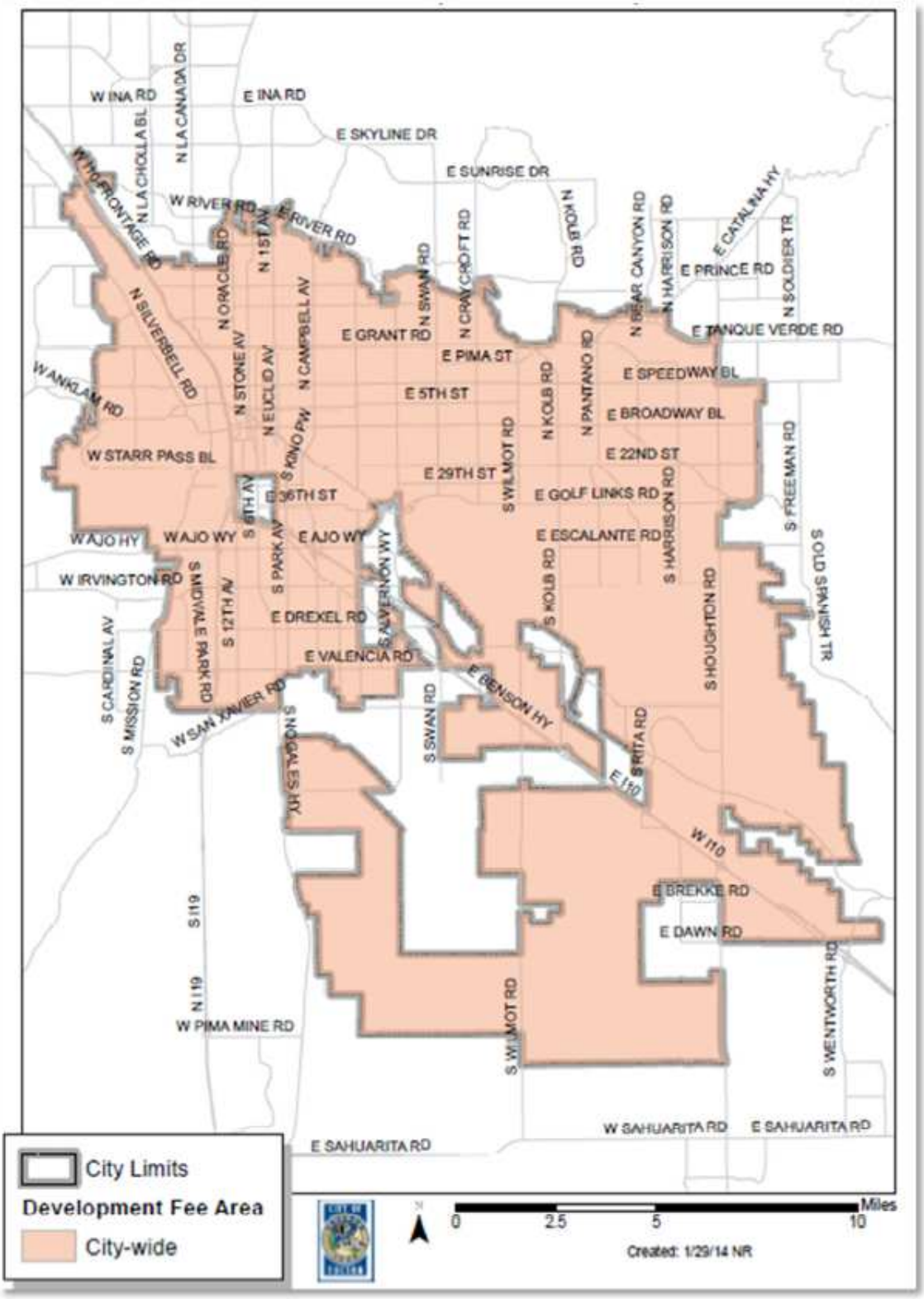

Exhibit 2 Ten-Year Project Plan, Development Fees - Fire

Project Name	2016	2017	2018	2019	2020	201	2022	2023	2024	2025	Total
Equipment for New Station											
Northwest Engine with equipment			$730,000								$ 730,000
Northwest Ladder with equipment			$1,670,000								$ 1,670,000
Northwest Paramedic with equipment			$330,000								$ 330,000
Northwest Rescue Truck			$110,000								$ 110,000
Northwest Mobile Air Compressor			$150,000								$ 150,000
Southwest Engine with equipment				$ 730,000							$ 730,000
Southwest Ladder with equipment				$1,670,000							$ 1,670,000
Southwest Paramedic with equipment				$330,000							$ 330,000
Southwest Rescue Truck				$110,000							$ 110,000
Southwest Mobile Air Compressor				$150,000							$ 150,000
Total Equipment for New Station	$ -	$ -	$2,990,000	$2,990,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,980,000
New Station and Land											
Station Capacity Expansion - Station 14	$920,000										$ 920,000
Station Capacity Expansion - Station 18		$920,000									$ 920,000
New Northwest Station-Land		$600,000									$ 600,000
New Northwest Station-Bldg			$3,308,000	$1,000,000							$ 4,308,000
New Southwest Station-Land			$ 600,000								$ 600,000
New Southwest Station-Bldg				$3,308,000	$1,000,000						$ 4,308,000
Total New Station and Land	$920,000	$1,520,000	$3,908,000	$4,308,000		$-	$-	$ -	$ -	$ -	$11,656,000
TOTAL	**$920,000**	**$1,520,000**	**$6,898,000**	**$7,298,000**	**$1,000,000**	**$-**	**$ -**	**$ -**	**$ -**	**$ -**	**$17,636,000**

Development Fees for Fire Facilities

The Fire Facilities unit costs for residential and non-residential land uses are shown in Exhibit 3, and are calculated as follows. The socioeconomic data were provided by the Pima Association of Governments, and are consistent with the data in the Land Use Assumptions report.

For residential development, the net value of the fire facilities is multiplied by the proportion of calls from residential uses (71% or 0.71). This value is divided by the 2014 population of Tucson (529,962) to get a per capita cost of $108.19. The per capita cost is then multiplied by the average number of persons per single family residential unit (2.8 persons/household) to get the cost per single family unit, i.e., the fire facility cost for one service unit or SU ($302.93). The $302.93 cost or net value per SU established in Exhibit 3 is the "specific level of use" that is used as the basis for the level of service for future development. Similarly, the cost per Condo/Attached unit is the per capita cost multiplied by 1.9 persons per household, which yields $205.56, while the cost per MFR/Apartment is the per capita cost multiplied by 1.7 persons per household, which yields $183.92

Similarly, for non-residential development, the net value of the fire facilities is multiplied by the proportion of calls from non-residential uses (29% or 0.29). This value is divided by the total existing non-residential building area in 1000s of square feet (149,075) to get a cost per 1000 square feet of non-residential building area, or $157.09.

Exhibit 3 Derivation of Fees

Facilities Valuation	
Buildings	$78,608,177
Land	$15,651,112
Vehicles	$51,317,507
Equipment	$9,903,590
Fee Fund Balance	$2,321,000
Fee Study Cost	$35,000
Subtotal	**$157,836,386**
Credits	
Outstanding Bond Debt	$18,541,060
Outstanding COPs Debt	$54,219,651
Federal grants	$4,321,675
Subtotal	**$77,082,386**
Net Facilities Valuation	$80,754,000

Cost per Unit	
Residential, 71%	$57,335,340
2014 Tucson population	529,962
per capita residential share	$108.19
persons per SFR HH	2.8
SFR FEE = one SU	**$302.93**
Cost for Condo/Attached Unit	**$205.56**
Cost for MFR/Apt	**$183.92**
Non-Residential, 29%	$23,418,660
Total Non-Res. Building Area (1000 Sq. Ft.)	149,075
Non-Res FEE (per 1000 Sq. Ft.)	**$157.09**

The recommended maximum development fee for single family residences is $303 rounded for the city-wide service area. The recommended fees for other uses are proportional to their relative intensity and allowable credits. The fees for specific land uses shall be determined by the City utilizing the land use intensity factors contained in the fee tables, i.e., number of dwelling units or 1000s of square feet of non-residential building area. The fee schedule for Fire Facilities is provided in Exhibit 4.

EXHIBIT 4 Fee Schedule for Fire Facilities
Effective Beginning December 23, 2014

RESIDENTIAL LAND USES	Fees per Residential Unit
Single-Family Residential	$303
Condo/Townhomes	$206
Multi-Family/Apartments	$183

NON-RESIDENTIAL LAND USES	Fees per 1000 sq. ft. of Building Area
Retail	$157
Office	$157
Industrial	$157

Note: The tables above don't include an administrative fee.

Appendix

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