



# CITY OF TUCSON

## IMPACT FEE STUDY

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- POLICE
- FIRE
- PUBLIC FACILITIES

**PREPARED BY:**  
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**MAY 2007 UPDATE**

## MAY 2007 UPDATE

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This first version of this study was published in February 2007 and presented to the Mayor and Council in March 2007. Following the presentation, the Mayor and Council asked staff to convene stakeholders to review the study and provide feedback. A series of six stakeholder meetings were held between March and May, and 23 stakeholders, primarily representing the development community, participated in the process. The group reviewed the study and provided feedback that led to adjustments to some of the numbers in the original study and helped shape the implementation aspects of the program. The changes and recommendations are summarized below.

- Police acreage - The Santa Cruz Substation land located on the SE corner of the Price Service Center was listed in the report as being 56.55 acres which was incorrect (this is the acreage of the entire PSC). The size of the substation land is 8.2 acres.
- Public funding credit - It is standard practice in calculating impact fees to credit outstanding debt and outstanding leases on facilities being valued as part of the study because new development will contribute to paying this debt. Credit is also given for non-local grants that were used to purchase equipment because local residents did not directly contribute this funding. One of the stakeholders noticed that the grant funds were received in prior years and were not adjusted to the present value. A present value adjustment was made which changed the police credit to \$69,361,781 and the fire credit to \$29,715,976.
- Land valuation - The original study used the average cost of the last 6 city land purchases to value all land in the study (\$5.55/sf). The stakeholder group expressed concern about the fact that land values vary throughout the city and many of the land purchases used in the study were old. It was suggested that land be valued based on specific locations, and that current comparable valuation data be used. Bourne Partners worked with a certified land appraiser to assess land values throughout the city. The values ranged from \$2.50/sf in edge areas to \$40/sf downtown. These values were then applied to the parcels in the study based on location. The result was an overall decrease in land valuation by 25% over the original study. The main cause of this was the decrease in value of the Public Safety Training Academy land which was over-valued in the study.
- Building valuation - The best method to determine the replacement cost of existing facilities was discussed and debated throughout the stakeholder process. Construction costs for a variety of recently constructed municipal facilities were reviewed. The stakeholder group ultimately recommended the following building valuations:
  - Police – \$342/sf (the average cost of the Midtown and Westside Police Service Centers)
  - Fire - \$281/sf (the cost of Fire Station 22)
  - Public Facilities - \$297 for City Hall and IT (the cost of Sahuarita Town Complex) and \$280 for Price and Eastside Service Centers (the cost of the Tucson Water Eastside Service Facility)

- Grand-fathering and phase-in - The stakeholder group recommended a 6-month lead time be given prior to implementing residential fees and an 18-month lead time be given for non-residential fees in order to provide development in progress adequate notice. A grand-fathering provision for non-residential development in process was discussed by the group and included in the ordinance as well.
- Affordable Housing/Development Incentive Waivers - The stakeholders recommended that the current waiver provisions in the ordinance be applied to the new fees.
- Annual fee escalator – The use of a combination of the Consumer Price Index (CPI) and the Construction Cost Index (CCI) rather than just the CCI to annually adjust the fees was recommended by the stakeholders and was incorporated into the ordinance.

# TABLE OF CONTENTS

<b>Introduction &amp; Summary</b> .....	1
<b>Police</b> .....	7
- Methodology	
- Buildings and Land	
- Vehicles	
- Equipment	
- Public Funding Credit	
- Residential/Non-Residential Share	
- Cost of Service	
- Potential Revenue and Use of Funds	
<b>Fire</b> .....	12
- Methodology	
- Buildings and Land	
- Vehicles	
- Equipment	
- Public Funding Credit	
- Residential/Non-Residential Share	
- Cost of Service	
- Potential Revenue and Use of Funds	
<b>Public Facilities</b> .....	17
- Methodology	
- Buildings and Land	
- Vehicles	
- Public Funding Credit	
- Residential/Non-Residential Share	
- Cost of Service	
- Potential Revenue and Use of Funds	
<b>Implementation</b> .....	21
<b>Appendix</b> .....	23

# INTRODUCTION & SUMMARY

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## WHAT ARE IMPACT FEES?

Impact fees or development impact fees are a financing mechanism used by local governments to help cover the cost of facilities and infrastructure needed to serve new development. Impact fees are common in Arizona because of the rapid growth that municipalities throughout the state have been experiencing. Impact fees are one-time, up-front charges collected at the issuance of a building permit, usually collected from both residential and commercial development. Impact fees are considered a development regulation rather than a tax. They are assessed based on the estimated impact that the structure being built will have over its lifetime on the infrastructure needs in the community. Impact fees cannot be set arbitrarily, but must be based on the actual cost to serve new development. The essential purpose of impact fees is to ensure that new development pays a proportionate share of capital improvements necessary to maintain current levels of service provided to the community.

## LEGAL FRAMEWORK

The State of Arizona (A.R.S. 9-463.05) authorizes cities to “assess development fees to offset costs to the municipality associated with providing necessary public services to a development.” The state statute requires that impact fees meet the following standards:

- Development fees shall result in a beneficial use to the development.
- Monies received from development fees shall be placed in a separate fund and may only be used for the purposes authorized.
- The municipality must provide a credit toward the payment of a development fee for public improvements provided by the developer of the type for which the fee is assessed.
- The amount of any development fee must bear a reasonable relationship to the burden imposed by the new development upon the municipality.
- Impact fees must be assessed in a non-discriminatory manner.

Impact fees have been defended as an exercise of local government’s broad “police power” to protect the health, safety, and welfare of the community. The courts have gradually developed guidelines for constitutionally valid impact fees, based on a “rational nexus” that must exist between the regulatory fee and the activity that is being regulated. The standard set by court cases generally require that an impact fee meet a three-part test:

- The need for new facilities must be created by new development
- The amount of fee charged must not exceed a proportional fair share of the cost to serve new development
- All fee revenues must be spent within a reasonable period of time and benefit the fee-paying development

## **TUCSON'S CURRENT IMPACT FEES**

Tucson Water established an impact fee (called a system equity fee) in 2003. The fee is based on meter size and as of July 2007, will be \$1,528 for a single family home. A water resource impact fee will take effect in July 2007, at a rate of \$202 for a single-family home. The City enacted impact fees for roads and parks in 2005. For a single-family 2,000 square foot home, the impact fee for roads is \$4,000 and for parks is \$1,600.

In 2003, Duncan and Associates completed a cost of service study for the City of Tucson that looked at the legal and policy basis of instituting impact fees. In addition to roads and parks fees, the Duncan study recommended fees for public facilities, fire, police, libraries, and solid waste. Since the time the Duncan study was completed, responsibility for libraries has been shifted to the County and solid waste has implemented a fee for service. The need to institute police, fire, and public facilities impact fees still exists today.

## **IMPACT FEES AND QUALITY OF LIFE**

Tucson continues to experience significant growth with approximately 10,000 new residents moving to the city each year. On average there are 3,500 new residential units and 160 commercial developments constructed each year in the City of Tucson. As growth occurs, additional police, fire, and public facilities are needed to serve new residents. Not having impact fees in place hinders the City's ability to provide adequate facilities to serve this new development and detracts from the quality of life in the community. Tucson's *General Plan* states that the City will recover "growth-related capital costs in the areas of transportation, parks and recreation, water resources and distribution, drainage, operations, police, fire, solid waste, and libraries." The assessment of additional fees further implements the City's *General Plan*.

Impact fees help reduce the City's reliance on non-sustainable funding sources and make good financial sense. Without impact fees, current residents bear the full burden of funding growth-related facilities, and the City must borrow money, or use general fund dollars to finance these facilities. The City's bonding capacity is limited, and recurring general fund revenues are needed to pay for ongoing service needs like street maintenance and public safety operations. A sustainable financial future for the City, as outlined in the City's *Financial Sustainability Plan* relies on impact fees to help fund growth-related infrastructure.

## **HOUSING AFFORDABILITY**

Impact fees can affect the price of new housing, and housing affordability is often mentioned as a concern with impact fees. At the same time, impact fees can enhance the value of property. Without impact fees, adequate public facilities may not be able to be provided, which detracts from a property's value. Another thing to consider is that the price of new housing is primarily driven by market forces including housing demand, land costs, and construction costs. The recent increase in housing prices, for example, was largely due to increased demand, investor speculation, and construction costs, not impact fees. Impact fees are not assessed on existing housing stock or on the renovation of existing structures. Existing housing stock often provides an affordable alternative to new homes and impact fees can encourage reinvestment. Affordable

housing impact fee waivers can be established to address the burden of impact fees on affordable housing builders.

## **METHODOLOGY**

Impact fees must be based on the actual cost to serve new development. There are several methodologies available to calculate cost of service including the plan-based, buy-in, and incremental expansion (or consumption-based) approaches. The plan-based method requires that the jurisdiction undertake a significant pre-planning effort to document and adopt all of the new capital improvements necessary to meet standard service levels decided by the jurisdiction. The buy-in method is used by jurisdictions that have “over-built” capital facilities in excess of their current needs and levy a fee on new development to pay for the portions of the facility that are uninhabited but will become so as part of the new development.

The incremental expansion method is the most appropriate method for the City of Tucson to use for calculating the cost of service for police, fire, and public facilities. It was recommended in the Duncan study and is the most commonly used method among cities. This approach determines the cost of the current level of service provided to existing residents and charges new development its proportionate share. For this study, the cost of service was calculated as of July 1, 2006. The incremental expansion method is best suited for public facilities that will be expanded in regular increments. By using this approach, the City can add new capital facilities based on the actual needs of the community as growth occurs.

In terms of allocating costs to different types of development, calls for service were analyzed for fire and police to determine the portion attributable to residential and non-residential land uses. For public facilities, the percent of residential vs. non-residential users of public facilities was estimated to determine the appropriate allocation to each. From there, residential fees are calculated on a per capita basis for various types of residential units based on average household size. This approach is based on the fact that the demand for police, fire and other public facilities increases as the number of residents increases. Non-residential development fees are calculated on a square foot basis for all non-residential development. This approach is based on the fact that the demand for police, fire and other public facilities increases as the built environment expands.

## **CITYWIDE SERVICE AREA VS. BENEFIT DISTRICTS**

The City’s roads and parks impact fees are assessed within five separate benefit districts. This can be justified for services like roads and parks that are geographically based. Alternatively, police, fire, and public facilities impact fees should be assessed on a citywide basis for several reasons:

- These services are delivered through fully integrated systems, meaning that as needs arise in one area of the city, a cascade effect occurs pulling resources from other areas of the city to meet the need.
- Many centralized facilities exist, such as the 911 call center, Public Safety Training Academy, crime lab, City Hall, etc. that serve the entire city.

- Police and Fire already have sophisticated facility planning approaches in place that consider new growth and the proper timing, placement, and location of new facilities and equipment needed to serve new development.
- Investment in facilities and equipment in one area of the city can impact an area several miles away, by freeing up capacity at another facility.

### **ROOFTOP VS. PER-SQUARE FOOT FEE**

The proposed residential fees should be assessed per residential unit rather than on a per-square foot basis as exists for the current parks and roads fees. The relationship between square footage and residential demand for police, fire, and public facilities is not clear enough to justify a square-footage based fee. A per-unit or rooftop fee is easier for customers to understand and calculate, and is common practice among other jurisdictions locally and across the state.

### **UNIFORM NON-RESIDENTIAL RATE**

The City’s roads impact fee includes different rates for different types of non-residential development (office, retail, industrial, and hotel). The different rates are based on trip generation data published by the Institute for Traffic Engineers. It is more difficult to measure the demand for police, fire and public facilities for different types of commercial uses. This study assumes that the need for police, fire, and public facilities grows as the built environment expands and a uniform rate per 1,000 square feet is recommended for all non-residential development.

### **COST OF SERVICE SUMMARY**

The table below summarizes the cost of service for police, fire, and public facilities by type of development as determined by this study. Impact fees can be set at any rate up to the levels listed below.

<b>Police</b>			
Residential			
Single-Family	Unit		\$643
Multi-Family	Unit		\$476
Mobile Home	Unit		\$552
Non-Residential	1,000 Sq. Ft.		\$699
<b>Fire</b>			
Residential			
Single-Family	Unit		\$469
Multi-Family	Unit		\$346
Mobile Home	Unit		\$402
Non-Residential	1,000 Sq. Ft.		\$269
<b>Public Facilities</b>			
Residential			
Single-Family	Unit		\$477
Multi-Family	Unit		\$353
Mobile Home	Unit		\$410
Non-Residential	1,000 Sq. Ft.		\$259

**PROJECTED REVENUE & USE OF FUNDS**

If fees were set at the rates listed above, projected revenue would be \$2.53 million per year for police, \$1.85 million per year for fire, and \$1.88 million per year for public facilities. This projection is based on the average number of building permits issued over the past 10 years. It is important to keep in mind that this is only an estimate and revenues will vary from year to year depending on market conditions that affect development. Impact fees can be used to pay for new and expanded buildings, equipment, and vehicles needed to serve new development. Impact fees cannot be used for operating expenses and cannot be used to replace existing facilities.

**REGIONAL FEE COMPARISON**

The table below shows how impact fees for a single-family 2,000 square foot home would compare in the Tucson region if the new fees for police, fire, and public facilities are adopted. Included in the comparison are all development fees that are used to finance growth-related infrastructure, including impact fees, in-lieu fees, and construction sales tax. Tucson Water fees reflect those that will take effect in July 2007. Wastewater connection fees are not included.

	Water	Roads	Const. Sales Tax (Est.)	Parks	Police	Fire	Pub Fac	Total
Tucson	\$1,730	\$4,000		\$1,600	\$643	\$469	\$477	<b>\$8,919</b>
Pima County	\$1,730	\$4,400		\$1,597				<b>\$7,413</b>
Marana	\$1,467	\$5,941	\$3,250	\$2,884				<b>\$13,542</b>
Oro Valley	\$2,074	\$3,375	\$3,250	\$1,412				<b>\$10,111</b>
Sahuarita	\$342		\$3,250	\$1,500				<b>\$5,092</b>

**STATEWIDE FEE COMPARISON**

In Arizona, over 30 jurisdictions currently assess impact fees. Listed in the table on the following page are the state impact fee averages for police, fire and public facilities, along with the fee range and number of jurisdictions that assess these types of fees.

Overall, in Arizona, the average total impact fees for a single-family home is \$7,500. This average includes all jurisdictions, even small towns with just one fee. Looking only at larger jurisdictions with a broader range of fees, which tend to be more comparable to Tucson, the average impact fee for a single-family home is \$9,300.

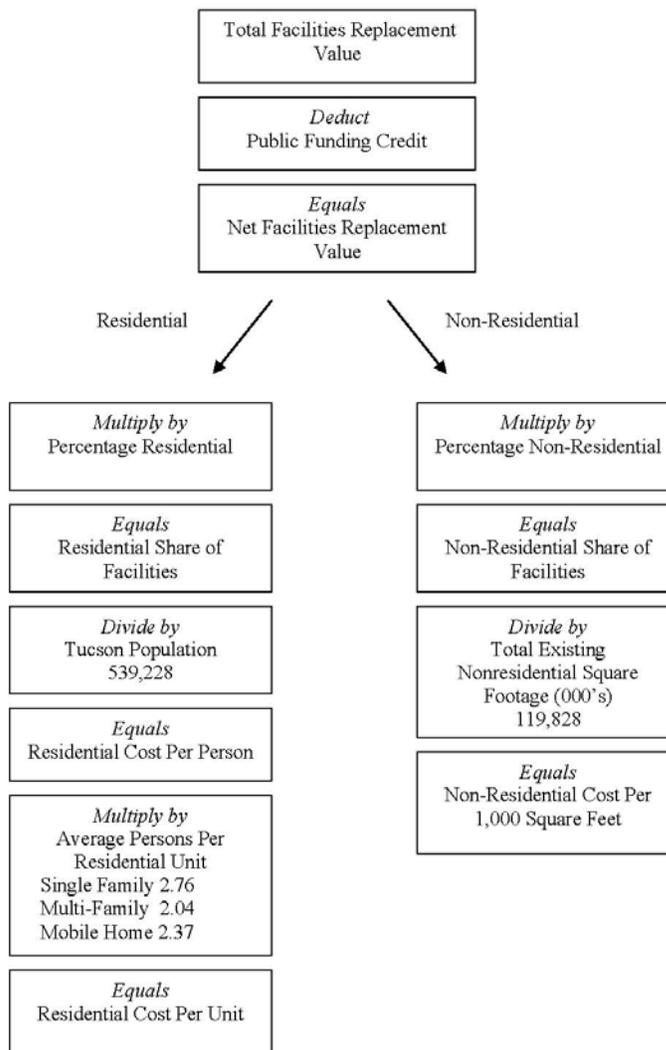
## Statewide Impact Fee Averages for Police, Fire and Public Facilities

	<u>Police</u>	<u>Fire</u>	<u>Public Facilities</u>
<b>Single-Family Residential (2000 sf unit)</b>			
Number of jurisdictions with fee	20	17	19
Average Fees in Arizona	\$285	\$421	\$471
Fee Range	\$32 - \$586	\$167 - \$964	\$36 - \$1407
<b>Multi-Family Residential (1000 sf unit)</b>			
Number of jurisdictions with fee	20	16	19
Average Fee in Arizona	\$223	\$336	\$374
Fee Range	\$32 - \$586	\$103 - \$728	\$12 - \$926
<b>Retail (Per 1000 sf)</b>			
Number of jurisdictions with fee	19	15	17
Average Fee in Arizona	\$463	\$293	\$289
Fee Range	\$20 - \$1659	\$173 - \$1053	\$36 - \$913
<b>Office (Per 1000 sf)</b>			
Number of jurisdictions with fee	19	15	17
Average Fee in Arizona	\$220	\$357	\$399
Fee Range	\$20 - \$607	\$32 - \$1505	\$26 - \$1378
<b>Industrial (Per 1000 sf)</b>			
Number of jurisdictions with fee	19	15	17
Average Fee in Arizona	\$134	\$249	\$286
Fee Range	\$23 - \$312	\$23 - \$973	\$ 32 - \$950

# POLICE

## METHODOLOGY

The cost of service for police was calculated using the incremental expansion method. The components included in the cost are buildings and land, vehicles, and equipment. The total replacement cost of these facilities is calculated and then outstanding debt is deducted to get a net facilities replacement value. This amount is then apportioned to residential and non-residential development based on call for service data. Residential fees are calculated on a per capita basis and then attributed to different types of residential development based on average number of persons per unit from the U.S. Census. This approach is based on the fact that demand for facilities increases as the number of residents increases. Non-residential development fees are calculated on a per 1,000 square feet basis for all types of non-residential development. This approach is based on the fact that demand for police facilities increases as the built environment expands. The graphic to the right depicts the methodology used to calculate the cost of service for police.



## BUILDINGS & LAND

The table below details the current value of police buildings and land. The backup information for how land and buildings were valued can be found in the appendix.

Building	Structure			Land				
	Structure Sq. Ft.	Cost/SF	Replacement Cost	Acres	SF/Acre	Total SF	Comp Value/SF	Land Value
Police Headquarters	147,623	\$342	\$50,487,066	3.21	43,560	139,828	\$ 40.00	\$ 5,593,104
Rillito Substation	11,007	\$342	\$3,764,394	0.42	43,560	18,295	\$ 7.00	\$ 128,066
Santa Cruz Substation	15,386	\$342	\$5,262,012	8.20	43,560	357,192	\$ 5.00	\$ 1,785,960
Rincon Substation	28,045	\$342	\$9,591,390	14.22	43,560	619,423	\$ 6.00	\$ 3,716,539
Hardesty Midtown Substation	43,455	\$342	\$14,861,610	7.43	43,560	323,651	\$ 10.00	\$ 3,236,508
Pantano Substation	6,121	\$342	\$2,093,382	1.92	43,560	83,635	\$ 10.00	\$ 836,352
Westside Police Service Center	60,327	\$342	\$20,631,834	4.46	43,560	194,278	\$ 6.92	\$ 1,344,401
Portion Public Safety Academy	96,680	\$342	\$33,064,560	70.74	43,560	3,081,434	\$ 2.50	\$ 7,703,586
Portion 911 Call Center	17,304	\$342	\$5,917,968	3.96	43,560	172,498	\$ 5.00	\$ 862,488
Evidence Storage	70,000	\$342	\$23,940,000	3.45	43,560	150,282	\$ 2.50	\$ 375,705
City Court	121,429	\$342	\$41,528,718	1.12	43,560	48,787	\$ 40.00	\$ 1,951,488
Totals			\$ 211,142,934					\$ 27,534,198
<b>Total Land and Building</b>			<b>\$238,677,132</b>					

## VEHICLES

Police vehicles that are included in the cost of service calculation are detailed in the following table.

<u>Police Vehicles</u>	<u>Number of Units</u>	<u>Cost/Unit</u>	<u>Total Replacement Cost</u>
Bicycles	55	\$1,470	\$80,850
Marked Armored Response Vehicle	2	\$225,000	\$450,000
Marked ATV	5	\$7,500	\$37,500
Marked Cargo Van	1	\$20,000	\$20,000
Marked Cargo Van w/Equipment	11	\$36,400	\$400,400
Marked Crewcab PU 3/4 4x2 w/Equipment	3	\$40,400	\$121,200
Marked Crewcab PU 3/4 4x4 w/Equipment	1	\$44,400	\$44,400
Marked Delivery Box Truck	2	\$65,000	\$130,000
Marked Electric Car	4	\$12,000	\$48,000
Marked Enclosed Trailer	8	\$5,500	\$44,000
Marked Fuel Trailer	1	\$12,000	\$12,000
Marked Full Size Pass Van	1	\$23,000	\$23,000

*Continued*

<u>Police Vehicles - continued</u>	<u>Number of Units</u>	<u>Cost/Unit</u>	<u>Total Replacement Cost</u>
Marked Full Size Sedan w/Equipment	406	\$39,400	\$15,996,400
Marked Large Flatbed Trailer	3	\$3,500	\$10,500
Marked Medium Flatbed Trailer	3	\$2,500	\$7,500
Marked Mobile Command Post	1	\$526,631	\$526,631
Marked Motorcycles	11	\$15,000	\$165,000
Marked Motorcycles w/Equipment	54	\$23,900	\$1,290,600
Marked Off-Highway HD Forklift	1	\$25,000	\$25,000
Marked Small Flatbed Trailer	2	\$1,500	\$3,000
Marked Small Pass Van	1	\$21,000	\$21,000
Marked Speciality Response Vehicle	2	\$216,400	\$432,800
Marked Sport Utility 4x4 w/Equipment	2	\$30,000	\$60,000
Marked Sport Utility 4x4 w/Equipment	12	\$46,400	\$556,800
Marked Stake Bed w/Lift Gate	1	\$61,284	\$61,284
Marked Standard Cab PU 1/2 4x2	4	\$12,986	\$51,944
Marked Standard Cab PU 1/2 4x2	14	\$12,986	\$181,804
Marked Standard Cab PU 1/2 4x4	1	\$18,000	\$18,000
Marked Tractor w/Gannon	1	\$25,000	\$25,000
Marked Trailer Explosives Containment	1	\$35,000	\$35,000
Unmarked Cargo Van	5	\$20,000	\$100,000
Unmarked Compact Sedan	109	\$14,500	\$1,580,500
Unmarked Crewcab PU 1/2 4x4 w/Equipment	1	\$41,400	\$41,400
Unmarked Crewcab PU 3/4 4x2	2	\$24,000	\$48,000
Unmarked Crewcab PU 3/4 4x4	5	\$28,000	\$140,000
Unmarked Delivery Box Truck	2	\$65,000	\$130,000
Unmarked Delivery Van	3	\$30,000	\$90,000
Unmarked Full Size Pass Van	6	\$23,000	\$138,000
Unmarked Full Size Sedan	8	\$23,000	\$184,000
Unmarked Full Size Sedan w/Equipment	8	\$39,400	\$315,200
Unmarked Medium Size Sedan	80	\$19,200	\$1,536,000
Unmarked Medium Size Sedan w/Equipment	20	\$27,100	\$542,000
Unmarked Small Pass Van	4	\$21,000	\$84,000
Unmarked Sport Utility 4x2	1	\$26,000	\$26,000
Unmarked Sport Utility 4x4	9	\$30,000	\$270,000
Unmarked Standard Cab PU 1/2 4x4	2	\$18,000	\$36,000
<b>TOTAL</b>			<b><u>\$26,140,713</u></b>

## EQUIPMENT

Fixed assets with a minimum value of \$5,000 are included in calculating the cost of service for police. The following table provides a summary of equipment by cost center. A detailed police equipment list can be found in the appendix.

<u>Equipment by Cost Center</u>	<u>Replacement Cost</u>
Police Headquarters Equipment	\$74,350
Public Safety Academy/Training Equipment	\$100,000
Operations Divisions	\$86,000
Canine Unit Equipment	\$42,500
SWAT Equipment	\$389,000
Bomb Squad Equipment	\$550,328
DUI Squad Equipment	\$112,000
Motor Unit Equipment	\$228,000
Data Services	\$10,380,747
Records and Evidence Equipment	\$420,000
Crime Lab Equipment	\$1,602,700
Special Investigations Division	\$52,595
<b>Total</b>	<b>\$14,038,220</b>

#### **PUBLIC FUNDING CREDIT**

Credit against the total value of police facilities is given for outstanding debt on existing facilities because new development will help pay this debt. Credit is also given for grants that were used to purchase equipment. Credit is given for \$11,278,323 in outstanding debt on 1984, 1994, and 2000 Bonds, \$40,798,000 in outstanding debt on Certificates of Participation, and \$2,970,745 in outstanding lease agreements. Grants in the amount of \$14,314,713 (in current dollars) that were used to purchase equipment are also credited. The total public funding credit is \$69,361,781.

#### **RESIDENTIAL/NON-RESIDENTIAL SHARE**

The cost of police facilities are allocated between residential and non-residential development based on the percentage of calls to each land use. Police calls were analyzed over a one-year period. Calls related to incidents that occurred in the roadway or other public places were excluded from the analysis. It was determined that 60 percent of calls were generated by residential land uses and 40 percent were generated by non-residential land uses.

#### **COST OF SERVICE**

The following table details the cost of service calculation for police for residential and non-residential land uses based on the analysis described above. Impact fees can be set at any rate up to the costs listed below.

**Police Cost of Service Calculation**

Buildings & Land	\$ 238,677,132
Vehicles	\$26,140,713
Equipment	\$ 14,038,220
Total Facilities Value	\$ 278,856,065
Deduct Public Funding Credit	\$ 69,361,781
Net Facilities Value	\$ 209,494,284

<b><u>Residential Percentage</u></b>	0.6
Residential Share	\$ 125,696,570
Divide by Tucson Pop	539,228
Residential Cost Per Person	\$ 233.10

Multiple by Average persons per SF unit 2.76

**Equals Cost Per Single Family Unit \$ 643**

Multiple by Average persons per MF unit 2.04

**Equals Cost Per Multi Family Unit \$ 476**

Multiple by Average persons per Mobile Home 2.37

**Equals Cost Per Mobile Home Unit \$ 552**

**Non-Residential Percentage** 0.4

Non-Residential Share 83,797,714

Divide by total existing nonresidential square 119,828,000

Equals non-residential fee per square ft 0.699316634

Multiply by 1000 1000

**Equals Cost Per 1,000 Sq. Ft. Non-Residential \$ 699**

**POTENTIAL REVENUE & USE OF FUNDS**

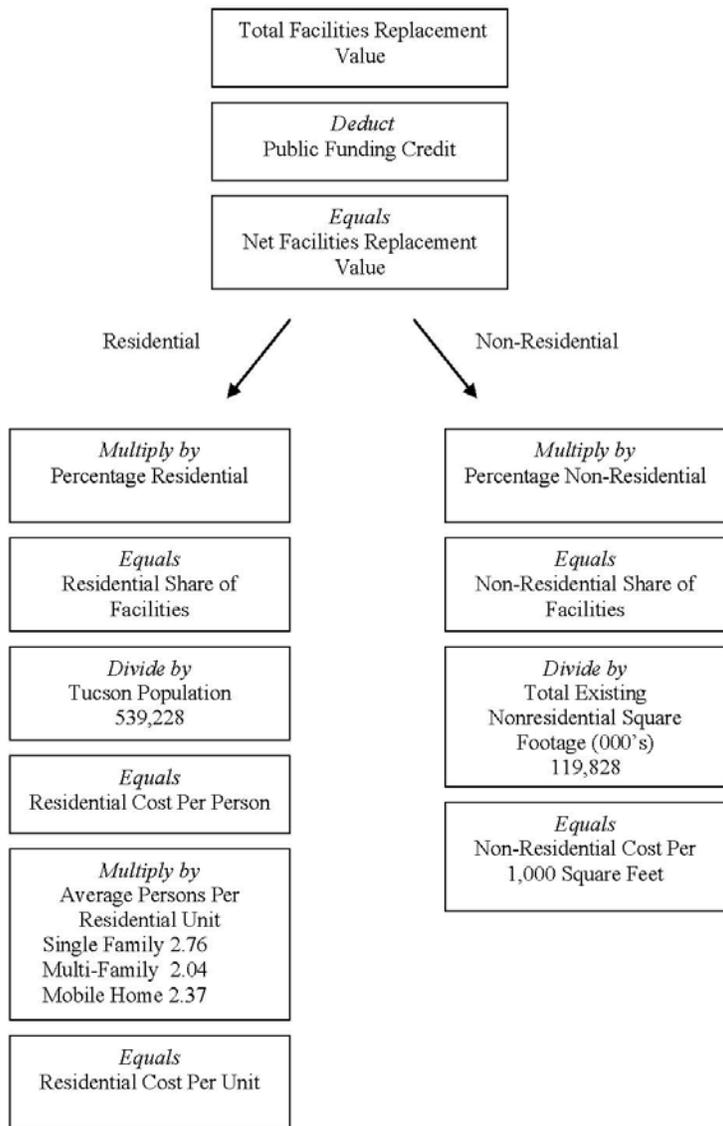
Projected annual revenue based on fees set at this level would be \$2.53 million per year. This projection is based on the average number of units built annually over the past 10 years. It is important to keep in mind that this is only an estimate and revenues may be higher or lower each year depending on market conditions that affect development. Police impact fee revenue could be used to purchase new vehicles and equipment and to build new or expand existing police stations and facilities.

# FIRE

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## METHODOLOGY

The cost of service for fire was calculated using the incremental expansion method. The components included in the cost are fire buildings and land, vehicles, apparatus, and equipment. The total replacement cost of these facilities is calculated and then outstanding debt is deducted to get a net replacement value. This amount is then apportioned to residential and non-residential development based on call for service data. Residential fees are calculated on a per capita basis and then attributed to different types of residential development based on average



number of persons per unit from U.S. Census data. This approach is based on the fact that demand for facilities increases as the number of residents increases. Non-residential development fees are calculated on a per 1,000 square feet basis for all types of non-residential development. This approach is based on the fact that the demand for fire facilities increases as the non-residential built environment expands. The graphic to the left depicts the methodology used to calculate the cost of service for fire.

## BUILDINGS & LAND

The table below details the current value of fire facilities. A cost per square foot of \$281 is used to value fire buildings, which is the cost of the most recently constructed fire station – Station 22. The backup information for how land and buildings were valued can be found in the appendix.

Building	Address	Structure			Land				
		Structure Sq. Ft.	Cost/SF	Replacement Cost	Acres	SF/Acre	Total SF	Comp Value/SF	Land Value
Station 1 & 2									
/Hdqtrs	265 Church Ave	23,454	\$281	\$6,590,574	0.52	43,560	22,651	\$40.00	\$906,048
Station 3	24 N Norris Ave.	3,177	\$281	\$892,737	0.45	43,560	19,602	\$10.00	\$196,020
Station 4	2100 N. Dragoon St.	9,532	\$281	\$2,678,492	1.77	43,560	77,101	\$3.50	\$269,854
Station 5	2835 E. Grant Rd.	7,226	\$281	\$2,030,506	1.10	43,560	47,916	\$10.00	\$479,160
Station 6 &									
PSTA	10251 S. Wilmot Rd.	98,719	\$281	\$27,740,039	72.23	43,560	3,146,339	\$2.50	\$7,865,847
Station 7	4902 E. Pima St.	9,238	\$281	\$2,595,878	1.50	43,560	65,340	\$10.00	\$653,400
Station 8	250 W. King Rd.	6,400	\$281	\$1,798,400	1.07	43,560	46,609	\$7.00	\$326,264
Station 9	6275 E. Eastland St.	7,756	\$281	\$2,179,436	1.25	43,560	54,450	\$6.00	\$326,700
Station 10	797 & 801 E. Ajo Way	6,932	\$281	\$1,947,892	2.50	43,560	108,900	\$5.00	\$544,500
Station 11	4075 E. Timrod St.	3,323	\$281	\$933,763	0.43	43,560	18,731	\$10.00	\$187,308
Station 12	250 S. Harrison Rd.	3,988	\$281	\$1,120,628	0.78	43,560	33,977	\$6.00	\$203,861
Station 13	7975 E. Stella Rd.	3,455	\$281	\$970,855	3.80	43,560	165,528	\$6.00	\$993,168
Station 14	5757 S. Liberty Ave.	3,832	\$281	\$1,076,792	0.52	43,560	22,651	\$5.00	\$113,256
Station 15	2002 S. Mission Rd.	3,676	\$281	\$1,032,956	2.26	43,560	98,446	\$5.00	\$492,228
Station 16	7575 E. Speedway Bl.	8,692	\$281	\$2,442,452	2.82	43,560	122,839	\$10.00	\$1,228,392
Station 17	5270 S. Houghton Rd.	8,921	\$281	\$2,506,801	5.32	43,560	231,739	\$2.75	\$637,283
Station 18	1855 W. Drexel Rd.	1,328	\$281	\$373,168	3.96	43,560	172,498	\$5.00	\$862,488
Station 19	9740 E. Rita Rd.	6,728	\$281	\$1,890,568	7.82	43,560	340,639	\$2.75	\$936,758
Station 20	4798 N. First Ave.	11,085	\$281	\$3,114,885	1.49	43,560	64,904	\$8.15	\$528,971
Station 21	8620 E. Tanque Verde	11,085	\$281	\$3,114,885	2.07	43,560	90,169	\$3.61	\$325,511
Station 22									
Land	6810 S. Alvernon Way				8.00	43,560	348,480	\$1.24	\$432,115
Portion 911	4004 S. Park Ave.	3,296	\$281	\$926,176	0.57	43,560	24,829	\$5.00	\$124,146
Fire Maint. &									
Warehouse	720 East Ajo Way	62,964	\$281	\$17,692,884	1.45	43,560	63,162	\$5.00	\$315,810
	Totals			\$85,650,767					\$18,949,088
<b>Total Land and Building</b>				<b>\$104,599,855</b>					

**VEHICLES & APPARATUS**

Fire vehicles and apparatus included in the cost of service calculation are detailed in the following table. The costs include equipment that comes standard with each vehicle.

<u>Vehicle</u>	<u># of Units</u>	<u>Cost/Unit</u>	<u>Total Replacement Cost</u>
Freightliner A/L/P	1	\$268,000	\$268,000
Brush Truck	2	\$148,000	\$296,000
Command Van	1	\$170,000	\$170,000
Emergency Truck	4	\$81,030	\$324,120
Ambulance	24	\$164,950	\$3,958,800
Communications Van	1	\$90,000	\$90,000
Haz Mat Truck	5	\$515,000	\$2,575,000
Heavy Rescue	1	\$335,000	\$335,000
Ladder Tender	10	\$298,528	\$2,985,280
Ladder Truck	9	\$713,119	\$6,418,071
Platform Unit	2	\$943,684	\$1,887,368
Pumper Unit	42	\$521,172	\$21,889,224
Water Tender	1	\$218,000	\$218,000
Forklift	2	\$30,000	\$60,000
Light Plant	1	\$15,000	\$15,000
Rehab and Recovery Unit	1	\$345,000	\$345,000
Marked Cars	32	\$36,000	\$1,152,000
RRT Apparatus Truck	2	\$865,000	\$1,730,000
Sedans	3	\$34,000	\$102,000
Trailer	10	\$21,500	\$215,000
Truck	35	\$38,000	\$1,330,000
Van	9	\$38,000	\$342,000
Total			<u><u>\$46,705,863</u></u>

**EQUIPMENT**

Durable equipment with a minimum value of \$5,000 is included in the cost of service calculation. This list includes equipment not included with vehicles and apparatus.

<u>Equipment</u>	<u>Replacement Value</u>
Breathing Air Compressor/Recharge Station	\$392,216
Camera/Video/Recorders	\$105,518
Copiers/Furnishings/Workstations	\$96,989
Driving Track	\$168,449
Electric Power Unit	\$5,968
	<i>Continued</i>

<u>Asset Description</u>	<u>Replacement Value</u>
Engraving machine	\$6,173
Flashover Unit Container System	\$36,450
Computers/Plotters	\$25,914
Air Compressor	\$13,316
Communications Equipment	\$226,162
Mobile Wheel Contact Lifting System	\$64,289
Robot Fire Truck Replica	\$7,726
Solar Traffic Control	\$65,400
Tire Changer/Spreader/Balancer	\$42,727
Turn Out Gear	\$882,000
Vitalism Manequin	\$5,991
Zumro Shelter	\$13,345
<b>Total</b>	<b><u><u>\$2,158,632</u></u></b>

### **PUBLIC FUNDING CREDIT**

Credit is given for outstanding debt on existing facilities because new development will help pay this debt. Credit is also given for grants that were used to purchase equipment. Credit is given for \$14,692,632 in outstanding debt on 1984, 1994, and 2000 Bonds, \$11,023,000 in credit is given for outstanding Certificates of Participation, and \$482,822 in credit is given for outstanding lease purchases. Federal grants in the amount of \$3,517,522 (in current dollars) used to purchase fire equipment are also credited. The public funding credit totals \$29,715,976.

### **RESIDENTIAL/NON-RESIDENTIAL SHARE**

The cost of fire facilities is allocated between residential and non-residential development based on the percentage of calls to each type of land use. Fire calls were analyzed over a one-year period. Calls related to incidents that occurred in the roadway or other public places were excluded from the analysis. It was determined that 74 percent of calls were generated by residential land uses and 26 percent were generated by non-residential land uses.

### **COST OF SERVICE**

The following table details the fire cost of service calculation for residential and non-residential land uses based on the analysis described above. Impact fees can be set at any rate up to the costs listed below.

<b><u>Fire Cost of Service Calculation</u></b>	
<b>Fire Cost of Service Calculation</b>	
Buildings & Land	\$104,599,855
Vehicles	\$46,705,863
Equipment	\$2,158,632
Total Facilities Value	\$153,464,350
Deduct Public Funding Credit	\$29,715,976
Net Facilities Value	\$123,748,374
<b><u>Residential Percentage</u></b>	0.74
Residential Share	\$91,573,797
Divide by Tucson Pop	539,228
Residential Cost Per Person	\$170
Multiple by Average persons per SF unit	2.76
<b><u>Equals Cost Per Single Family Unit</u></b>	<b>\$469</b>
Multiple by Average persons per MF unit	2.04
<b><u>Equals Cost Per Multi Family Unit</u></b>	<b>\$346</b>
Multiple by Average persons per Mobile Home	2.37
<b><u>Equals Cost Per Mobile Home Unit</u></b>	<b>\$402</b>
<b><u>Non-Residential Percentage</u></b>	0.26
Non-Residential Share	32,174,577
Divide by total existing nonresidential square	119,828,000
Equals non-residential fee per square ft	0.268506337
Multiply by 1000	1000
<b><u>Equals Cost Per 1,000 Sq. Ft. Non-Residential</u></b>	<b>\$269</b>

**POTENTIAL REVENUE**

Projected annual revenue based on fees set at this level would be \$1.85 million per year. This projection is based on the average number of building permits issued annually over the past 10 years. It is important to keep in mind that this is only an estimate and revenues may be higher or lower each year depending on market conditions that affect development. Fire impact fee revenue could be used to purchase new vehicles and equipment and to build new or expand existing fire stations and fire facilities.

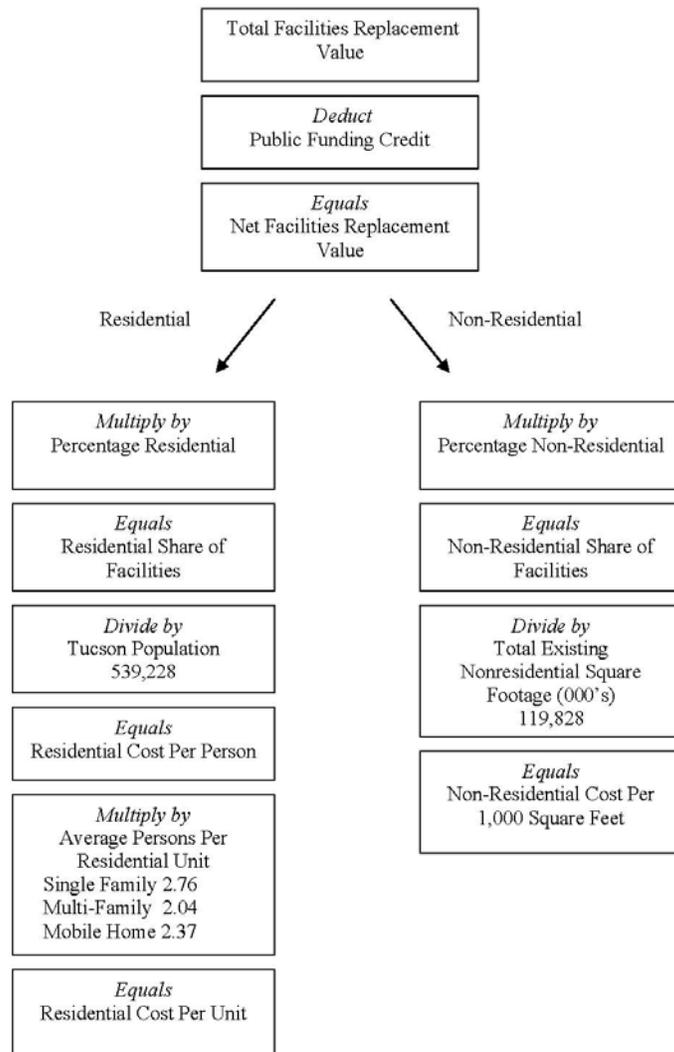
# PUBLIC FACILITIES

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## METHODOLOGY

The cost of service for public facilities is calculated using the incremental expansion method. The components included in the cost are buildings, land, and vehicles not included in other fee calculations and not funded as an enterprise (e.g. Water, Environmental Services). Departments utilizing these facilities include the City Attorney, City Clerk, City Manager, Finance, Procurement, Budget, Mayor and Council, General Services, Development Services, Information Technology, Neighborhood Resources, and Planning. The total replacement cost of these facilities is calculated and then outstanding debt is deducted to get a net replacement value. Costs have been allocated to residential and nonresidential development based on estimated use of public facilities.

Residential fees are calculated on a per capita basis and then attributed to different types of residential development based on average number of persons per unit from the U.S. Census. This approach is based on the fact that demand for facilities increases as the number of residents increases. Non-residential development fees are calculated on a per 1,000 square feet basis for all types of non-residential development. This approach is based on the fact that the demand for public facilities increases as the built environment expands. The graphic to the right depicts the methodology used to calculate the cost of service for public facilities.



## BUILDINGS & LAND

The table below details the current value of buildings and land included in the public facilities cost of service calculation. The backup information for how land and buildings were valued can be found in the appendix.

<u>Building</u>	<u>Structures</u>			<u>Land</u>				
	<u>Structure Sq.</u>	<u>Replacement</u>		<u>Acres</u>	<u>SF/Acre</u>	<u>Total SF</u>	<u>Cost/SF</u>	<u>Land Value</u>
	<u>Ft.</u>	<u>Cost/SF</u>	<u>Cost</u>					
City Hall	110,192	\$297	\$32,727,024	1.71	43,560	74,488	\$40	\$2,979,504
Information Technology	29,734	\$297	\$8,830,998	0.96	43,560	41,818	\$40	\$1,672,704
Eastside Service Center (portion)	15,693	\$280	\$4,394,040	5.13	43,560	223,463	\$10	\$2,234,628
Price Service Center (portion)	205,937	\$280	\$57,662,360	48.62	43,560	2,117,887	\$5	\$10,589,436
Totals			\$103,614,422					\$17,476,272
<b>Total Land and Building</b>	<b>\$121,090,694</b>							

## VEHICLES

Public facilities vehicles that are included in the cost of service calculation are detailed in the following table.

<u>Department</u>	<u>Vehicle</u>	<u>Number of Units</u>	<u>Cost/Unit</u>	<u>Total Replacement Cost</u>
Attorney	Sedan	1	\$17,137	\$17,137
	SUV	1	\$18,994	\$18,994
City Clerk	Sedan	4	\$18,017	\$72,068
	Truck	1	\$16,001	\$16,001
City Manager	Sedan	1	\$25,527	\$25,527
Development Services	Sedan	2	\$15,500	\$31,000
	Passenger Van	1	\$18,500	\$18,500
	Truck	40	\$13,375	\$535,000
Finance	Sedan	6	\$13,642	\$81,852
	Passenger Van	1	\$21,803	\$21,803
	Truck	1	\$14,500	\$14,500
	SUV	1	\$28,715	\$28,715
General Services	Sedan	34	\$12,510	\$425,340

*Continued*

<u>Department</u>	<u>Vehicle</u>	<u>Number of Units</u>	<u>Cost/Unit</u>	<u>Total Replacement Cost</u>
	Electric Car	8	\$5,496	\$43,968
	Passenger Van	2	\$19,941	\$39,882
	Truck (less than 1 ton)	67	\$17,089	\$1,144,963
	Cargo Van	26	\$20,643	\$536,718
	Truck (more than 1 ton)	31	\$29,343	\$909,633
	SUV	7	\$19,179	\$134,253
	Crane	3	\$27,123	\$81,369
	Maintenance Truck	4	\$95,422	\$381,688
	Sweeper	1	\$21,829	\$21,829
	Aerial	1	\$78,272	\$78,272
	Forklift	4	\$22,751	\$91,004
	Equipment	5	\$21,962	\$109,810
	Loader/Tractor	1	\$9,336	\$9,336
	Trailer	6	\$5,013	\$30,078
Information Technology	Passenger Van	4	\$21,777	\$87,108
	Cargo Van	4	\$36,120	\$144,480
	Truck	2	\$17,128	\$34,256
	SUV	2	\$19,725	\$39,450
Neighborhood Resources	Sedan	3	\$ 9,861	\$29,583
	Truck	20	\$13,861	\$277,220
	Trailer	4	\$ 3,787	\$15,148
Procurement	Pasenger Van	4	\$19,312	\$77,248
	Truck	5	\$33,129	\$165,645
	Forklift	5	\$22,308	\$111,540
Planning	SUV	1	\$41,203	\$41,203
<b>TOTAL VEHICLES</b>				<b>\$ 5,942,121</b>

### **PUBLIC FUNDING CREDIT**

There is no outstanding debt on public facilities buildings. Credit is given for outstanding lease purchases on vehicles in the amount of \$2,654,948.

### **RESIDENTIAL/NON-RESIDENTIAL SHARE**

Unlike police and fire, which use public safety calls to allocate costs between residential and non-residential uses, there is no easily identifiable measure of the residential/non-residential split for public facilities. An approximation is made by estimating the percentage of use of public facilities by non-residential and residential customers and by looking at the average split used by other cities with public facility impact fees. Based on this analysis, it was determined that 75

percent of the cost of public facilities would be allocated to residential uses and 25 percent to non-residential uses.

**COST OF SERVICE**

The following table details the public facilities cost of service calculation for residential and non-residential land uses based on the analysis described above. Impact fees can be set at any rate up to the costs listed below.

<b><u>Public Facilities Cost of Service Calculation</u></b>	
Buildings & Land	\$121,090,694
Vehicles	\$5,942,121
Total Facilities Value	\$127,032,815
Deduct Public Funding Credit	\$2,654,948
Net Facilities Value	\$124,377,867
<b><u>Residential Percentage</u></b>	0.75
Residential Share	\$93,283,400
Divide by Tucson Pop	539,228
Residential Cost Per Person	\$173
Multiple by Average persons per SF unit	2.76
<b><u>Equals Cost Per Single Family Unit</u></b>	<b>\$477</b>
Multiple by Average persons per MF unit	2.04
<b><u>Equals Cost Per Multi Family Unit</u></b>	<b>\$353</b>
Multiple by Average persons per Mobile Home	2.37
<b><u>Equals Cost Per Mobile Home Unit</u></b>	<b>\$410</b>
<b><u>Non-Residential Percentage</u></b>	0.25
Non-Residential Share	31,094,467
Divide by total existing nonresidential square footage	119,828,000
Equals non-residential fee per square ft	0.259492495
Multiply by 1000	1000
<b><u>Equals Cost Per 1,000 Sq. Ft. Non-Residential</u></b>	<b>\$259</b>

**POTENTIAL REVENUE**

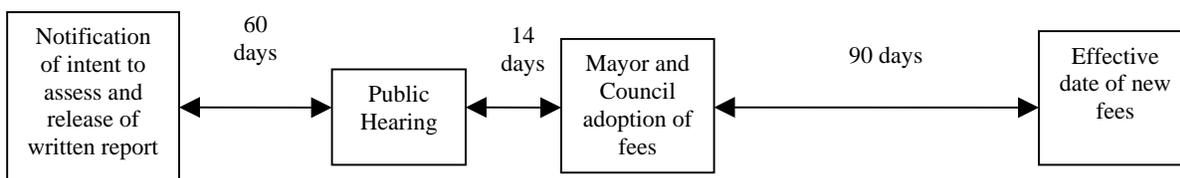
Projected annual revenue based on fees set at this level would be \$1.88 million per year. This projection is based on the average number of units built annually over the past 10 years. It is important to keep in mind that this is only an estimate and revenues may be higher or lower each year depending on market conditions that affect development. Public facilities impact fee revenue could be used to purchase vehicles that expand the city’s fleet and to build new or expand existing municipal buildings.

# IMPLEMENTATION

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## TIMING AND PUBLIC NOTIFICATION REQUIREMENTS

State law requires cities to give at least 60 days notice of intention to assess a new impact fee and to release a written report justifying the fee. At the end of the 60-day notification period, the Mayor and Council are required to hold a public hearing and then wait at least 14 days following the public hearing to formally adopt the fee. The impact fee cannot become effective until 90 days after its formal adoption. The entire process (depicted below) takes approximately 6 months to complete.



## STAKEHOLDER INPUT

A series of six stakeholder meetings were held between March 21 and May 23, 2007. The notification list for the meetings included approximately 50 people who had participated in previous impact fee stakeholder processes, or had expressed interest in participating in the current discussions. The meetings were open to any interested party. Meeting notices were posted on the City's website and the meetings were advertised in an article written about the proposed fees in the *Arizona Daily Star*. In addition to the formal stakeholder meetings, presentations were made to the Small Business Commission, the Police Chief's Citizen Steering Committee, and the Metropolitan Pima Alliance Public Policy Committee. The stakeholder process produced changes to the original study and helped shape the implementation aspects of the impact fee program.

## PHASE-IN

Because developers plan projects years in advance, it is prudent to provide enough lead-time to allow developers to factor the fees into their financial projections. The stakeholder group recommended a 6-month lead time for residential fees and an 18-month lead time for non-residential fees in order to give development in progress adequate notice.

## AFFORDABLE HOUSING WAIVERS

The Mayor and Council recently approved road and parks impact fee waivers for non-profit affordable housing providers. The stakeholder group recommends that the Mayor and Council apply the current waiver provisions to the new fees.

## **DEVELOPER CREDITS**

State law requires cities to “provide a credit toward the payment of a development fee for the required dedication of public sites and improvements provided by the developer for which that development fee is assessed.” In the case of police, fire, and public facilities impact fees, the most likely type of credit developers could receive would be for the dedication of land for construction of facilities.

## **INFLATION ESCALATOR**

Most impact fee ordinances provide for a regular fee adjustment based on an inflationary index. The City’s current roads and parks impact fee ordinance includes an annual adjustment based on the Engineering News Record Construction Cost Index. Since the new fees include a combination of construction and goods and equipment, the stakeholder group recommends that the city apply a combination of the Construction Cost Index and the Consumer Price Index to the fees following the buildings vs. equipment breakdown for each fee as describe in the study.

## **IMPACT FEE PROJECTS PLAN**

An Impact Fee Projects Plan (IFPP) will need to be developed for each new fee that is adopted. The plan should reflect a reasonable set of projects that could be constructed over a 5-year period based on current revenue and cost projections. The IFPP will be incorporated into the Capital Improvement Program and should be updated annually through the budget process. A 10-year conceptual project plan has been developed and was presented to the stakeholder group for review and discussion.

## **USE OF FUNDS**

By law, the revenue generated by impact fees must be placed in a separate fund and used specifically to provide capital improvements for which the fee is calculated. Impact fees cannot be used to fund operations and maintenance expenses. It is important to keep in mind that the expansion of capital facilities has a correlating increase in maintenance and operational expenses that must be funded by other revenue sources. A revenue and expenditure report will be published quarterly to track revenues and use of funds for all impact fees.

## **APPENDIX**

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- Land Valuation Detail
- Building Valuation Detail
- Police Equipment Detail
- Duncan and Associates Cost of Service Legal & Policy Basis – Police, Fire, General Government (July 2003)
- Curt Lueck and Associates Letter of Review

**Land Valuation Detail**

	FACILITY	LOCATION	ACREAGE	SF/ACRE	TOTAL SF	COMP VALUE/SF*	LAND VALUE
POLICE	Police Headquarters	270 S. Stone	3.21	43,560	139,828	\$ 40.00	\$ 5,593,104
	Rillito Substation	1019 W. Prince	0.42	43,560	18,295	\$ 7.00	\$ 128,066
	Santa Cruz Substation	4410 S. Park Ave.	8.20	43,560	357,192	\$ 5.00	\$ 1,785,960
	Rincon Substation	9670 E. Golf Links	14.22	43,560	619,423	\$ 6.00	\$ 3,716,539
	Hardesty Midtown Substation	Alvernon/22nd St.	7.43	43,560	323,651	\$ 10.00	\$ 3,236,508
	Pantano Substation	7575 E. Speedway	1.92	43,560	83,635	\$ 10.00	\$ 836,352
	Westside Police Service Center+	1310 W. Miracle Mile	4.46	43,560	194,278	\$ 6.92	\$ 1,344,401
	Portion PSTA	10251 S. Wilmot Rd.	70.74	43,560	3,081,434	\$ 2.50	\$ 7,703,586
	Portion 911 Call Center	4004 S. Park Ave.	3.96	43,560	172,498	\$ 5.00	\$ 862,488
	Evidence Facility+	945 E. Ohio	3.45	43,560	150,282	\$ 2.50	\$ 375,705
	City Court	103 E. Alameda	1.12	43,560	48,787	\$ 40.00	\$ 1,951,488
						TOTAL	\$ 27,534,198

FIRE	Station 1 & 2 /Fire Hdqrts	265 S. Church Ave	0.52	43,560	22,651	\$ 40.00	\$ 906,048
	Station 3	24 N Norris Ave.	0.45	43,560	19,602	\$ 10.00	\$ 196,020
	Station 4	2100 N. Dragoon St.	1.77	43,560	77,101	\$ 3.50	\$ 269,854
	Station 5	2835 E. Grant Rd.	1.10	43,560	47,916	\$ 10.00	\$ 479,160
	Station 6 & PSTA	10251 S. Wilmot Rd.	72.23	43,560	3,146,339	\$ 2.50	\$ 7,865,847
	Station 7	4902 E. Pima St.	1.50	43,560	65,340	\$ 10.00	\$ 653,400
	Station 8	250 W. King Rd.	1.07	43,560	46,609	\$ 7.00	\$ 326,264
	Station 9	6275 E. Eastland St.	1.25	43,560	54,450	\$ 6.00	\$ 326,700
	Station 10	797 E. Ajo Way	2.50	43,560	108,900	\$ 5.00	\$ 544,500
	Station 11	4075 E. Timrod St.	0.43	43,560	18,731	\$ 10.00	\$ 187,308
	Station 12	250 S. Harrison Rd.	0.78	43,560	33,977	\$ 6.00	\$ 203,861
	Station 13	7975 E. Stella Rd.	3.80	43,560	165,528	\$ 6.00	\$ 993,168
	Station 14	5757 S. Liberty Ave.	0.52	43,560	22,651	\$ 5.00	\$ 113,256
	Station 15	2002 S. Mission Rd.	2.26	43,560	98,446	\$ 5.00	\$ 492,228
	Station 16	7575 E. Speedway Bl.	2.82	43,560	122,839	\$ 10.00	\$ 1,228,392
	Station 17	5270 S. Houghton Rd.	5.32	43,560	231,739	\$ 2.75	\$ 637,283
	Station 18	1855 W. Drexel Rd.	3.96	43,560	172,498	\$ 5.00	\$ 862,488
	Station 19	9740 E. Rita Rd.	7.82	43,560	340,639	\$ 2.75	\$ 936,758
	Station 20+	4798 N. First Ave.	1.49	43,560	64,904	\$ 8.15	\$ 528,971
	Station 21+	8620 E. Tanque Verde Rd.	2.07	43,560	90,169	\$ 3.61	\$ 325,511
	Station 22+	6810 S. Alvernon Way	8.00	43,560	348,480	\$ 1.24	\$ 432,115
	Portion 911 Call Center	4004 S. Park Ave.	0.57	43,560	24,829	\$ 5.00	\$ 124,146
	Fire Maint. & Warehouse	720 East Ajo Way	1.45	43,560	63,162	\$ 5.00	\$ 315,810
						TOTAL	\$ 18,949,088

PUBLIC FACILITIES	City Hall	255 W. Alameda	1.71	43,560	74,488	\$ 40.00	\$ 2,979,504
	Information Technology	481 W. Paseo Redondo	0.96	43,560	41,818	\$ 40.00	\$ 1,672,704
	Eastside Service Center	7575 E. Speedway	5.13	43,560	223,463	\$ 10.00	\$ 2,234,628
	Price Service Center	4004 S. Park Ave.	48.62	43,560	2,117,887	\$ 5.00	\$ 10,589,436
						TOTAL	\$ 17,476,272

\*Commercial land values in various areas of the city were estimated in May 2007 by a certified land appraiser

+Purchase price was used for these facilities

## Building Valuation Detail

	<u>Public Facilities</u>		<u>Police</u>		<u>Fire</u>
	Sahuarita Municipal Complex	Tucson Water Eastside Facility	Hardesty Midtown Police Service Center	Westside Police Service Center	Fire Station 22
Design	\$ 1,100,000	\$ 538,229	\$ 1,132,000	\$ 1,000,000	\$ 280,160
Construction	\$ 16,500,000	\$ 5,000,000	\$ 10,710,000	\$ 16,650,000	\$ 3,943,397
FF&E	\$ 1,400,000	\$ 300,000	\$ 1,295,000	\$ 4,200,000	\$ 172,238
Total	\$ 19,000,000	\$ 5,838,229	\$ 13,137,000	\$ 21,850,000	\$ 4,395,795
Square Footage	64,000	20,829	45,455	60,300	15,658
Cost/SF	\$ 297	\$ 280	289	\$ 362	\$ 281
Completed	2007	2008	2004	2007	2007
Adjusted Cost*	\$ 297	\$ 280	\$ 321	\$ 362	\$ 281
			<b>Avg \$342</b>		

\*Construction Cost Index

2005 4.65%

2006 6.24%

## Police Equipment Detail

Unit/Item Description	Count	Replacement Cost	Per Unit Cost
<b>Police Headquarters</b>			
Digital Video Camera DSR-300	1	\$15,000	\$15,000
DVCam DSR-1500 VCR w/input	1	\$6,000	\$6,000
Video Editing System Turnke	1	\$7,500	\$7,500
Polygraph USB Win	1	\$5,950	\$5,950
Phone Rescue	1	\$5,000	\$5,000
Phone Secure Line	1	\$5,000	\$5,000
Nikkon Accident Invest	1	\$9,900	\$9,900
Speed Awareness Monitor	2	\$20,000	\$10,000
<b>Subtotal</b>	<b>9</b>	<b>\$74,350</b>	
<b>Public Safety Training Academy/Equipment</b>			
Driving Simulator	1	\$50,000	\$50,000
FATS Simulator Machine	1	\$50,000	\$50,000
<b>Subtotal</b>	<b>2</b>	<b>\$100,000</b>	
<b>Operations Divisions</b>			
Intoxilyzer Recondition	1	\$7,000	\$7,000
Yamaha 4 wh Atv Police	1	\$8,000	\$8,000
Yamaha 4 wh Atv Police	1	\$8,000	\$8,000
Intoxilyzer RBT-IV	1	\$7,000	\$7,000
Intoxilyzer RVT-lv	1	\$7,000	\$7,000
Intoxilyzer Ariz 5000	6	\$42,000	\$7,000
Intoxilyzer CMI 5000	1	\$7,000	\$7,000
<b>Subtotal</b>	<b>12</b>	<b>\$86,000</b>	
<b>Canine Unit Equipment</b>			
Dog Police Service	5	\$42,500	\$8,500
<b>Subtotal</b>	<b>5</b>	<b>\$42,500</b>	
<b>Swat Equipment</b>			
Rifle Commando 10.5 inch Rock River Arms	8	\$47,600	\$5,950
Rifle Colt Commando	6	\$35,700	\$5,950
Rifle Colt Commando	6	\$35,700	\$5,950
Rifle Colt Commando	18	\$107,100	\$5,950
Body Bunkers 24 inch x 48 inch	1	\$8,000	\$8,000
Body Bunkers 25 inch x 48 inch	1	\$8,000	\$8,000
Ballistic Blanket 50 inch x 70 inch	1	\$5,400	\$5,400
Swatcam Tactical Video Surveillance	1	\$12,000	\$12,000
Robot Mini Andros	1	\$94,300	\$94,300
Video Scope Kit	1	\$35,200	\$35,200
<b>Subtotal</b>	<b>44</b>	<b>\$389,000</b>	
<b>Bombs Squad Equipment</b>			
Bomb Suit	4	\$64,000	\$16,000
X-ray	5	\$25,000	\$5,000
Foam Mitigation	1	\$35,000	\$35,000
Hal Rigging	1	\$25,000	\$25,000

## Police Equipment Detail

Unit/Item Description	Count	Replacement Cost	Per Unit Cost
Remotec F6A	2	\$316,328	\$158,164
Remotec Mini Andros 2	1	\$85,000	\$85,000
<b>Subtotal</b>	<b>14</b>	<b>\$550,328</b>	
<b>DUI Squad Equipment</b>			
Intoxilyzer 5000	2	\$14,000	\$7,000
Intoxilyzer Model 5000	2	\$14,000	\$7,000
Intoxilyzer CMI 566RC	1	\$14,000	\$14,000
Intoxilyzer 8000	1	\$7,000	\$7,000
Intoxilyzer 8000	3	\$21,000	\$7,000
Intoxilyzer CMI 5000	2	\$14,000	\$7,000
Intoxilyzer CMI 5000	3	\$21,000	\$7,000
Intoxilyzer CMI 5000	1	\$7,000	\$7,000
<b>Subtotal</b>	<b>15</b>	<b>\$112,000</b>	
<b>Motor Unit Equipment</b>			
Sign Programmable School zone	4	\$30,000	\$7,500
Sokkia Radian RTK GPS System	1	\$30,000	\$30,000
Trailer Speed Awareness	1	\$10,000	\$10,000
Trailer Speed Monitor 41	1	\$10,000	\$10,000
Wheel Load Weigher	4	\$148,000	\$37,000
<b>Subtotal</b>	<b>11</b>	<b>\$228,000</b>	
<b>Data Services Equipment</b>			
MTC KONTRON CVX-1700PM-SPARES	3	\$15,300	\$5,100
MTC KONTRON CVX-1700PM-SPARE	1	\$5,100	\$5,100
ALPHA SERVER SYS COMPAQ	3	\$135,000	\$45,000
ALPHA STATION XP900	3	\$30,000	\$10,000
CATALYST 3750	2	\$12,800	\$6,400
CLUSTER STORAGE - SMART ARRAY	2	\$77,345	\$38,673
COMPAQ PROLIANT DL 380	1	\$77,345	\$77,345
COMPUTOR SERVER-MORPO STORE	1	\$50,000	\$50,000
CONTROLLER MOTOROLA	1	\$100,000	\$100,000
DATA CONTROLLER/QUANTAR BASE	1	\$250,000	\$250,000
FIREWALL SUN WORKSTATION	2	\$13,000	\$6,500
KONTRON KMCII100-107	2	\$10,200	\$5,100
LOCAL DIRECTOR CISCO	1	\$7,500	\$7,500
MOBILE SHELVING (BY SMEAD)	1	\$11,000	\$11,000
MODULAR SAN ARRAY	1	\$28,000	\$28,000
OMNISCANNER BASE UNIT	1	\$5,700	\$5,700
OMNISCANNER REMOTE UNIT	1	\$9,000	\$9,000
PROLIANT DL380 CONFIGURED	1	\$11,036	\$11,036
RADIO NETWORK CONTROLLER	1	\$75,000	\$75,000
ROUTER CISCO	1	\$7,500	\$7,500
ROUTER CISCO 1750	1	\$7,500	\$7,500
ROUTER CISCO 4500	2	\$240,000	\$120,000
SERVER COMPAQ	1	\$11,036	\$11,036
SERVER COMPAQ MODEL DL380	1	\$43,900	\$43,900

## Police Equipment Detail

Unit/Item Description	Count	Replacement Cost	Per Unit Cost
SERVER COMPAQ PROLIANT	1	\$11,036	\$11,036
SERVER COMPAQ PROLIANT	1	\$43,900	\$43,900
SERVER DL580	1	\$75,000	\$75,000
SERVER DL580	1	\$75,000	\$75,000
SERVER HP	1	\$11,036	\$11,036
SERVER HP	1	\$11,036	\$11,036
SERVER HP	1	\$11,036	\$11,036
SERVER HP	1	\$11,036	\$11,036
SERVER HP PROLIANT DL380	2	\$22,072	\$11,036
SERVER PROLIANT	2	\$22,072	\$11,036
SERVER PROLIANT	1	\$11,036	\$11,036
SERVER PROLIANT	2	\$22,072	\$11,036
SERVER PROLIANT DL 380	1	\$11,036	\$11,036
SERVER, COMPAQ PROLIANT	1	\$11,036	\$11,036
SERVER, PROLIANT 3000	1	\$11,036	\$11,036
SUN WORKSTATION (ULTRA 5)	1	\$6,500	\$6,500
SWITCH CATALYST 3550	1	\$6,400	\$6,400
SWITCH CATALYST CISCO	2	\$12,800	\$6,400
SWITCH NETWORK	2	\$260,000	\$130,000
TAPE DRIVE	2	\$15,000	\$7,500
TOTAL ROAP ELIPSE GATEWAY	1	\$300,000	\$300,000
ROUTER 7206	3	\$82,500	\$27,500
ROUTER 3825	15	\$112,500	\$7,500
MARS	1	\$61,000	\$61,000
VPN	1	\$24,000	\$24,000
TPD DB4	1	\$77,345	\$77,345
ALPHA SERVER CLUSTER	1	\$500,000	\$500,000
UPS	1	\$125,000	\$125,000
HALON	1	\$75,000	\$75,000
CAD	1	\$2,500,000	\$2,500,000
RMS	1	\$2,500,000	\$2,500,000
AFRS	1	\$1,600,000	\$1,600,000
BEAST	1	\$100,000	\$100,000
Internal Affairs	1	\$80,000	\$80,000
COPLINK	1	\$350,000	\$350,000
<b>Subtotal</b>	<b>92</b>	<b>\$10,380,747</b>	
<b>Records and Evidence Equipment</b>			
Spare Backup Misc Gear	1	\$10,000	\$10,000
Crime Scene Gear	1	\$20,000	\$20,000
Video Analysis S/W & H/W	1	\$40,000	\$40,000
Crime Sene Mapping S/W & H/W	1	\$20,000	\$20,000
AFIS Workstations	3	\$200,000	\$66,667
Live Scan	2	\$100,000	\$50,000
Forensic Light Source	2	\$30,000	\$15,000
<b>Subtotal</b>	<b>11</b>	<b>\$420,000</b>	
<b>Crime Lab Equipment</b>			
Add on Injector for FA 188523	1	\$10,000	\$10,000

## Police Equipment Detail

Unit/Item Description	Count	Replacement Cost	Per Unit Cost
Alternate Light Source Ultrali	1	\$5,000	\$5,000
Biomek 2000 Extraction Robot	1	\$85,000	\$85,000
Blood Bank Refrigerator	1	\$7,000	\$7,000
Diamond Cell	1	\$10,000	\$10,000
DNA Thermal Cycler 480	1	\$8,000	\$8,000
Forensic Image Enhancement	1	\$30,000	\$30,000
Forensic Image Enhancement	1	\$30,000	\$30,000
Fume Hood	1	\$14,300	\$14,300
Fume Hood	1	\$14,300	\$14,300
Fuming Chamber Cyanoacryl	1	\$5,300	\$5,300
Fuming Chamber Safe Hume	1	\$5,300	\$5,300
Gas Chromotograph	1	\$60,000	\$60,000
Gas Chromotograph MS	1	\$120,000	\$120,000
Gas Chromotograph MS	1	\$120,000	\$120,000
Genetic Analyzer	1	\$95,000	\$95,000
Genetic Analyzer	1	\$95,000	\$95,000
Genetic Analyzer	1	\$95,000	\$95,000
Golden Gate Analyzer Smart	1	\$10,000	\$10,000
HP Workstation XW 6200	1	\$5,000	\$5,000
Infrared Spectrometer Avatar	1	\$40,000	\$40,000
Intoxilyzer CMI 8000	1	\$7,000	\$7,000
Light Microscope Compariso	1	\$75,000	\$75,000
Light System Polilight	2	\$34,000	\$17,000
Microscope Comparison Light	1	\$60,000	\$60,000
Microscope Polarized Light	1	\$25,000	\$25,000
Microscope Bullet Comp	1	\$60,000	\$60,000
Microscope Hair Comp	1	\$60,000	\$60,000
Microscope Lab Leica DML5	1	\$10,000	\$10,000
Microscope Zeiss	1	\$10,000	\$10,000
Microscope Zeiss	1	\$10,000	\$10,000
Olympus Microscope	1	\$10,000	\$10,000
Real Time PCR Instrument	1	\$60,000	\$60,000
Snail Trap	1	\$10,000	\$10,000
Spectrometer Ncolet Avatar	1	\$40,000	\$40,000
Stereomicroscope B&I	1	\$5,000	\$5,000
Thermocycler	2	\$16,000	\$8,000
Water System Milipore Direct	1	\$5,500	\$5,500
UV Spectrophotometer	1	\$11,000	\$11,000
Xray Fluroscence Spectrophotometer	1	\$230,000	\$230,000
<b>Subtotal</b>	<b>42</b>	<b>\$1,602,700</b>	
<b>Special Investigations Division Equipment</b>			
Das Unit Polygraph Unit w/Sensor Activity Pad	1	\$6,195	\$6,195
Audio Recorder	1	\$8,400	\$8,400
Electronic Counter Oscor	1	\$17,000	\$17,000
Electronic Counter Oscor	1	\$21,000	\$21,000
<b>Subtotal</b>	<b>4</b>	<b>\$52,595</b>	
<b>Grand Total</b>		<b>\$14,038,220</b>	

# Cost of Service Study: Legal and Policy Analysis

City of Tucson, Arizona



*prepared by*

**duncan** | associates

Dr. James C. Nicholas  
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Arlan M. Colton, AICP  
Tetra Tech, Inc.

July 2003

## POLICE PROTECTION

The City of Tucson Police Department is responsible for upholding the law within the jurisdictional boundaries of the City of Tucson. The police force has grown from one uniformed officer in 1871 to 940 commissioned officers and 360 civilian personnel. The Police Department currently maintains several substations, a main headquarters and a regional Public Safety Academy. The Tucson Public Safety Academy is a 600-acre, joint-use facility that provides modern training for the City's fire and police departments. In addition, the Academy provides training on a contract basis for fire and police agencies throughout the southeastern portion of the state.

The police headquarters is a large facility located on South Stone Avenue. Other police facilities include the Santa Cruz substation on Park Avenue; the Midtown substation on East First Street; the Pantano substation on Speedway; the Rillito substation on West Prince Road; and the Rincon substation on Golf Links (the Pantano and Rincon substations are shared with other City departments). Table 16 below shows the location and the total floor area of each of the Police Department's seven operating facilities.

**Table 16**  
**EXISTING POLICE FACILITIES**

Station	Location	Sq. Ft.
Police Headquarters	270 S. Stone Ave.	147,623
Santa Cruz Substation	4410 S. Park Ave.	13,495
Midtown Substation	3202 E. First St.	5,579
Pantano Substation	7575 E. Speedway Blvd.	9,240
Rillito Substation	1019 W. Prince Road	9,765
Rincon Substation	9670 Golf Links	17,000
Public Safety Academy*	10001 S. Wilmot Rd	89,659
Total		292,361

\* shared with Fire Department (figure shown in ½ of square footage)  
Source: Tucson Police Department, May 5, 2003 memorandum.

In addition to police stations, the Police Department operates several specialized support divisions such as the SWAT Team and Air Support Unit. The Air Support Unit operates three helicopters and a Cessna 172 airplane (the Heliport is leased by the Police Department and will not be included in the calculation of any impact fees). The Cessna is primarily used for airborne surveillance, drug interdiction and training for new pilots.

### Service Unit

One of the most common methodologies used in calculating police protection impact fees is the “calls-for-service” approach. This approach uses historical data on calls-for-service by land use to make the connection between land use type and the demand for police facilities. However, due to the fluctuation in calls-for-service by various land use types (i.e., single-family, multi-family, office, warehouse) that can be experienced from year-to-year, it is recommended that the police impact fee be based simply on the distribution of calls-for-service between residential and nonresidential development. From past experience, the distribution of calls-for-service between residential and nonresidential development is more constant over time than distributions for more refined land use categories.

Many calls-for-service cannot be included in the analysis because they can not be classified to a particular land use (i.e., any type of roadway incident such as a car accident or car jacking or any type of public assistance in the street such as a robbery, attack or mugging). Of the roughly 332,000 calls-for-service received between April 2002 and April 2003, the Tucson Police Department was able to classify 233,886 calls-for-service into one of five land use categories: commercial; governmental; medical; non-profit and residential. Based on the call data presented below, it is estimated residential development generates about 60 percent of all police calls-for-service.

**Table 17**  
**POLICE CALLS-FOR-SERVICE BY LAND USE, 2002-03**

Land Use	Calls	Percent
Commercial	73,456	31%
Governmental	14,772	6%
Medical	3,511	2%
Non-profit	1,187	1%
Residential	140,960	60%
<b>Total</b>	<b>233,886</b>	<b>100%</b>

*Source:* Police calls-for-service by land use, April 7, 2002-April 6, 2003 from the Tucson Police Department, May 8, 2003 memorandum.

Once the costs are allocated between residential and nonresidential development, they need to be further allocated to individual developments. One approach is to simply divide the replacement cost attributable to each by the total existing square footage. The consultant has determined that it is possible to prepare reasonably reliable estimates of existing residential and nonresidential building floor area from Pima County Tax Assessor records and other available data sources (see Land Use and Demographic Data section).

### **Service Areas and Benefit Districts**

The City could develop a city-wide impact fee for police facilities and equipment. While police substations do have a primary response area, officers respond to calls on a community-wide basis. In addition, the headquarters and training facilities are centralized. Consequently, police facilities constitute an interrelated system that provides service throughout the City's jurisdiction. The consultant recommends a single city-wide impact fee with a single city-wide benefit district.

### **Cost per Service Unit**

As noted above, the replacement value of existing police protection facilities can be allocated between residential and nonresidential development based on the percentage of calls to each land use. The costs attributable to residential and nonresidential development can then be divided by the square footage of each land use category to determine the cost per square for police protection.

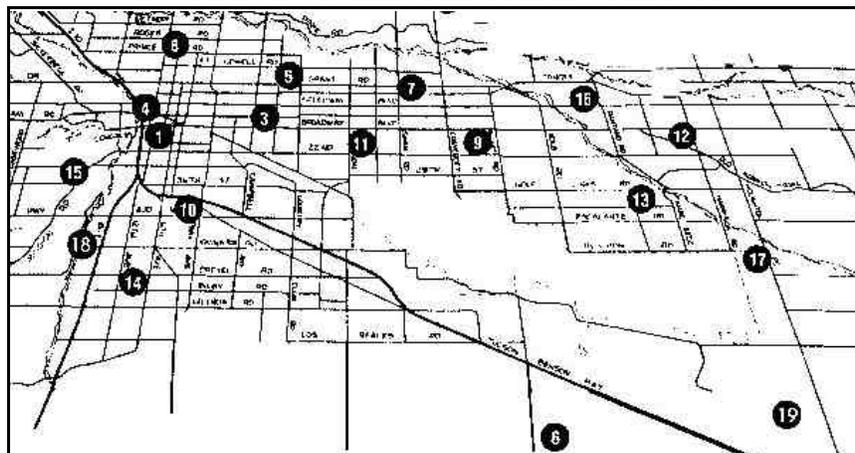
## **Revenue Credit**

In the calculation of the impact of new development on infrastructure costs, credit should be given for non-local funding that will be generated by new development and used to pay for capacity-related capital improvements. Credit should also be provided for taxes that will be paid by new development and used to retire outstanding debt for past police protection facility improvements. The City currently has \$26.6 million in outstanding debt from the 1994 and 2000 bond authorizations that have been spent on police improvements. There may be some additional outstanding police debt embedded in earlier bond issues that have been refinanced by more recent refunding issues. This debt will be repaid, in part, by new development located within the Tucson City limits. The present value of the future tax payments from new development that will go to retire that debt should be deducted from the impact fees. Staff has compiled data on the last five years of police grant funding that will be used to calculate reductions in the fee to account for potential grant contributions. Over the last five years, the Department has received over \$16 million in Federal and State grants, of which almost \$7 million has been used for vehicle and equipment purchases.

## **FIRE PROTECTION**

The first fire station in the City of Tucson was founded in 1881 when the City's population was just 10,000. As of April 2003, the Tucson Fire had 18 stations (see Figure 12), 600 employees and a Regional Public Safety Academy that it shares with the Police Department (see Police Protection section for Academy information).

**Figure 12**  
**LOCATION OF EXISTING FIRE STATIONS**



In addition to fire suppression, the Fire Department provides Emergency Medical Services (EMS), enforces City fire codes, reviews building plans, investigates fires and provides fire safety and injury prevention education. The Hazardous Materials Control Team is charged with the responsibility of responding to hazardous material incidents to mitigate any potential threat to humans or the environment, and the Technical Rescue Team (TRT) has the responsibility for technical rescues that include confined space rescue, trench rescue, swift-water rescue and structural collapse rescue.

The Tucson Fire Department utilizes a tiered response system for medical emergencies. The system is designed to initially dispatch Basic Life Support (BLS) personal, usually an engine or ladder company, unless Advanced Life Support (ALS) service is required. In that case, a paramedic unit is also dispatched.

### **Service Areas and Benefit Districts**

The City could develop a city-wide impact fee for fire facilities and equipment. The Fire Department dispatches the closest, most appropriate available unit to all calls for service. This unit may not be from the closest fire station. In addition, the headquarters and training facilities are centralized. Consequently, fire/EMS facilities constitute an interrelated system that provides service throughout the City's jurisdiction. The entire city benefits each time a station or company is added. Consequently, the consultant recommends a single city-wide service area with a single city-wide benefit district.

### **Service Unit**

As with police protection, the service unit for the fire protection impact fee should be square feet of building area as it is reasonable to assume that the demand for fire facilities is at least roughly proportional to building floor area, so that as the built environment grows, so will the demand for fire facilities. It is also reasonable to recognize that residential and nonresidential buildings may place somewhat different demands on fire facilities.



million in outstanding debt from the 1994 and 2000 bond authorizations that have been spent on fire improvements. There may be some additional outstanding fire facility debt embedded in earlier bond issues that have been refinanced by more recent refunding issues. This debt will be repaid, in part, by new development located within the Tucson City limits. The present value of the future tax payments from new development that will go to retire that debt should be deducted from the impact fees. Staff is gathering data on the last five years of Fire Department grant funding that will be used to calculate reductions in the fee to account for potential grant contributions.

## **GENERAL GOVERNMENT**

Many Arizona municipalities charge impact fees for general government facilities. General government facilities can include administrative buildings, fleet maintenance facilities, communication facilities, and other facilities not covered in the road, drainage, park, library, police and fire impact fees.

The City's current general government facilities include City Hall, City Hall Annex, City Courts building, the Computer Operations building, the Thomas O. Price Service Center and the Eastside Public Service Center. The Price Service Center, located at 4003 South Park Avenue, is a multi-service center that provides preventive maintenance and repair for over 2,000 City-owned vehicles. It also houses a compressed natural gas fueling station that fuels the City's bus fleet as well as over 130 other City fleet units. Additionally, the City has intergovernmental agreements allowing for other governmental agencies, including the U.S. Postal Service, the University of Arizona, Pima County and the Tucson Unified School District, to fuel their vehicles at the Service Center. The City also provides emergency call-taking and dispatching services from the Center, including answering 911 calls and transferring them to the appropriate jurisdiction. Dispatching services are provided for the Tucson Fire Department and, on a contractual basis, dispatching services for the Northwest Fire District. Furthermore, the Center provides centralized medical dispatching services for much of Pima County outside of the City limits and also serves as the control point for non-emergency radio activity of other City divisions and departments. This function includes being an after-hour, weekend, and holiday contact point for citizens requesting City services. The Eastside Public Service Center, located at 7575 East Speedway, is another City-owned multi-service center that houses facilities for solid waste, fire, police, fleet services, operations and street maintenance.

### **Service Unit**

Unlike parks and libraries, impact fees for general government facilities are usually assessed on both residential and nonresidential development. However, unlike impact fees for other facilities that are assessed on both residential and nonresidential development, there are no easily identifiable measures of the need for these facilities that are comparable to public safety calls for service or trip generation rates. The methodologies that have been most widely used in impact fee practice to allocate costs include “population and jobs,” which equates the demand for general government facilities per household resident with that of a job generated by nonresidential development, and “functional population,” which uses average household size data and nonresidential trip generation rates to determine the time people spend at the site of a land use. Our recommended approach is to simply assume that the demand for general government facilities will increase as the built environment expands, and to use 1,000 square feet of building floor area as the service unit for both residential and nonresidential development.

### **Cost per Service Unit**

A general government impact fee does not include support facilities for mass transit. Very few communities assess mass transit impact fees, and none in Arizona. If the City were to pursue such a fee, it would need to be developed independently of a general government fee. Consequently, it will be necessary to identify and exclude any costs of fleet fueling and maintenance associated with the City bus system. It will also be necessary to exclude the portion of the cost of communications equipment used to provide contract services, since a portion of the capital cost should be covered by the fee charged for the service.

## **Revenue Credits**

In the calculation of impact fees, credit should be given for non-local funding that will be generated by new development and used to pay for capacity-related capital improvements. Credit should also be provided for taxes that will be paid by new development and used to retire outstanding debt for past general government improvements. The City does not have any readily identifiable outstanding debt from the 1994 and 2000 bond authorizations that have been spent on general government improvements, although there may be some outstanding debt embedded in earlier bond issues that have been refinanced by more recent refunding issues. Nor has staff identified any recent grant funding received for general government facility improvements. While additional inquiries will be made in Phase Two to confirm these findings, it does not appear that any revenue credits are warranted against the proposed general government fees.



## MEMORANDUM

To: Ms. Nicole Ewing-Gavin  
City of Tucson  
Department of Urban Planning and Design

From: Curtis C. Lueck, Ph.D., P.E., AICP  
Principal 

Date: February 21, 2007

Subject: **City of Tucson Development Impact Fees; Independent Review of Proposed Development Fees for Fire, Police, and Public Facilities**  
(CLA 2006.41)

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### COMMENTS

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At your request, we independently reviewed the development impact fees proposed for three new categories: fire, police, and public facilities. The City already has impact fees for roads, parks, and water. All of these fees, and others, are allowable under existing state law. Our review is based on our knowledge of current statutes, the studies Duncan Associates completed for the City of Tucson in 2003/2004, and CLA's long professional involvement with impact fee programs in the Tucson metropolitan area and elsewhere in Arizona.

The proposed fees expand the current fee program by including the three new categories. Your fee rate calculations are based on the general methodology used in the Duncan study, which are clearly based on nationally-recognized methods of analysis. The proposed fees use extensive data provided by the two public safety departments and budget department staff.

The major policy shift between the proposed fees and Tucson's current fee program is using a "rooftop" or dwelling unit rate, rather than the square-foot rate discussed in the Duncan study. This is a simple rate conversion, which we strongly support because rooftop fees are much easier to understand and simpler to implement. The rooftop fee is also consistent with neighboring municipalities and Pima County. The fees for non-residential development are based on building size, which is recommended by the Duncan study, and already implemented by the City and Pima County.

In our opinion, the three proposed fees are properly calculated and consistent with local, state, and national practice. We also believe that they comply fully with statutory requirements, so long as you meet the procedural requirements for their adoption and implementation.

Please feel free to call if you have any questions.