
Development (Impact) Fees

City of Tucson Police Facilities Fee Report

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August 8, 2014



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 Police IIP is hereby incorporated by reference.

While the City’s streets and parks and recreation development fees are calculated within five separate service areas, the 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, police and fire services can be allocated throughout the City at any given time in response to the need. The Police Facilities city-wide service area is shown in Exhibit 1.

Police Facilities Components and Fundable Improvements

A list of proposed police facilities improvements to be funded between 2015 and 2025 is shown in Exhibit 2. It corresponds to Exhibit 11 of the Police Facilities IIP, and is the Ten-Year Project Plan. The list includes projects in the City-wide service area. The total cost of the improvements is \$26,125,000. All projects in the Ten-Year Project Plan are eligible pursuant the definitions of necessary public services in ARS §9-463.05 (T)(7)(f).

Necessary Public Services – Existing Needs

The Police Facilities IIP describes the incremental expansion method used to calculate the police 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 \$202,178,033. Credits associated with outstanding debt, Certificates of Participation, and federal grants are \$82,500,615. The resulting net facilities valuation is \$119,677,418.

Exhibit 1 Police Facilities Service Area

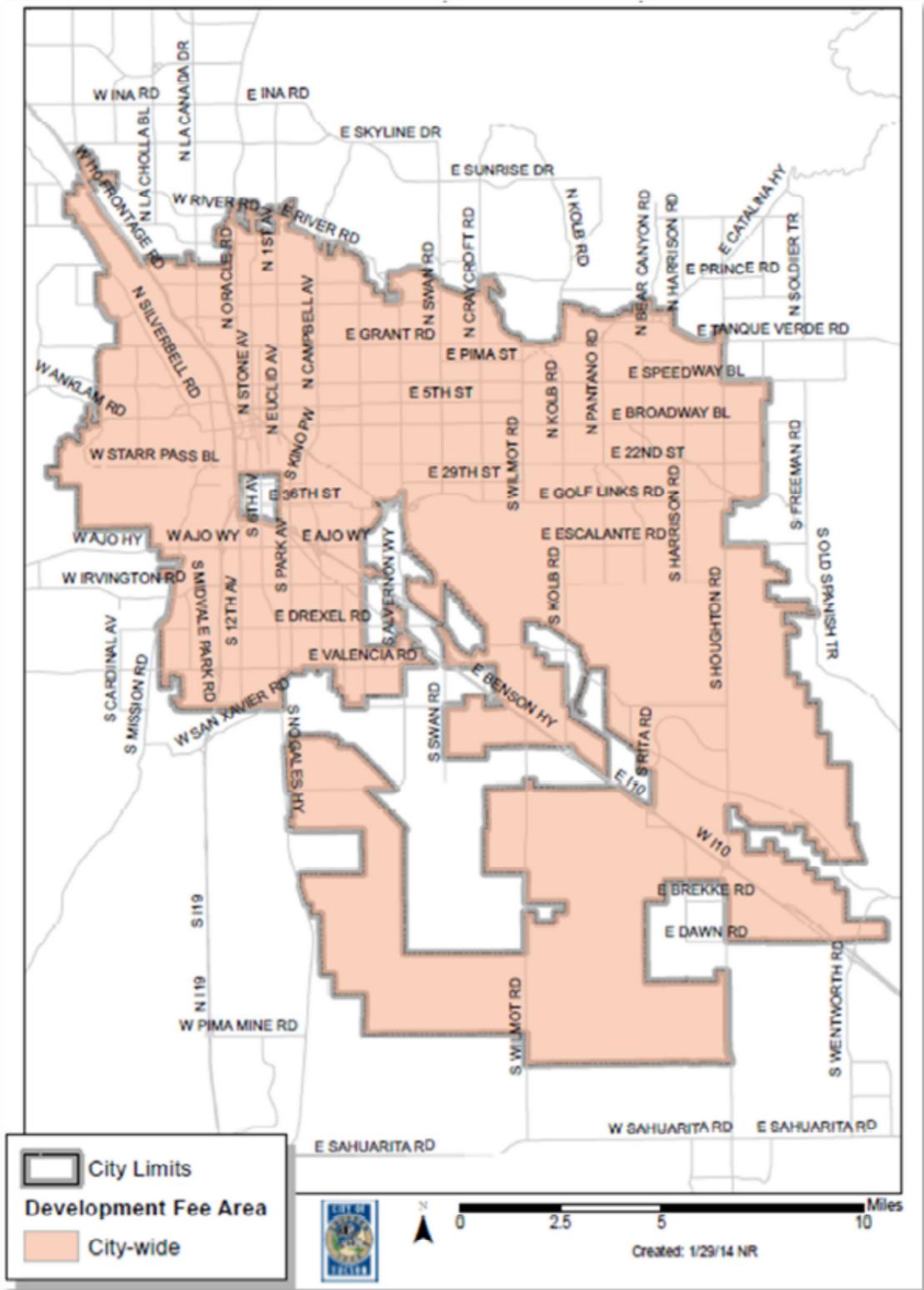


Exhibit 2 Ten-Year Project Plan, Development Fees – Police

| Project Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|-----------------------------|-------------|------------------|-------------|-------------|---------------------|------------------|------------------|------------------|------------------|-------------|---------------------|
| New Vehicles | | \$225,000 | \$0 | \$0 | \$0 | \$225,000 | \$225,000 | \$225,000 | \$225,000 | \$0 | \$1,125,000 |
| Northeast Substation | | | | | \$25,000,000 | | | | | | \$25,000,000 |
| TOTAL | 0 | \$225,000 | \$0 | \$0 | \$25,000,000 | \$225,000 | \$225,000 | \$225,000 | \$225,000 | \$0 | \$26,125,000 |

Development Fees for Police Facilities

The Police 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 adopted Land Use Assumptions report.

For residential development, the net value of the police facilities is multiplied by the proportion of calls from residential uses (60% or 0.60). This value is divided by the 2014 population of Tucson (529,962) to get a per capita cost of \$135.49. 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 police facility cost for one service unit or SU (\$379, rounded). The \$379 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 \$257, rounded, while the cost per MFR/Apartment is the per capita cost multiplied by 1.7 persons per household, which yields \$230.

Similarly, for non-residential development, the net value of the police facilities is multiplied by the proportion of calls from non-residential uses (40% or 0.40). 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 \$321.

Exhibit 3 Derivation of Fees

| Facilities Valuation | |
|---------------------------------|----------------------|
| Buildings | \$138,568,001 |
| Land | \$19,890,233 |
| Vehicles | \$28,520,137 |
| Equipment | \$11,632,429 |
| Fee Fund Balance | \$3,532,233 |
| Fee Study Cost | \$35,000 |
| Subtotal | \$202,178,033 |
| Credits | |
| Outstanding Bond Debt | \$12,130,188 |
| Outstanding COPs Debt | \$55,451,000 |
| Federal Grants | \$14,919,427 |
| Subtotal | \$82,500,615 |
| Net Facilities Valuation | \$119,677,418 |

| Cost per Unit | |
|---|------------------|
| Residential, 60% | \$71,806,451 |
| 2014 Tucson population | 529,962 |
| per capita residential share | \$135.49 |
| persons per SFR HH | 2.8 |
| SFR FEE = one SU | \$379.38 |
| Cost for Condo/Attached Unit | \$257.44 |
| Cost for MFR/Apt/Mobile Home | \$230.34 |
| Non-Residential, 40% | \$ 47,870,967 |
| Total Non-Res. Building Area (1000 Sq. Ft.) | 149,075 |
| Non-Res FEE (per 1000 Sq. Ft.) | \$ 321.12 |

The recommended maximum development fee for single family residences is \$379 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 Police Facilities is provided in Exhibit 4.

Exhibit 4 Fee Schedule for Police Facilities (Maximum Recommended Fee)

RESIDENTIAL LAND USES

| | <i>Central</i> | <i>West</i> | <i>East</i> | <i>Southeast</i> | <i>Southlands</i> |
|----------------------------------|----------------|-------------|-------------|------------------|-------------------|
| Single-Family Residential | \$379 | \$379 | \$379 | \$379 | \$379 |
| Condo/Townhomes | \$257 | \$257 | \$257 | \$257 | \$257 |
| Multi-Family/Apartments | \$230 | \$230 | \$230 | \$230 | \$230 |

NON-RESIDENTIAL LAND USES

| | <i>Central</i> | <i>West</i> | <i>East</i> | <i>Southeast</i> | <i>Southlands</i> |
|-------------------|----------------|-------------|-------------|------------------|-------------------|
| Retail | \$321 | \$321 | \$321 | \$321 | \$321 |
| Office | \$321 | \$321 | \$321 | \$321 | \$321 |
| Industrial | \$321 | \$321 | \$321 | \$321 | \$321 |

Note 1: For the residential land use categories (single-family residential, condo/townhomes, multi-family residential/apartments), fees shown are per residential unit. For the non-residential land use categories (retail, office, industrial), fees shown are per 1000 square feet of building area.

Note 2: The tables don't include an administrative fee.

Appendix

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