Board of Supervisors Memorandum

March 21, 2006

Roadway Development Impact Fees
Increase in Non-Residential Fees

Recommendation

On November 15, 2005, the Board of Supervisors received and discussed a report on the current status of the Roadway Development Impact Fee Program. At this public hearing the Board of Supervisors directed staff to increase the base residential impact fee to $4,400 and to change the fee escalator from the Consumer Price Index to the Engineering News Record-Construction Cost Index.

In addition, staff was directed to further analyze the non-residential fee structure for possible increases. Transportation staff has reviewed this specific issue and other related issues with technical assistance from Curtis Lueck and Associates and presents data and recommendations for Board consideration.

- Review Pima County's Methodology. Staff recommends updating Pima County's methodology to incorporate changes in factors used in calculating non-residential impact fees. Pima County's non-residential impact fee structure is partly based on information contained in the Institute of Transportation Engineers' Trip Generation reference documents which have recently been updated. Trip generation, peak hour and daily trip rates have increased for many land uses and these newer, higher, measures of travel demand should be considered in the non-residential fee structure.

- Capital Roadway Improvement Costs. Staff concludes that the non-residential fees should be recalculated to reflect increases in roadway construction costs along with the recommended changes in Pima County's methodology. Three cost scenarios are provided in the consultant's report based on 18 completed roadway projects. Staff recommends using the "Construction Costs Only" data as it represents the major portion of project costs. Using this scenario would increase the cost of one vehicle lane mile of capacity from $154 to $183, an 18.8 percent increase over the cost presented in 2003 when the Board first adopted impact fees for non-residential development

- Recommended Non-Residential Impact Fees. Staff recommends adopting the non-residential fees as shown in Table 1 below. These new fees reflect changes in travel factors and the increase in construction costs for roadways based on the average unit cost per "Construction Costs Only" scenario. Other cost scenarios are provided in Table 2 on page five of this memorandum.

Table 1

Recommended Non-Residential Fees

Land Use Category	Current Fee per 1000 sq. ft of gross floor area	New Fee Based on Unit Cost per Construction Costs Only ($183) plus ITE changes
General Commercial/Retail	$2,265	$2,670
Shopping Center	$1,334	$1,850
*Mega Shopping Center >300,000 sq. ft.	$3,976	$4,725
Supermarket	$2,359	$4,194
Convenience Store/Gas Station	$13,235	$12,781
Restaurant	$5,155	$7,986
Fast Food with Drive-Through	$5,431	$16,109
Fast Food ***without*** Drive-Through	$4,427	$12,854
Bank with Drive-Through	$8,067	$10,583
"Big Box" retail-freestanding >100,000 sq ft.	$1,463	$2,549
*Mega "Big Box" retail-freestanding >150,000 sq ft.	$4,360	$5,181
Home Improvement Superstore	$1,112	$1,052
General Office	$1,339	$1,504
Medical-Dental Office	$3,036	$3,590
Light Industrial	$1,697	$1,912
Heavy Industrial	$1,063	$1,197
Hotel/Motel (per room)	$1,045	$1,157
Motor Vehicle Sales	$1,360	$1,479

- Evaluate the Inclusion of Right-of-Way Costs. Staff concludes that right-of-way costs should not be included in the calculation of non-residential impact fees. In addition, contributions eligible for off-setting credits to roadway impact fees should be specifically defined and exclude right-of-way costs. Right-of-way costs are highly variable and unpredictable. Since right-of-way costs and credits are not mandated by Arizona Revised Statutes, the decision to include or exclude this cost in the impact fee calculations and credits is a policy decision for the Board.

- Activity Eligible for Impact Fee Credits. Staff recommends specifically defining contributions which are eligible for impact fee credits.

Eligible contributions would be:

1. Construction of roadway capacity (additional through traffic lanes) to the extent that the additional traffic capacity exceeds the amount of demand generated by the subject development and is offsite to the development (not immediately adjacent to developing property).

2. Construction of offsite traffic signal(s) where warrant conditions are satisfied.

Impact fee credits under Items 1 and 2 are only applicable to those roadway projects contained in the roadway development impact fee Capital Projects Plan adopted by the Board of Supervisors.

3. Eligible improvements defined in an approved Development Agreement or Roadway Contribution Agreement between the developer or property owner and Pima County.

Contributions not eligible for impact fee credits:

1. Dedication of right-of-way.

2. Project improvements interior to the development (on-site improvements).

3. Adjacent roadway improvements required as part of the County's development approval process, including but not limited to access roads, driveways, medians and median openings, right turn or left turn lanes into the development or its associated roadways.

- Phased Implementation of Fee Increase for Non-Residential. In response to Stakeholder's requests, staff recommends phasing in the new non-residential fees. If the Board adopts the fee increases at their April 11, 2006 hearing, the new non-residential fee increase would be assessed in three increments starting July 11, 2006, and ending on January 1, 2008.

- Defer Inflation Adjustment. Staff recommends deferring the annual increase that occurs on July 1, 2006 to July 1, 2007 for residential and July 1, 2008 for non-residential. If the fee increases are adopted by the Board on April 11, 2006, the new fees would be effective on July 11, 2006, therefore making the increase on July 1, 2006 unnecessary.

- Jurisdictional Review. Staff concludes that Pima County's Roadway Development Impact Fees are comparable to other Arizona jurisdictions and best fit Pima County's needs. Methodologies, local economies and policy decisions vary amongst each jurisdiction, therefore making impact fee structures unique to each jurisdiction. A summary of fees assessed by other jurisdictions is presented in Table 3 on page eight of this memorandum.

Further discussion of each issue is summarized below and a report from the consultant, Curtis Lueck and Associates, is attached.

Requested Action

It is requested that the Board of Supervisors accept the report and direct staff to return to the Board and hold a public hearing on April 11, 2006 for the adoption of the recommended increased non-residential and residential Roadway Development Impact Fees, change the fee escalator to the Engineering News Record-Construction Cost Index and specifically define contributions eligible for impact fee credits.

REPORT

1. Review Pima County's Methodology

In 2003, the Board of Supervisors adopted Ordinance 2003-40 which in part established a fee structure and methodology for non-residential impact fees. This non-residential fee structure is based on a variety of factors including trip rates, trip lengths, peak periods of travel, and primary trips. These factors are derived from data documented in the Institute of Transportation Engineers (ITE) Trip Generation publications. The fee amounts originally adopted in 2003 were based on values provided in the 6th edition of the ITE Trip Generation. Since that time, a 7th edition has been published that contains current data on the factors used in Pima County's methodology. Ordinance 2003-40 mandated use of the current edition in assessing fee amounts.

The updated data in the ITE Trip Generation have resulted in changes in two main factors used in the non-residential fee calculation: Primary Trip Percentages and Peak Hour and Daily Trip Rates.

Primary Trip Percentage increased for eight of the adopted land uses and decreased for one. Convenience Store/Gas Station showed a slight (2 percent) reduction while Fast Food with Drive-Through has more than doubled. Peak Hour and Daily Trip Rate changes occurred in most of the land use categories resulting in higher demand for roadway capacity for the associated land uses. The increases in these factors mean that developments' consumption of roadway capacity is also growing.

Staff concludes that Pima County's methodology should be updated to accurately reflect the new trip generation data for each land use category.

2. Review Capital Roadway Improvement Costs

Capital roadway improvement costs are another factor used in the calculation of non-residential impact fees. In 2003 when the original fee structure was adopted, only four completed projects were used in determining a cost of $154 per vehicle lane mile of capacity. This unit cost of capacity does not include right-of-way costs as it was determined to be highly variable.

The consultant has recently completed an analysis of 18 roadway projects completed between 1999 and 2005. The consultant used the roadway project cost data and developed three average costs of construction per daily vehicle mile of capacity. The first cost scenario, "Total Construction Costs" applied all costs associated with the construction of the roadway project, including planning, design, administration, construction costs, and right-of-way acquisition. The second cost scenario, "Total Costs w/o ROW" included all costs except right-of-way. The third scenario, "Construction Costs Only" includes only the cost of construction. The unit cost of capacity was averaged for each scenario because of the significant cost differences on a project-by-project basis. For example, the Pistol Hill project had a total unit cost of $51 compared to a $430 total unit cost for the Wetmore/Ruthrauff project. However, all of these projects are representative of the improvements contained in the Capital Projects Plan adopted by the Board in 2003 for the expenditure of impact fees.

While there is reasonable argument to use any of the three cost scenarios, staff recommends using $183 as the new unit cost of capacity which is based on "Construction Cost Only."

Table 2 below shows three potential new non-residential impact fees based on current unit costs of capacity and changes in the ITE Trip Generation 7th edition.

Table 2

Potential New Non-Residential Impact Fees Based on Various Cost Scenarios

Land Use Category	***Current Fee***	New Fee Based on Unit Cost per Total Costs **($242) plus ITE changes**	New Fee Based on Unit **Cost per Total Costs w/o ROW ($216) plus ITE changes**	New Fee Based on Unit **Cost per Construction Costs Only ($183) plus ITE changes**
General Commercial/Retail	**$2,265**	**$3,531**	**$3,151**	**$2,670**
Shopping Center	$1,334	$2,447	$2,184	$1,850
***Mega Shopping Center >300,000 sq. ft.**	**$3,976**	**$6,246**	**$5,578**	**$4,725**
Supermarket	$2,359	$5,547	$4,951	$4,194
Convenience Store/Gas Station	**$13,235**	**$16,901**	**$15,085**	**$12,781**
Restaurant	$5,155	$10,561	$9,426	$7,986
Fast Food with Drive-Through	**$5,431**	**$21,303**	**$19,014**	**$16,109**
Fast Food ***without*** Drive-Through	$4,427	$16,998	$15,172	$12,854
Bank with Drive-Through	**$8,067**	**$13,995**	**$12,491**	**$10,583**
"Big Box" retail-freestanding >100,000 sq ft.	$1,463	$3,371	$3,009	$2,549
***Mega "Big Box" retail-freestanding >150,000 sq ft.**	**$4,360**	**$6,850**	**$6,117**	**$5,181**
Home Improvement Superstore	$1,112	$1,392	$1,242	$1,052

Land Use Category	***Current Fee***	New Fee Based on Unit Cost per Total Costs **($242) plus ITE changes**	New Fee Based on Unit **Cost per Total Costs w/o ROW ($216) plus ITE changes**	New Fee Based on Unit **Cost per Construction Costs Only ($183) plus ITE changes**
General Office	**$1,339**	**$1,989**	**$1,776**	**$1,504**
Medical-Dental Office	$3,036	$4,748	$4,238	$3,590
Light Industrial	**$1,697**	**$2,529**	**$2,257**	**$1,912**
Heavy Industrial	$1,063	$1,583	$1,413	$1,197
Hotel/Motel	**$1,045**	**$1,529**	**$1,365**	**$1,157**
Motor Vehicle Sales	$1,360	$1,955	$1,745	$1,479
Average Increase Over Current Fees		**94.1%**	**70.4%**	**46.8%**

*Mega categories adjusted only for construction cost increases

3. Evaluate the Inclusion of Right-of-Way Costs

Right-of-way costs are highly variable and unpredictable. For the 18 completed roadway projects analyzed by the consultant, the cost for right-of-way varies from 0.2 percent to 32.4 percent of total project costs. If right-of-way is included in the base capacity cost, the increase exceeds 70 percent, which is viewed as unsustainable by the stakeholders. Furthermore, basing the fee on the right-of-way would require allowing an off-setting credit for property subject to right-of-way exactions at rezoning. While all non-residential development will be assessed the fee, only those few properties located adjacent to the planned projects would be eligible for credits.

In general, the projects included in the Capital Projects Plan are also elements of Pima County's Major Streets and Scenic Routes Plan. Right-of-way dedication per the adopted plan is a routine requirement as a condition of rezoning adjacent property for more intense land use.

4. Activities Eligible for Impact Fee Credits

Current state law provides that "The county shall provide a credit toward the payment of the fee for the required dedication of public sites and improvements provided by the developer for which that fee is assessed (A.R.S. 11-1102 B.3.). Improvements provided by a developer which conform to the adopted Capital Projects Plan are eligible for offsetting credits of the roadway development impact fee, up to the total amount of fees which are assessed. In order for the improvements to be eligible, they must provide additional roadway capacity. This is most often related to the provision of additional through travel lanes on an existing road or the construction of new arterial or major collector roads. Improvements constructed primarily for the benefit of, or to mitigate the adverse impact from, a development are not eligible. The construction of a left turn lane at the entrance to a development is an example of such an improvement.

The recommended fees are based on the construction cost component of major roadway projects, excluding right-of-way. Therefore, right-of-way is not one of the activities for which fees are assessed and credit is not provided.

5. **Phased Implementation of Fee Increase for Non-Residential Development**

Staff met with stakeholders on February 23, 2006, to discuss the consultant's report and the recommended changes to the impact fee program. Stakeholders requested that any increase to non-residential fees be phased in to allow developers time to roll in the higher costs in their financial planning. Staff agrees with a phased implementation for non-residential impact fees to take place over approximately 18 months. If the new fees are adopted on April 11, 2006, staff recommends using the fee schedule in Table 3 below to implement the increases in three equal increments.

Table 3

Schedule for Phased Implementation of Non-Residential Impact Fee Increases

Date of Fee Increase	Amount of Fee Increase
July 11, 2006	33.3% increase
April 1, 2007	33.3% increase
January 1, 2008	33.3% increase
July 1, 2008	CCI increase (7/07-7/08)

6. **Defer Inflation Adjustment**

Pima County Ordinance 2003-40 established a fee escalator for both residential and non-residential impact fees. On July 1 of every year the fee is to be increased as indicated by changes in the Consumer Price Index. On November 15, 2005, the Board directed staff to change the fee escalator to the Engineering News Record-Construction Cost Index which will continue to be implemented on July 1 of every year. If the Board adopts the recommended fee increases at the April 11, 2006 hearing, the new fees become effective on July 11, 2006. If the annual fee increase takes place as described on July 1, the County would be implementing two impact fee increases within a two week period. Therefore, staff recommends deferring the annual increase scheduled for June 1, 2006. The next inflation adjustment, which will be based on the Construction Cost Index, would occur on July 1, 2007 for residential and on July 1, 2008 for non-residential development.

7. **Jurisdictional Review**

Among the Arizona jurisdictions that charge non-residential roadway development impact fees, the methodology and implementation vary greatly. The differences range in factors used in calculations, number of land use categories defined and factors used to determine costs. For example, Phoenix has 14 different benefit areas and each benefit area has a different dollar value associated with each EDU conversion factor for each 30 or more listed land uses. In contrast, the City of Tucson has three non-residential land uses and the fees are assessed on a per square foot basis.

Pima County is unique in only assessing a transportation impact fee. If a comparison is made of only transportation impact fees, Pima County's proposed fees for non-residential development are both higher and lower than other Arizona jurisdictions as shown in Table 4 below.

Table 4

Comparison on Non-Residential Impact Fees for Arizona Jurisdictions

Jurisdiction	Commercial/Retail	Office	Industrial
Pima County	**From $1,112 for Home Improvement Superstore and $1,334 for Shopping Center to $13,235 for Convenience Store/Gas Station**	**From $1,339 for General Office to $3,036 for Medical-Dental**	**From $1,063 for Heavy Industrial to $1,697 for Light Industrial**
Tucson	From $3,061 in the Central Benefit Area to $3,976 in the rest of the City	From $3,637 in the Central Benefit Area to $4,724 in the rest of the City	From $1,570 in the Central Benefit Area to $2,039 in the rest of the City
Carefree	**From $931 for Commercial > 150,000 s.f. to $1,241 for Commercial < 75,000 s.f.**	**From $425 for Office > 75,000 s.f. to $618 for Office < 17,500**	**$169**
Glendale	From $1,649 for Commercial > 200,000 s.f. to $2,484 for Commercial < 50,000 s.f.	From $913 for Office > 100,000 s.f. to $2,578 for Office < 25,000 s.f.	$649
Goodyear	**$1,371**	**$803**	**$215**
Peoria	North: From $10,921 > 200,000 s.f. to $18,470 < 25,000 s.f.	North: From $4,242, > 100,000 s.f. to $8,499 < 10,000 s.f.	$2,616
	Central: From $2,730 > 200,000 s.f. to $4,618 < 25,000 s.f.	Central: From $1,061 > 100,000 s.f. to $2,125 < 10,000 s.f.	$654

Jurisdiction	Commercial/Retail	Office	Industrial
	South: From $596 > 200,000 s.f. to $1,007 < 25,000 s.f.	South: From $231 > 100,000 s.f. to $464 < 10,000 s.f.	$143
Phoenix Northern Area	General Commercial/Retail: $3,170 - $5,579 Shopping Center: $2,688 - $7,740 Fast Food: $35,416 - $62,331	$1,383 - $7,494	$1,274 - $2,243
Phoenix Southern Area	General Commercial/Retail: $1,421 - $5,337 Shopping Center: $1,206 - $7,703 Fast Food: $15,895 - $59,619	$620 - $7,168	$572 - $2,145

8. Affordable Housing

On November 15, 2005, the Board directed staff to increase residential fees to $4,400. Staff would like to point out that the Affordable Housing Waiver program remains available to households that meet income guidelines. To date, 528 Affordable Housing Waivers have been granted which have waived a total in impact fee revenues of $1,329,784.00. Information about this program is available on the County's website or by calling 740-6403.

The consultant's technical report is attached.

Respectfully submitted,

C. Huckelberry

C.H. Huckelberry
County Administrator

CHH/jj (March 10, 2006)

Attachment

PIMA COUNTY ROADWAY IMPACT FEE SPECIAL ANALYSIS

FINAL REPORT

Prepared for

Pima County Department of Transportation

CLA

5460 West Four Barrel Court
Tucson, AZ 84743

March 2, 2006

PIMA COUNTY ROADWAY IMPACT FEE
SPECIAL ANALYSIS

FINAL REPORT

Prepared for

Pima County Department of Transportation

Prepared by

Curtis Lueck & Associates
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CLA Project # 2005.41A

March 2, 2006

This report does not constitute a specification or standard.

Table of Contents

List of Exhibits

Introduction

This report documents research and response to six areas of special concern relative to Pima County's Roadway Development Impact Fee program. A prior similar report addresses five areas of concern, and is herby incorporated by reference.[1] Given the technical nature of the study, the writers assume that the readers have sufficient knowledge about impact fees in general, and the County's program in particular, that a discourse on the existing ordinance and County practices is unnecessary. Readers without this familiarity should refer to the County's web site at www.dot.pima.gov/transsys/impactfees/ before reading the report.

Project Tasks

The scope of the analysis includes the following tasks and project approach, each of which is addressed in a separate section of this document. Additional tasks for meetings and coordination are also included in the scope but not documented herein.

Task 1: Review Pima County's current roadway impact fee methodology for non-residential uses, particularly trip generation, pass-by and diverted link trip rates, and trip length.

Findings: Current fees are based partly on trip generation data from the Institute of Transportation Engineers' (ITE) *Trip Generation* and the ITE *Trip Generation Handbook*. The original fee calculations incorporated trip rate data from the 6th edition of *Trip Generation.* Since then, a 7th edition of this document has been published and several land uses that are in the Pima County development fee ordinances have different trip rates in the newer edition.

For most of the land uses in the development impact fee ordinance, trip rates and primary trip percentages, which are variables in the calculation of Vehicle Miles of Travel Demand per Unit, have changed. The ordinance requires the fees to be based on the current ITE *Trip Generation* document. It is recommended that Pima County review the recommended changes provided in the Task 1 chapter and incorporate these changes in an updated set of non-residential fees.

Task 2: Review capital roadway improvement costs from Pima County roadway bond project cost data to determine whether the costs per unit of roadway capacity in the fee determination methodology is representative of existing roadway and intersection construction costs.

Findings: In the original report that documented the calculation methodology for Pima County's development fee ordinance, there were only four roadway projects that were used to develop average project construction costs. These average costs were used to develop a net cost of construction per daily vehicle mile of capacity. In this updated report, CLA was provided with roadway project cost data for eighteen projects that were constructed between 1999 and 2005. CLA developed three average costs of construction per daily vehicle mile of capacity. One cost applied all costs associated with the construction of the roadway project, including planning, design and right-of-way costs in addition to the actual construction cost. Another Unit Cost was developed with all costs except right-of-way costs. The third Unit Cost only included construction cost data (no design, planning, or right-of-way costs).

On a project-by-project basis, there was a great deal of variation in the unit costs. For example, the Pistol Hill project had a total Unit Cost of $51 and the Wetmore/Ruthrauff project

[1] See *Pima County Roadway Impact Fee Special Analysis*, October 7. 2005, by CLA.

had a Total Unit Cost of $430. With such variation, the analysis focused on the average Unit Cost of all eighteen projects under the three cost scenarios.

Under the "Total Cost" scenario, the average Unit Cost would be $242. Under the "Total Cost w/o ROW" scenario, the Unit Cost would be $216. Finally, under the "Construction Cost Only" scenario, the unit cost would be $183.The current Unit Cost for calculating non-residential impact fees is $154, compared to the current estimates of average Unit Cost for "Total Costs" of $242; for "Total Costs w/o ROW" of $216; and for "Construction Costs Only" of $183. The increase in average Unit Costs from the current figure would be $88 for "Total Costs" (57.1%); $62 (40.3%) for under the "Total Costs w/o ROW" scenario; and $29 (18.8%) "Construction Costs Only" scenario. We also note that there is a wide range in project right of way costs which has an implication on whether or not to include these costs in the fee calculation.

Task 3: Evaluate whether right-of-way costs can and/or should be included in the impact fee determination methodology. This includes coordination with the Pima County Attorney's Office.

Findings: In first implementing its development impact fee program, Pima County chose to not include right-of-way costs in the calculation of impact fees, citing the variability of such costs as the explanation for their exclusion. A limited survey of other jurisdictions in Arizona revealed that right-of-way costs were routinely included in the calculation of current impact fees. An interpretation of the current Pima County statute on development impact fees may allow for right-of-way costs to be included in the capital cost of roadway improvements that would be eligible for calculating impact fees.

If right-of-way is allowed to be included in the construction cost calculation, Pima County must decide whether to allow for credits against the impact fee amount for right-of-way donations from owner/developers.

Task 4: Review letters you've received regarding lot splitting issues as they relate to residential impact fees and the affordable housing waiver.

Findings: After discussion with staff, this task was suspended.

Task 5: Provide recommendations on evaluating and establishing fees for additional non-residential use categories.

Findings: After discussion with staff, this task was suspended.

Task 6: Review other jurisdictions' impact fee methodologies for non-residential uses.

Findings: There is great variability in the methodologies and complexities for determining non-residential development impact fees among the jurisdictions in CLA's limited survey. These differences in complexity of land use categories probably reflect institutional differences in how each jurisdiction approaches impact fees, as well as objective differences in the nature of their various economies. Pima County's classification scheme appears suited to its needs and economic realities.

Acknowledgements and Disclaimer

This project was managed for Pima County by Ben Goff, P.E., Deputy Direct PCDOT, and Nicole Burdette, Impact Fee Program Manager. Work was conducted by James T. Barry, Ph.D., Marcos Esparza, P.E., (both Senior Associates), Cheryl Rader (Senior Planner Analyst), and Curtis Lueck, Ph.D., P.E., AICP (Principal).

Our findings and recommendations are not necessarily supported by Pima County.

Task 1: Review Pima County's Methodology.

In 2003, the Pima County Board of Supervisors adopted Ordinance 2003-40 which modified County Code Chapter 19.03 relating to roadway development impact fees by, in part, establishing new fees for non-residential lane uses. The Board of Supervisors originally implemented roadway development fees in 1996, although these fees were for new residential development only. This ordinance was adopted following a study by Curtis Lueck & Associates (CLA) that determined a fee structure for typical retail, commercial and other services land uses. The CLA report that defined the fee calculation methodology is entitled, *Task 2 and Task 3 Final Report, Non-Residential Roadway Development Fee Structure for Pima County, Arizona* and was published on February 12, 2003.

Following the recommendations from the CLA report, most non-residential roadway impact fees in Pima County were calculated based on the average trip length associated with the land use, trip rates from the Institute of Transportation Engineers (ITE) Trip Generation document for daily and peak hour trip rates, an assumption of "primary trips" to/from the land use and the percentage of the travel demand associated with the land use on the arterial network (local streets and collector streets are not included).

ITE's *Trip Generation* used for this analysis was the 6th edition. Since the 2003 CLA report was published, a 7th edition of the ITE *Trip Generation* document was published. Several land uses were added to the data set for determining trips rates in the 7th Edition. Some of the trip rates for the land use data in the 6th edition changed in the 7th edition based on additional surveys conducted between the 6th and 7th editions. A companion document, the ITE *Trip Generation Handbook* provides guidance to the user of the *Trip Generation* document on the application of the trip rate data to projects. The ITE *Trip Generation Handbook* also contains data related to pass-by and diverted link trips. (Primary trips represent the net trips produced by a land use that are not attributable to pass-by or diverted link trips). This companion document was recently updated to its 2nd edition in 2004 to provide updated information on the percentage of primary trips for several land uses.

Two recent land use additions in the recently updated ordinance are based on factors other than the Pima County methodology for calculating fees for other land uses. These land uses, Mega Shopping Center (> 300,000 square feet, gross floor area), and Mega "Big Box" retail-freestanding (> 150,000 square feet, gross floor area), were added to the list of land uses types that are subject to non-residential transportation development impact fees. However, for typical land uses, other than the "Mega" categories, the following describes each factor in the calculation for fee derivation by land use.

The impact fees are based on the projected impact of the land use on the arterial roadway system. The fees help fund capital improvements on the arterial system within Pima County. Because roadways classified as local roads and collectors are usually built or improved by the developers of a project, only the roadways that are classified as arterials (minor and major), and those of higher classifications (parkways, freeways) are considered for improvements to be funded by development impact fees.

On June 7, 2005, the Pima County Board of Supervisors adopted Ordinance 2005-50. This ordinance updated ordinance 2003-40 to, in part, add two land use categories: Mega Shopping Center > 300,000 square feet (gfa), and Mega "Big Box" retail-freestanding > 150,000 square feet (gfa). The ordinance also added the provision of a Developer Agreement to pay the fees for these two land uses over time. The new ordinance adds, "…by mutual agreement, the provisions of 19.03.040 B may be replaced by a Transportation Development Agreement entered into by the Developer/Owner and Pima County. Such Agreement will specify the terms of the development fee payment, the interest rate, and the form of the payment schedule. Other indemnifications will also be incorporated."

Average Trip Length

The average trip length for a particular land use is based on trip length data from the 2001 National Household Travel Survey (NHTS), the nation's inventory of daily and long-distance travel. The survey includes demographic characteristics of households, people, vehicles, and detailed information on daily and longer-distance travel for all purposes by all modes. NHTS survey data are collected from a sample of U.S. households and expanded to provide national estimates of trips and miles by travel mode, trip purpose, and a host of household attributes.

The daily travel surveys were also conducted in 1969, 1977, 1983, 1990 and 1995. This data series provides a rich source of detailed information on personal travel patterns in the U.S. Longer-distance travel was collected in 1977 and 1995. The 2001 NHTS collected both daily and longer-distance trips in one survey. The next survey is scheduled for 2008.

ITE Trip Rates

The ITE *Trip Generation* document contains data sets in graphical format of trip rates per unit of land use measurement for over 150 land uses. The current ITE *Trip Generation* is the 7th Edition and was produced in 2003. The current Pima County development fee ordinance includes fees per (common) land use derived from average trip rates included in the 6th Edition of the ITE *Trip Generation* document, although the calculation of fees for unlisted non-residential land uses are to be based on the trip rates from the current edition of the ITE *Trip Generation*. The trip rates for non-mega "big box" retail facilities are based on Land Use Code 815, Free-Standing Discount Store, and the rates for regional shopping centers are from Land Use Code 820, Shopping Center.

Primary Trips

Primary trips are those trips to and from a land use for which the driver intended to make without consideration to other stops along the way. Drivers may also divert their path from their primary purpose to another land use. These diverted trips are called "pass-by" trips if the secondary trip destination is along the arterial network the driver intended to traverse on their way to their primary trip, or a "diverted trip" which would divert the driver from his/her path to the primary destination. The fee calculation methodology applied data for determining the primary trips for each land use from the ITE *Trip Generation Handbook*. This document was recently updated to its 2nd Edition.

Ratio of Trip Rates: Sum of Peak Hour Rates to Daily Rates

The fee derivation considers the impact of a land use's trips on the arterial network. The number of trips is more greatly felt during the roadway's morning and evening peak hours, typical the two hours in the day where the transportation system experiences the highest volumes. The ratio of the sum of the peak hour trip rates to the daily trip rates is applied in the fee derivation formula to account for this impact.

Travel Demand on the Arterial System

Only trips on the arterial system are considered in the derivation of the impact fee amounts. An assumption of 80% trips on the arterial system (and accordingly, not the estimated 20% on the local and collector system) for all land use types is applied in the fee derivation formula.

The original study that was conducted by CLA in 2003 produced the following table that applied the then current trip rate information from the 6th Edition of ITE *Trip Generation* and the ITE *Trip Generation Handbook* for the land uses studied. This table is shown in Exhibit 1.

Exhibit 1 Development of Non-Residential Development Impact Fee per Unit

Land Use Category	Unit	Fee per Unit	% Primary Trips	Average Weekday Trip Rate per Unit	Average Trip Length	Peak Period Reduction Factor	% Travel Demand on the Arterial Network	Vehicle Miles of Travel Demand per Unit	Representative ITE Category	AM Peak Hour Rate	PM Peak Hour Rate
General Commercial/Retail	1000 sf	$ 2,148	25%	40.67	6.15	0.28	80%	13.95	814	6.41	4.93
Shopping Center	1000 sf	$ 1,265	35%	42.92	6.15	0.11	80%	8.21	820	1.03	3.74
Convenience Store/Gas Station	1000 sf	$ 12,548	14%	1208.70	4.18	0.14	80%	81.48	845	77.68	96.37
Fast Food with Drive Thru	1000 sf	$ 5,150	12%	716.00	4.18	0.12	80%	33.44	833	49.86	33.48
Bank with Drive Thru	1000 sf	$ 7,648	20%	265.21	4.61	0.25	80%	49.66	912	12.63	54.70
"Big Box" retail - freestanding, >100,000 sf	1000 sf	$ 1,387	35%	56.63	6.15	0.09	80%	9.01	815	0.99	4.24
Home Improvement Superstore	1000 sf	$ 1,055	32%	35.05	6.15	0.12	80%	6.85	862	1.48	2.87
Supermarket	1000 sf	$ 2,237	20%	111.51	6.15	0.13	80%	14.52	850	3.25	11.51
General Office	1000 sf	$ 1,270	40%	11.01	8.45	0.28	80%	8.25	710	1.56	1.49
Light Industrial	1000 sf	$ 1,609	70%	6.97	9.82	0.27	80%	10.45	110	0.92	0.98
Heavy Industrial	1000 sf	$ 1,008	70%	1.50	9.82	0.79	80%	6.54	120	0.51	0.68
Hotel/Motel	Rooms	$ 991	70%	8.23	9.82	0.14	80%	6.43	310	0.56	0.61
Church	1000 sf	$ 276	25%	9.11	6.50	0.15	80%	1.79	560	0.72	0.66
High School	Student	$ 489	70%	1.79	9.29	0.34	80%	3.17	530	0.46	0.15
School (K-8)	Student	$ 497	70%	1.45	9.29	0.43	80%	3.23	522	0.46	0.16
			Gross Cost of Capacity			**$ 166**					
			Net Cost of Capacity			**$ 154**					

Although unit fees were calculated for them, the land uses Church, High School and School (K-8) were not included in the ordinance. Since the development of this list, the following land uses were added:

- Mega Shopping Center > 300,000 square feet
- Restaurant
- Fast Food without Drive-Through
- Mega “Big Box” retail-freestanding > 150,000 square feet
- Medical-Dental Office
- Motor Vehicle Sales

In general, the unit fees were increased annually based on changes in the Consumer Price Index.

Revisions to Variables in the Unit Fee Derivation

Based on the updates to the ITE *Trip Generation* document and the ITE *Trip Generation Handbook*, the following changes have resulted in changes to the variables used in the calculation of non-residential impact fees. We do not believe that the newest fees in the current DIFO ordinance reflect these changes.

- Changes in Primary Trip Percentages
- Changes in Peak Hour and Daily Trip Rates

Changes in Primary Trip Percentages

There are data in the ITE *Trip Generation Handbook* on the percentage of Primary Trips for several land uses. The average percentage of primary trips for each land use was calculated from the data provided in Chapter 5, Pass-by, Primary and Diverted Linked Trips, of the updated ITE *Trip Generation Handbook*. Most data is based on rates from the evening peak hour.

Changes in Peak Hour and Daily Trip Rates

There were several changes in the daily and peak hour trip rates for land uses from the 6th edition to the 7th edition of the ITE *Trip Generation* document. This resulted in changes to the calculated peak period reduction factor for most land uses in the ordinance, a factor that is used in calculating the unit cost of capacity.

Changes in Land Use Codes

A couple of land uses in the 7th Edition of *Trip Generation* have different codes from the 6th Edition (and thus what is in the background documentation for the original fee derivation.) These changes in land use codes do not affect the unit cost calculations.

Task 1 Summary of Fee Changes

The non-residential fees were updated based on the following factors:

- Changes in daily and peak hour trip from the updated edition of ITE *Trip Generation*
- Changes in primary trip rate percentages from the updated edition of the ITE *Trip Generation Handbook*.
- An update in the construction cost for a daily vehicle mile of capacity (From $154 to $183) based on new “Construction Cost Only” data (see Task 2 for this designation) for roadway projects in Pima County.
- Corrections and additions to the previous data used to calculate the fees.

Exhibit 2 highlights the changes in the variables used for the calculation of unit costs for the non-residential development impact fees. The fees for the “Mega” land uses and the “Restaurant” land use were calculated differently by Pima County staff and are not included in the list. The summary of changes to the unit fees is shown in Exhibit 3.

Exhibit 2 Changes in Variables for Land Uses (Changes in Red)

Land Use Category	Unit	Old % Primary Trips	New % Primary Trips	Average Weekday Trip Rate per Unit (old)	Average Weekday Trip Rate per Unit (new)	Average Trip Length	Peak Period Reduction Factor (Old)	Peak Period Reduction Factor (New)	% Travel Demand on the Arterial Network	Vehicle Miles of Travel Demand per Unit (Old)	Vehicle Miles of Travel Demand per Unit (New)	Representative ITE Category	AM Peak Hour Rate (old)	AM Peak Hour Rate (new)	PM Peak Hour Rate (old)	PM Peak Hour Rate (new)
General Commercial/Retail	1000 sf	25%	25%	40.67	44.32	6.15	0.28	0.27	80%	13.95	14.59	814	6.41	6.84	4.93	5.02
Shopping Center	1000 sf	35%	**43%**	42.92	42.94	6.15	0.11	0.11	80%	8.21	10.11	820	1.03	1.03	3.74	3.75
Convenience Store/Gas Station*	1000 sf	14%	**12%**	1208.70	1338.49	4.18	0.14	0.13	80%	81.48	69.84	945	77.68	77.68	96.37	96.37
Convenience Store/Gas Station (853)	1000 sf	14%	**16%**	1208.70	845.60	4.18	0.14	0.13	80%	81.48	56.82	853	77.68	45.58	96.37	60.61
Fast Food with Drive Thru**	1000 sf	12%	**30%**	716.00	496.12	4.18	0.12	0.18	80%	33.44	88.03	934	49.86	53.11	33.48	34.64
Fast Food with NO Drive Thru**	1000 sf	12%	**30%**	716.00	716.00	4.18	0.12	0.10	80%	33.44	70.24	933	49.86	43.87	33.48	26.15
Bank with Drive Thru	1000 sf	20%	**27%**	265.21	246.49	4.61	0.25	0.24	80%	49.66	57.83	912	12.63	12.34	54.70	45.74
"Big Box" retail - freestanding, >100,000 sf	1000 sf	35%	**48%**	56.63	56.02	6.15	0.09	0.11	80%	9.01	13.93	815	0.99	0.84	4.24	5.06
Home Improvement Superstore	1000 sf	32%	32%	35.05	29.80	6.15	0.12	0.12	80%	6.85	5.75	862	1.48	1.20	2.87	2.45
Supermarket	1000 sf	20%	**34%**	111.51	102.24	6.15	0.13	0.13	80%	14.52	22.92	850	3.25	3.25	11.51	10.45
General Office	1000 sf	40%	40%	11.01	11.01	8.45	0.28	0.28	80%	8.25	8.22	710	1.56	1.55	1.49	1.49
Light Industrial	1000 sf	70%	70%	6.97	6.97	9.82	0.27	0.27	80%	10.45	10.45	110	0.92	0.92	0.98	0.98
Heavy Industrial	1000 sf	70%	70%	1.50	1.50	9.82	0.79	0.79	80%	6.54	6.54	120	0.51	0.51	0.68	0.68
Hotel/Motel	Rooms	70%	70%	8.23	8.17	9.82	0.14	0.14	80%	6.43	6.32	310	0.56	0.56	0.61	0.59
Car Sales (New and Used)	1000 sf	35%	35%	19.30	33.34	6.15	0.26	0.14	80%	8.63	8.08	841	2.21	2.05	2.80	2.64
Medical Office	1000 sf	40%	40%	36.13	36.13	9.89	0.17	0.17	80%	19.27	19.62	720	2.43	2.48	3.66	3.72

Exhibit 3 Summary of Changes in Fee per Unit

Land Use Category	Unit	Old 05-06 Fees/Unit*	New 05-06 Fees/Unit	Difference per unit	% Increase	Besides Construction Cost Changes, Major Reason for Difference
General Commercial/Retail	1000 sf	$2,265	$2,670	$405	**18%**	Changes in ITE Rates
Shopping Center	1000 sf	$1,334	$1,850	$516	**39%**	Changes in ITE Rates, Primary Trip % from 35% to 43%
Mega Shopping Center > 300,000 sq. ft**		$3,976	$4,725	$749	**19%**	
Supermarket	1000 sf	$2,359	$4,194	$1,835	**78%**	Changes in ITE Rates, Primary Trip % from 20% to 34%
Convenience Store w/Gas Pumps	1000 sf	$13,235	$10,966	-$2,269	**-17%**	Changes in ITE Rates, Originally used Gas Station w/Convenience store rate, Primary Trip % from 14% to 12%.
Gas Station w/Convenience Store	1000 sf	-	$12,781	Not in Ordinance	**-**	Changes in ITE Rates, Not in original ordinance, although the rates for this land use were applied to the "Convenenience Store/Gast Station" Land use category in the ordinance.
Restaurant	1000 sf	$5,155	$7,986	$2,831	**55%**	Changes in ITE Rates, Primary Trip % from 30% to 37%
Fast Food with Drive Thru	1000 sf	$5,431	$16,109	$10,678	**197%**	Changes in ITE Rates, original fee was taken from "Fast Food without Drive Thru" land use category, Primary Trip % from 12% to 30%.
Fast Food without Drive Thru	1000 sf	$4,427	$12,854	$8,427	**190%**	Changes in ITE Rates, assumed Primary Trip Rate is same as for "Fast Food with Drive Thru" land use category, so Primary Trip % from 12% to 30%.
Bank with Drive Thru	1000 sf	$8,067	$10,583	$2,516	**31%**	Changes in ITE Rates, Primary Trip % from 20% to 27%
"Big Box" retail - freestanding, >100,000 sf	1000 sf	$1,463	$2,549	$1,086	**74%**	Changes in ITE Rates, Primary Trip % from 35% to 48%
Mega "Big Box" retail - freestanding, >150,000 sf**		$4,360	$5,181	$821	**19%**	
Home Improvement Superstore	1000 sf	$1,112	$1,052	-$60	**-5%**	Changes in ITE Rates
General Office	1000 sf	$1,339	$1,504	$165	**12%**	Changes in ITE Rates
Medical Office***	1000 sf	$3,036	$3,590	$554	**18%**	Changes in ITE Rates
Light Industrial	1000 sf	$1,697	$1,912	$215	**13%**	
Heavy Industrial	1000 sf	$1,063	$1,197	$134	**13%**	
Hotel/Motel	Rooms	$1,045	$1,157	$112	**11%**	Changes in ITE Rates
Motor Vehicle Sales***	1000 sf	$1,360	$1,479	$119	**9%**	Changes in ITE Rates

*From Pima County's website on Roadway Development Impact Fee, Frequently Asked Questions, ***http://www.dot.pima.gov/transsys/impactfees/faq.pdf***
**Between '04-'05 and '05-'06, the fees for these land uses were not increased by the CPI factor. For the New Fees the old '05-'06 fees were multiplied by the ratio of the new unit fee:old unit fee for "Construction Costs Only", or ($183/$154).
***The fees for Medical Office and Motor Vehicle Sales did not change between '04-'05 and '05-'06. However, the ITE rates changed between the 6th Edition of ITE Trip Generation and the 7th Edition.

References for Task 1

Pima County Ordinances 1996-09, 1996-73, 2003-40, 2005-50

Curtis Lueck & Associates (2003), Task 2 and Task 3 Final Report, Non-Residential Roadway Development Fee Structure for Pima County, Arizona

Institute of Transportation Engineers, *Trip Generation*. 7th ed. Washington, D.C., 2003

Institute of Transportation Engineers, *Trip Generation Handbook*. 2nd ed. Washington, D.C., 2004

National Highway Transportations Survey, 2001 National Household Travel Survey (NHTS),

Task 2: Review Capital Roadway Improvement Costs

This task provides an update of the cost to provide roadway capacity in Pima County. The analysis proceeds logically through the following phases: (a) calculating project costs (see Exhibit 4 and 5); (b) calculating vehicle miles of capacity resulting from the subject projects (see Exhibit 6); (c) calculating the unit cost of vehicle miles of capacity (see Exhibit 7); and (d) calculating non-residential impact fees based upon these unit costs (see Exhibit 8).

This analysis points out the significance of how project costs are calculated in the first instance. There are three potential scenarios for calculating projects costs: “Total Costs,” “Total Costs without Right-of-Way,” and “Construction Costs Only.” Choosing a cost scenario is a policy decision and this analysis reports on the results under each of the scenarios to help the County make judgments about which scenario it chooses to employ.

As will be shown, the differences between each scenario are significant, both in terms of their separate revenue generation potential, as well as how much they would increase non-residential impact fees compared to the current fees.

Calculating Project Costs

The consultant last reviewed the costs per unit of roadway capacity for the “Non-Residential Roadway Development Fee Structure” in a February 2003 report (referenced in Task 1), based upon a review of costs for five projects. One of those five projects was not included in the fee calculations due to unusually high project costs. The other four projects (River Rd, Shannon to La Cholla; River Rd., Thornydale to Shannon; Valencia Rd, I-19 to 12th Ave; and Shannon Rd, Ina to Magee) are included in this 2006 review of costs. Cost data for 2002 and 2006 are similar for all projects but Shannon, Ina to Magee, for which additional costs of $350,332 (4.8%) were incurred after the 2002 analysis.

The 2006 analysis is based upon a review of eighteen projects (16 were 1997 HURF Revenue Bond projects and two were “non-bond” projects), completed between 1999 and 2005 (see Exhibit 4). These projects range in total costs, from a low of $1.3 million for the Valencia Rd/12th Ave intersection to $25.1 million for La Cholla Blvd, River Rd to Magee Rd. The average cost of the projects was almost $11.0 million. The projects display some geographical balance, with five projects on the south side and the remaining thirteen projects representative of different conditions on the northeast, northcentral, and northwest areas of the community.

Construction represented the major portion of costs - $149.3 million or 75.7%. Right-of-way costs totaled $21.6 million (11.0%), but varied widely from a high of $8.0 million (Wetmore/Ruthrauff) and a low of $7,840 (River, Shannon to La Cholla), with an average right-of-way cost of $1.2 million. Planning and design accounted for $19.3 million (9.8%), with an average cost of $1.1 million. The “Other” category included administrative costs, utility relocations, and public art, accounting for only 3.5% of total costs.

Exhibit 4 Transportation Projects Included in Cost Analysis

Project	Planning and Design	Construction	Right-of-Way	Other	Total
River Road: First to Campbell Ave	1,397,072	14,746,402	4,873,158	951,875	21,968,507
Sunrise Drive: Swan to Craycroft	772,597	12,820,665	339,587	1,372,482	15,305,331
River Road: La Cholla Blvd. to La Cañada Dr.	94,030	4,481,095	18,028	36,336	4,629,489
Skyline, Chula Vista to Campbell	4,919,531	16,865,541	858,606	146,831	22,790,509
Ajo: Country Club to Alvernon	986,740	5,399,746	225,450	146,883	6,758,819
Wetmore/Ruthrauff Rd: La Cholla-Fairview	2,426,663	13,795,287	8,024,312	527,498	24,773,760
River Road: Thornydale Road to Shannon Road	251,185	8,507,877	233,142	261,418	9,253,622
River Road: Shannon to La Cholla	187,598	4,502,743	7,840	249,093	4,947,274
Thornydale Road: Orange Grove to Ina	253,450	2,769,576	13,014	16,313	3,052,353
Thornydale: Ina to Cortaro Farms	700,205	12,931,776	2,114,550	1,025,938	16,772,469
Sabino Canyon at Kolb	353,392	5,201,897	673,317	173,443	6,402,049
Pistol Hill Rd, Colossal Cave to Old Spanish Trail	63,590	1,563,907	24,978	60,138	1,712,613
Valencia Rd. - South 12th Avenue Intersection	154,711	1,030,344	51,761	25,396	1,262,212
S. 12th Ave: Los Reales Road to Lerdo Road	1,810,400	4,812,743	56,694	210,294	6,890,131
La Cholla, River to Magee	3,448,145	18,516,036	2,546,984	570,146	25,081,311
Golf Links Road / Bonanza Ave. to Houghton Rd.	354,404	2,128,416	60,242	158,220	2,701,282
Shannon Rd: Ina to Magee	809,762	6,025,947	704,493	128,964	7,669,166
First Ave/River Rd. to Orange Grove	313,721	13,231,096	768,245	914,063	15,227,125
Totals	19,297,196	149,331,094	21,594,401	6,975,331	197,198,022
% of Total	9.8%	75.7%	11.0%	3.5%	
Average Costs	1,072,066	8,296,172	1,199,689	387,518	10,955,446

In 2002, the consultant based its fee calculations only on construction costs, excluding "right-of-way acquisition, planning, design engineering, landscaping, and related improvements that can be considered a sunk cost unattributable to the non-residential development impact fee." This is an important policy decision that has an impact on how the fees are calculated. Therefore, the consultant presents three cost scenarios: "Total Costs," "Total Costs w/o Right-Of-Way," and "Construction Costs Only" (see Exhibit 5).

The average of Total Costs was $10,955,446. With right-of-way costs deducted, the Average of Total Costs (w/o ROW) is reduced to $9,755,757. The Average of Construction Costs Only is $8,296,172.

Exhibit 5 Summary of Three Cost Scenarios

Project	Total Costs	Total Costs w/0/ROW	Construction Costs Only
River Road: First to Campbell Ave	21,968,507	17,095,349	14,746,402
Sunrise Drive: Swan to Craycroft	15,305,331	14,965,744	12,820,665
River Road: La Cholla Blvd. to La Cañada Dr.	4,629,489	4,611,461	4,481,095
Skyline, Chula Vista to Campbell	22,790,509	21,931,903	16,865,541
Ajo: Country Club to Alvernon	6,758,819	6,533,369	5,399,746
Wetmore/Ruthrauff Rd: La Cholla-Fairview	24,773,760	16,749,448	13,795,287
River Road: Thornydale Road to Shannon Road	9,253,622	9,020,480	8,507,877
River Road: Shannon to La Cholla	4,947,274	4,939,434	4,502,743
Thornydale Road: Orange Grove to Ina	3,052,353	3,039,339	2,769,576
Thornydale: Ina to Cortaro Farms	16,772,469	14,657,919	12,931,776
Sabino Canyon at Kolb	6,402,049	5,728,732	5,201,897
Pistol Hill Rd, Colossal Cave to Old Spanish Trail	1,712,613	1,687,635	1,563,907
Valencia Rd. - South 12th Avenue Intersection	1,262,212	1,210,451	1,030,344
S. 12th Ave: Los Reales Road to Lerdo Road	6,890,131	6,833,437	4,812,743
La Cholla, River to Magee	25,081,311	22,534,327	18,516,036
Golf Links Road / Bonanza Ave. to Houghton Rd.	2,701,282	2,641,040	2,128,416
Shannon Rd: Ina to Magee	7,669,166	6,964,673	6,025,947
First Ave/River Rd to Orange Grove	15,227,125	14,458,880	13,231,096
Totals	197,198,022	175,603,621	149,331,094
Average Costs	10,955,446	9,755,757	8,296,172

Calculating Vehicle Miles of Capacity

Exhibit 6 presents a tabulation of the vehicle miles of capacity that are the result of these projects. Vehicle miles of capacity are derived from multiplying the number of lanes constructed by the project length. For example, River Rd, First to Campbell was a four-lane roadway, with a project length of 1.61 miles. The project provided 6.4 Total Lane Miles of capacity. Assuming a capacity of 8,000 vehicles per lane mile means that this project provided 51,520 Vehicle Miles of Capacity (i.e., 6.4 times 8,000).

On the average, these projects resulted in 5.7 Total Lane Miles constructed, with an average Vehicle Miles of Capacity of 45,244.

Exhibit 6 Calculation of Vehicle Miles of Capacity

Project	Lanes Constructed	Project Length	Total Lane Miles Constructed	Daily Vehicle Miles of Capacity
River Road: First to Campbell Ave	4	1.61	6.4	51,520
Sunrise Drive: Swan to Craycroft	4	1.19	4.8	38,080
River Road: La Cholla Blvd. to La Cañada Dr.	4	1.25	5.0	40,000
Skyline, Chula Vista to Campbel	6	2	12.0	96,000
Ajo: Country Club to Alvernon	6	0.9	5.4	43,200
Wetmore/Ruthrauff Rd: La Cholla-Fairview	4	1.8	7.2	57,600
River Road: Thornydale Road to Shannon Road	4	1.38	5.5	44,160
River Road: Shannon to La Cholla	4	0.9	3.6	28,800
Thornydale Road: Orange Grove to Ina	6	0.2	1.2	9,600
Thornydale: Ina to Cortaro Farms	4	2	8.0	64,000
Sabino Canyon at Kolb	4	0.5	2.0	16,000
Pistol Hill Rd, Colossal Cave to Old Spanish Trail	2	2.1	4.2	33,600
Valencia Rd. - South 12th Avenue Intersection	4	0.4	1.6	12,800
S. 12th Ave: Los Reales Road to Lerdo Road	4	0.9	3.6	28,800
La Cholla, River to Magee	6	3	18.0	144,000
Golf Links Road / Bonanza Ave. to Houghton Rd.	4	0.52	2.1	16,640
Shannon Rd: Ina to Magee	4	0.9	3.6	28,800
First Ave/River Rd to Orange Grove	4	1.9	7.6	60,800
Totals	78	23.45	1,829.1	
Averages	4.3	1.3	5.7	45,244

Calculating the Unit Cost of Capacity

The Unit Cost of Capacity is derived by dividing project costs by Vehicle Miles of Capacity (see Exhibit 7). On a project-by-project basis, there was a great deal of variation in the unit costs. For example, the Pistol Hill project had the lowest unit costs, from $51 for "Total Costs" to $47 for "Construction Costs Only," reflective of there having been very low right-of-way acquisition costs.

At the other end of the scale, the Wetmore/Ruthrauff project had a unit cost of $430 for "Total Costs," which were 8.4 times greater than for the Pistol Hill Rd. project. Also, the unit cost for the Wetmore/Ruthrauff project declined to $291 (a reduction of $139 or 32%) for "Total Costs w/o ROW," reflective of the very large right-of-way costs associated with this project. The unit costs for Wetmore/Ruthrauff also declined another $51 (17.5%), to $240, under the "Construction Costs Only" scenario.

With such variation, this analysis will focus on the average Unit Cost of all eighteen projects under the three cost scenarios. Under the "Total Cost" scenario, the average Unit Cost would be $242. Under the "Total Cost w/o ROW" scenario, the Unit Cost would be $216. Finally, under the "Construction Cost Only" scenario, the unit cost would be $183.

Exhibit 7 demonstrates the significance to the revenue potential of what cost scenario is used to calculate Unit Cots. If right-of-way costs are deducted from the calculation, the average Unit Cost declines from $242 to $216, a decline of 10.7%. In addition, if planning/design and all other costs are deducted, the average Unit Cost declines to $183, which was a 24.4% decline from the "Total Cost" scenario and a 15.3% decline from the "Total Cost w/o ROW" scenario. In contrast, the 2002 report calculated the average Unit Cost of daily vehicle miles of travel based upon "Total Costs" at $166 and for "Construction Costs Only" at $154, which was only a $12 or 7.2% difference.

The current Unit Cost for calculating non-residential impact fees is $154, compared to the current estimates of average Unit Cost for "Total Costs" of $242; for "Total Costs w/o ROW" of $216; and for "Construction Costs Only" of $183. The increase in average Unit Costs from the current figure would be $88 for "Total Costs" (57.1%); $62 (40.3%) for under the "Total Costs w/o ROW" scenario; and $29 (18.8%) "Construction Costs Only" scenario.

It should be noted that the current Unit Cost of Capacity is based upon four roadway projects that were under construction in FY 2000 or earlier. Since July 1, 2000, the Engineering News – Record Construction Cost Index (CCI) increased by a total of 20.5%, which is consistent with the 18.8% increase in the unit cost based upon the "Construction Costs Only" scenario.

Attachment 1 reproduces a chart from a December 2005 Arizona Department of Transportation Power Point presentation, which charts "Price Changes for Six Major Construction Materials," between October 2003 and October 2005. In that two year period, the costs of gasoline and diesel fuels skyrocketed, while costs of concrete and asphalt were up between 20% and 40%.

Exhibit 7 Unit Costs of Capacity Based Upon Three Cost Scenarios

		New Unit Costs		
Project	Divisor	Total Costs	Total Costs w/o ROW	Construction Costs Only
River Road: First to Campbell Ave	51,520	426	332	286
Sunrise Drive: Swan to Craycroft	38,080	402	393	337
River Road: La Cholla Blvd. to La Cañada Dr.	40,000	116	115	112
Skyline, Chula Vista to Campbel	96,000	237	228	176
Ajo: Country Club to Alvernon	43,200	156	151	125
Wetmore/Ruthrauff Rd: La Cholla-Fairview	57,600	430	291	240
River Road: Thornydale Road to Shannon Road	44,160	210	204	193
River Road: Shannon to La Cholla	28,800	172	172	156
Thornydale Road: Orange Grove to Ina	9,600	318	317	288
Thornydale: Ina to Cortaro Farms	64,000	262	229	202
Sabino Canyon at Kolb	16,000	400	358	325
Pistol Hill Rd, Colossal Cave to Old Spanish Trail	33,600	51	50	47
Valencia Rd. - South 12th Avenue Intersection	12,800	99	95	80
S. 12th Ave: Los Reales Road to Lerdo Road	28,800	239	237	167
La Cholla, River to Magee	144,000	174	156	129
Golf Links Road / Bonanza Ave. to Houghton Rd.	16,640	162	159	128
Shannon Rd: Ina to Magee	28,800	266	242	209
First Ave/River Rod to Orange Grove	60,800	250	238	218
Average Costs	**45,244**	**242**	**216**	**183**

Calculating Non-Residential Impact Fees

Non-residential impact fees are the product of Demand x Cost. Demand is measured in terms of “Vehicle Miles of Travel Demand per Unit of Capacity,” which was discussed in detail under Task 1. Exhibit 8 compares current non-residential impact fees to the range of potential new non-residential fees that would result from multiplying the “Proposed Vehicle Miles of Travel Demand per Unit of Capacity”, that were updated in Task 1 based on changes in trip rates and primary trip percentages, by the three Unit Costs based on Total Costs, Total Costs w/o ROW, and Construction Costs Only.

If new fees were based on “Total Costs” ($242 Unit Cost), fees would increase on an average of 94.1%. If the new fees were calculated as “Construction Costs Only,” as they are currently calculated, the average increase would be 46.8%.

Exhibit 8 Potential New Non-Residential Impact Fees

Land Use Catergory	Previous Vehicle Miles of Travel Demand per Unit of Capacity	Current Fees	Proposed Vehicle Miles of Travel Demand per Unit of Capacity	New Fee Based on Unit Cost per Total Costs ($242)	% Increase	New Fee Based on Unit Cost per Total Costs w/o ROW ($216)	% Increase	New Fee Based on Unit Cost per Construction Costs Only ($183)	% Increase
General Commercial/Retail	13.95	2,265	14.59	3,531	55.9%	3,151	39.1%	2,670	17.9%
Shopping Center	8.21	1,334	10.11	2,447	83.4%	2,184	63.7%	1,850	38.7%
Supermarket	14.52	2,359	22.92	5,547	135.1%	4,951	109.9%	4,194	77.8%
Convenience Store/Gas Station	81.48	13,235	69.84	16,901	27.7%	15,085	14.0%	12,781	-3.4%
Restaurant	31.74	5,155	43.64	10,561	104.9%	9,426	82.9%	7,986	54.9%
Fast Food with Drive-Through	33.44	5,431	88.03	21,303	292.3%	19,014	250.1%	16,109	196.6%
Fast Food ***without*** Drive-Through	28.1	4,427	70.24	16,998	284.0%	15,172	242.7%	12,854	190.4%
Bank with Drive-Through	49.66	8,067	57.83	13,995	73.5%	12,491	54.8%	10,583	31.2%
"Big Box" retail-freestanding >100,000 sq ft.	9.01	1,463	13.93	3,371	130.4%	3,009	105.7%	2,549	74.2%
Home Improvement Superstore	6.85	1,112	5.75	1,392	25.1%	1,242	11.7%	1,052	-5.4%
General Office	8.25	1,339	8.22	1,989	48.6%	1,776	32.6%	1,504	12.3%
Medical-Dental Office	19.27	3,036	19.62	4,748	56.4%	4,238	39.6%	3,590	18.3%
Light Industrial	10.45	1,697	10.45	2,529	49.0%	2,257	33.0%	1,912	12.7%
Heavy Industrial	6.54	1,063	6.54	1,583	48.9%	1,413	32.9%	1,197	12.6%
Hotel/Motel	6.43	1,045	6.32	1,529	46.4%	1,365	30.6%	1,157	10.7%
Motor Vehicle Sales	8.63	1,360	8.08	1,955	43.8%	1,745	28.3%	1,479	8.7%
Average Increase Over Current Fees					**94.1%**		**73.2%**		**46.8%**

If non-residential fees were based upon the” Construction Costs Only” scenario, fees for two land uses would decline: Home Improvement Superstore (-5.4%) and Convenience Store/Gas Station (-3.4%).

Eight fees would increase by 18.3% or less: Medical-Dental Office (18.3%), General Commercial/Retail (17.9%), Light Industrial (12.7%), Heavy Industrial (12.6%), General Office (12.3%), Hotel/Motel (10.7%), and Motor Vehicle Sales (8.7%).

Fees for seven land uses would increase substantially: Fast Food with Drive-Through (196.6%), Fast Food without Drive-Through (190.4%), “Big Box” retail-freestanding > 100,000 sq.ft. (77.8%), Restaurant (16.2%), and to a somewhat smaller extent, Shopping Center *(38.7%), and Bank with Drive-Through (31.2%)

Task 2 Conclusions and Recommendations

The current analysis benefits from the inclusion of construction cost data from more projects than were available in the 2003 study that helped develop the original non-residential development impact fees. The additional data provide a bigger sample set to identify average roadway project costs.

It seems reasonable for Pima County to consider revising the ordinance to incorporate the recommended fee changes addressed in Task 2 of this special analysis. However, it should be left to County administrators and the Board of Supervisors to identify which level of construction cost (Total, Total without Right of Way, or Construction Cost Only) to include in the fee changes. If the highest (Total) fees are implemented, County staff would revise the wording in the ordinance to include right-of-way costs in the calculation of the development impact fees.

Task 3: Evaluate the Inclusion of Right-of-Way Costs

This task evaluates whether or not inclusion of right-of-way costs into the impact fee calculation is advisable. The consultant met with Pima County DOT staff and Pima County Attorney's Office/Civil Division staff to discuss this issue on January 17, 2006. This discussion focused primarily on whether Pima County should provide credits against impact fees for dedications of right-of-way. The County Attorney's Office representatives agreed to research the issue of whether state statutes mandated the granting of credits for right-of-way donations. At this meeting, it was agreed that Pima County DOT was not requesting a formal, written legal opinion from the County Attorney's Office, which was to later report to DOT verbally on this matter. Absent a mandate to grant such credits, the issue of including right-of-way costs and the granting of credits for right-of-way donations could be considered a matter of policy, to be determined by the Board of Supervisors.

County Authority to Include Right-of-Way Costs

The County's impact fee program is governed by Arizona Revised Statutes §11-1102, shown in Attachment 2. This statute states that a "county may assess development fees … to offset the capital costs for … streets….," but that statute does not otherwise define what constitutes capital costs of streets.[2] Of course, right-of-way acquisition is universally considered a normal capital cost for all manner of public infrastructure and is included as a legitimate capital cost in the Arizona State Constitution and in other statutes relating to transportation.

For example, the Arizona State Constitution, at Article 9, Section 14 limits expenditure of all vehicle related fees and taxes collected by the State to "highway and street purposes," including the "costs of rights of way acquisitions and expenses related thereto".[3] Similarly, State statutes governing the Regional Transportation Authority call out right-of-way acquisition as an allowable expenditure of transportation excise tax revenues, show in Attachment 3. [4]

The Consultant undertook a limited survey of other jurisdictions in Arizona to determine whether right-of-way costs were routinely included in the calculation of impact fees. This survey included Yavapai County, the only other Arizona county with a current impact fee program; Tucson, Marana, and Oro Valley in Pima County; and Carefree, Glendale, Goodyear, Peoria and Phoenix in Maricopa County (see Exhibit 9).[5]

Only two jurisdictions did not include right-of-way costs in their impact fee calculations – Tucson and Carefree. Glendale's development impact fee program ordinance imposes an impact fee "for the purposes of defraying the cost of providing public services, including streets, but only specifies that "costs have been ascertained in an extensive study and are documented in a written report which has been released to the public."[6] No link to this report could be found in a search of the City's web site, so the Consultant can not be certain whether they included right-of-way acquisition costs in their impact fee program.

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2 See A.R.S. §11-1102(A). A.R.S. §9-463(05) uses the same language to enable cities and towns to impose development impact fees.
3 Arizona State Constitution, Article 9, Section 14
4 See A.R.S. §48-5308(C)
5 To limit costs, the Consultant relied solely on e-mail exchanges with the Pima County jurisdictions and an Internet search for the other jurisdictions.
6 City of Glendale Municipal Code, Chapter 28 Planning and Development, Article VI, Development Impact Fees

Exhibit 9 Inclusion of Right-of-Way Costs in Impact Fee Programs

Jurisdiction	ROW Costs Included
Other Arizona Counties	
Yavapai	Yes
Other Pima County Jurisdictions	
Tucson	No
Marana	Yes
Oro Valley	Yes
Maricopa County Jurisdictions	
Carefree	No
Glendale	Uncertain
Goodyear	Yes
Peoria	Yes
Phoenix	Yes

Based upon this limited analysis and investigation, it seems reasonable to conclude that Pima County can include right-of-way costs in its calculation of impact fees.

Inclusion of Right-of-Way Costs in Pima County Fee

In first implementing its development impact fee program, Pima County chose to not include right-of-way costs in the calculation of impact fees, citing the variability of such costs as the explanation for their exclusion.[7]

Exhibit 10 clearly establishes the continuing variability of right-of-way costs. Overall, right-of-way costs accounted for 11.0% of total project costs for these projects.[8] On a project-by-project basis, however, right-of-way costs were variable. For two projects, right-of-way costs were significant: Wetmore/Ruthrauff had right-of-way costs of $8,024,312 (32.4%) and for River Road, First to Campbell $4,873,158 (22.2%). For the other sixteen projects, right-of-way costs accounted for anywhere from 12.6% for Thornydale, Ina to Cortaro Farms to only 0.2% for River Road, Shannon to La Cholla.

[7] See the County Administrator's transmittal to the Board of Supervisors for its March 18, 2003, "Roadway Development Impact Fees Direction and Discussion Regarding Development of New Fees and Modification of the Current Ordinance," Page 3: "Right of-was cost was excluded as it is highly variable."

[8] Construction costs alone accounted for 75.7% of total project costs. See Task 2, Exhibit 4 "Transportation Projects Included in Cost Analysis."

In fact, if the two largest right-of-way projects are excluded from the calculation, average right-of-way costs were only $543,558, or 4.3% of total project costs. This latter data would suggest that on major arterial streets of the kind slated for impact fees, right-of-way costs may be small enough that there would little, or at least only a minimal, impact on revenues generated by the County's impact fee program. The Consultant recommends that the County review its known list of "impact fee roadways" to ascertain whether or not the essential right-of-way is already in Pima County ownership.

Exhibit 10 Right-of-Way Costs in Completed 1997 HURF Revenue Bond Projects

Project	Right-of-Way Costs	Total Costs	% of Costs
Wetmore/Ruthrauff Rd: La Cholla-Fairview	8,024,312	24,773,760	32.4%
River Road: First to Campbell Ave	4,873,158	21,968,507	22.2%
Thornydale: Ina to Cortaro Farms	2,114,550	16,772,469	12.6%
Sabino Canyon at Kolb	673,317	6,402,049	10.5%
La Cholla, River to Magee	2,546,984	25,081,311	10.2%
Shannon Rd: Ina to Magee	704,493	7,669,166	9.2%
First Ave/River Rod to Orange Grove	768,245	15,227,125	5.0%
Valencia Rd. - South 12th Avenue Intersection	51,761	1,262,212	4.1%
Skyline, Chula Vista to Campbell	858,606	22,790,509	3.8%
Ajo: Country Club to Alvernon	225,450	6,758,819	3.3%
River Road: Thornydale Road to Shannon Road	233,142	9,253,622	2.5%
Golf Links Road / Bonanza Ave. to Houghton Rd.	60,242	2,701,282	2.2%
Sunrise Drive: Swan to Craycroft	339,587	15,305,331	2.2%
Pistol Hill Rd, Colossal Cave to Old Spanish Trail	24,978	1,712,613	1.5%
S. 12th Ave: Los Reales Road to Lerdo Road	56,694	6,890,131	0.8%
Thornydale Road: Orange Grove to Ina	13,014	3,052,353	0.4%
River Road: La Cholla Blvd. to La Cañada Dr.	18,028	4,629,489	0.4%
River Road: Shannon to La Cholla	7,840	4,947,274	0.2%
Totals	21,594,401	197,198,022	11.0%
Averages excluding Wetmore/Ruthrauff and River, First to Campbell	543,558	9,403,485	4.3%

Because this analysis was limited to e-mail communications and Internet searches, no attempt was made to ascertain the methodologies that jurisdictions use in assessing right-of-way costs for inclusion in impact fees. The Town of Marana did report that it includes $30,000 per acre for its impact fees in the Northwest Transportation and Parks ordinances, but also reported that actual land costs had increased in this area to $140,000 per acre.

Marana's approach highlights a conceptual difficulty that Pima County would face in including right-of-way costs in impact fee calculations. The Town uses a per acre cost of land in a relatively compact, geographically similar area, while Pima County would need to establish a cost figure that could be applied countywide, in ten quite disparate benefit areas. Of course, the County has already imposed a countywide fee based upon construction costs alone. An argument could be made, however, that while construction costs are influenced by geography, they are not as variable, or at least are variable in a substantially different manner, than are right-of-way costs. Construction costs, therefore, would be more accurately represented by an average figure than would right-of-way costs.

Credit for Right-of-Way Dedication

Unless the County Attorney's Office opines that such credits are mandatory, the County can consider the granting of credits for right-of-way donations discretionary. Of the jurisdictions including right-of-way costs in their impact fees, Marana, Goodyear, Peoria and Phoenix explicitly make provisions for credits for right-of-way dedications, among other potential credits. Yavapai County's web page makes no mention of credits against impact fees and Oro Valley's e-mail did not explicitly address this question.

Assuming these credits are discretionary, the basic question for Pima County would seem to be, since it does not assess impact fees against right-of-way costs in the first place, would it then be consistent public policy to grant a credit for the donation of right-of-way.

Task 3 Conclusions and Recommendations

In first implementing its development impact fee program, Pima County chose to not include right-of-way costs in the calculation of impact fees, citing the variability of such costs as the explanation for their exclusion. A limited survey of nine jurisdictions in Arizona revealed that right-of-way costs were routinely included in the calculation of current impact fees.

An interpretation of the current Pima County statute on development impact fees may allow for right-of-way costs to be included in the capital cost of roadway improvements that would be eligible for calculating impact fees.

If right-of-way is allowed to be included in the construction cost calculation, Pima County must decide whether to allow for credits against the impact fee amount for right-of-way donations from owner/developers.

Task 6: Jurisdictional Review

This task provides a review of non-residential impact fees in other Arizona jurisdictions. Of the other Arizona jurisdictions in the minimal survey for this report, three jurisdictions did not assess development impact fees against commercial, non-residential land uses – Yavapai County and the Towns of Marana and Oro Valley (see Exhibit 11). [9]

Exhibit 11 Survey Jurisdictions Assessing Non-Residential Impact Fees

Jurisdiction	Impose Commercial Fees
Other Arizona Counties	
Yavapai	No
Other Pima County Jurisdictions	
Tucson	Yes
Marana	No
Oro Valley	No
Maricopa County Jurisdictions	
Carefree	Yes
Glendale	Yes
Goodyear	Yes
Peoria	Yes
Phoenix	Yes

Brief discussion of methodological differences

The Consultant's limited survey methodology did not provide the opportunity to determine and compare in detail the County's methodology with the jurisdictions in the survey. County DOT staff provided a comparison of the County's and Tucson's methodology for calculating non-residential impact fees for "Commercial/Retail" land uses as an example (see Attachment One). Furthermore, the City of Phoenix's ordinance, which is available at its web site, provides comparable information on its calculations for transportation impact fees. This information is summarized in Exhibit 12.

All three jurisdictions include a calculation of trip rates, but Pima County and Phoenix use daily or weekday trips, while Tucson uses peak hour trips. All three jurisdictions include a measure of the % Primary Trips associated with the development, with Primary Trip defined as the "stop at the generator is the primary reason for the trip."[10] Also, all three jurisdictions include a measure of trip length.

Pima County, however, also includes measures of a "peak hour reduction factor" and "% arterial usage." These factors further refine the fee to the impacts on the major street system, for which the fees would be used, and to the most congested periods of travel.

[9] The Town of Marana levies a construction sales tax that collects revenues from commercial development and allocates a portion of those revenues to transportation purposes. The Town of Oro Valley uses development agreements to collects revenues for transportation improvements.

[10] This definition is provided in the City of Phoenix development impact fee ordinance, Chapter 29, Section 29-3, Definitions.

Exhibit 12 Methods for Calculating Demand Side of Impact Fees

	Pima County	Tucson	Phoenix
Factors Used in Calculations	Daily trip rate	Peak hour trips	Average weekday trips
	% Primary trips	% Primary trips	% Primary trips
	Trip length	Trip length	Trip length
	Peak hour reduction factor		
	% Arterial usage		

As County DOT staff notes, the County's and City's "cost calculations differ substantially" (See Attachment One).

Comparison of Land Use Categories Used In Non-Residential Fee Methodologies

Attachment 4 compares the complexity, or lack of complexity, in the land uses categories used by various jurisdictions in their non-residential impact fee programs. The levels of complexity range from Goodyear's simple six-category and Tucson's five-category scheme to the multiple layers of categories in the Phoenix program.

All of the jurisdictions have separate categories for Industrial, with Pima County distinguishing between Light and Heavy Industrial. All of the jurisdictions, except Pima County, have separate categories for Warehousing and the five Maricopa County jurisdictions have a separate category for Manufacturing and four distinguish Business Parks.

Pima County and Phoenix utilize a detailed, functional classification of commercial/retail land uses, while Phoenix also utilizes categories based upon the number of square feet in a development. Three of the Maricopa County jurisdictions only distinguish commercial/retail uses by the number of square feet in the development. All of the Maricopa County jurisdictions but Goodyear also employ number of square feet to categorize Office/Institutional land uses.

These differences in complexity of land use categories probably reflect institutional differences in how each jurisdiction approaches impact fees, as well as objective differences in the nature of their various economies. Pima County's classification scheme appears suited to its needs and economic realities, although the County might wish to look at developing separate land use categories for Manufacturing, Warehousing, and Business Parks.

Comparison of Non-Residential Impact Fee Rates by Square Foot

All of these jurisdictions set rates based upon units of 1,000 square feet. For its non-residential impact fees, Phoenix utilizes a complex set of "equivalent dwelling unit" calculations, which is a ratio for each separate land use compared to a standard single family dwelling unit and the actual fees could not be determined from the ordinance on its web site. All of the other jurisdictions present specific rates in their ordinances and these are summarized in Exhibit 13 below.

Pima County, Carefree, Glendale and Goodyear applies fees jurisdiction-wide, while Tucson distinguishes between the Central Benefit Area and the rest of the City and Peoria sets different fees for its three benefit areas. In Peoria, the fee structure for the North Benefit Area is set at a level substantially higher than for any other jurisdiction in the limited survey.

Since there is significant variation in the land use categories employed by each jurisdiction, it is difficult to compare and contrast impact fees precisely, but it would appear safe to make the following comments on Pima County's rates:

- Carefree and Peoria's South Benefit Area have very low impact fee rates across the board
- With the exception of the rate of $13,235 per 1,000 square feet for Convenience Store/Gas Station, Pima County's are roughly comparable with those of Tucson, Glendale, and Peoria's North and Central benefit areas.
- Pima County's rates for Office are lower than those for the Peoria North Benefit Area and for Tucson's rates and the County's rates have a higher range than those for Glendale and Peoria's Central Benefit Area
- Industrial impact fee rates in Peoria's North Benefit Area and in Tucson outside of the Central Benefit Area are higher than the County's; Carefree, Glendale, and Peoria's Central and South Benefit Areas have very low impact fee rates.

Exhibit 13 Comparison of Non-Residential Impact Fees

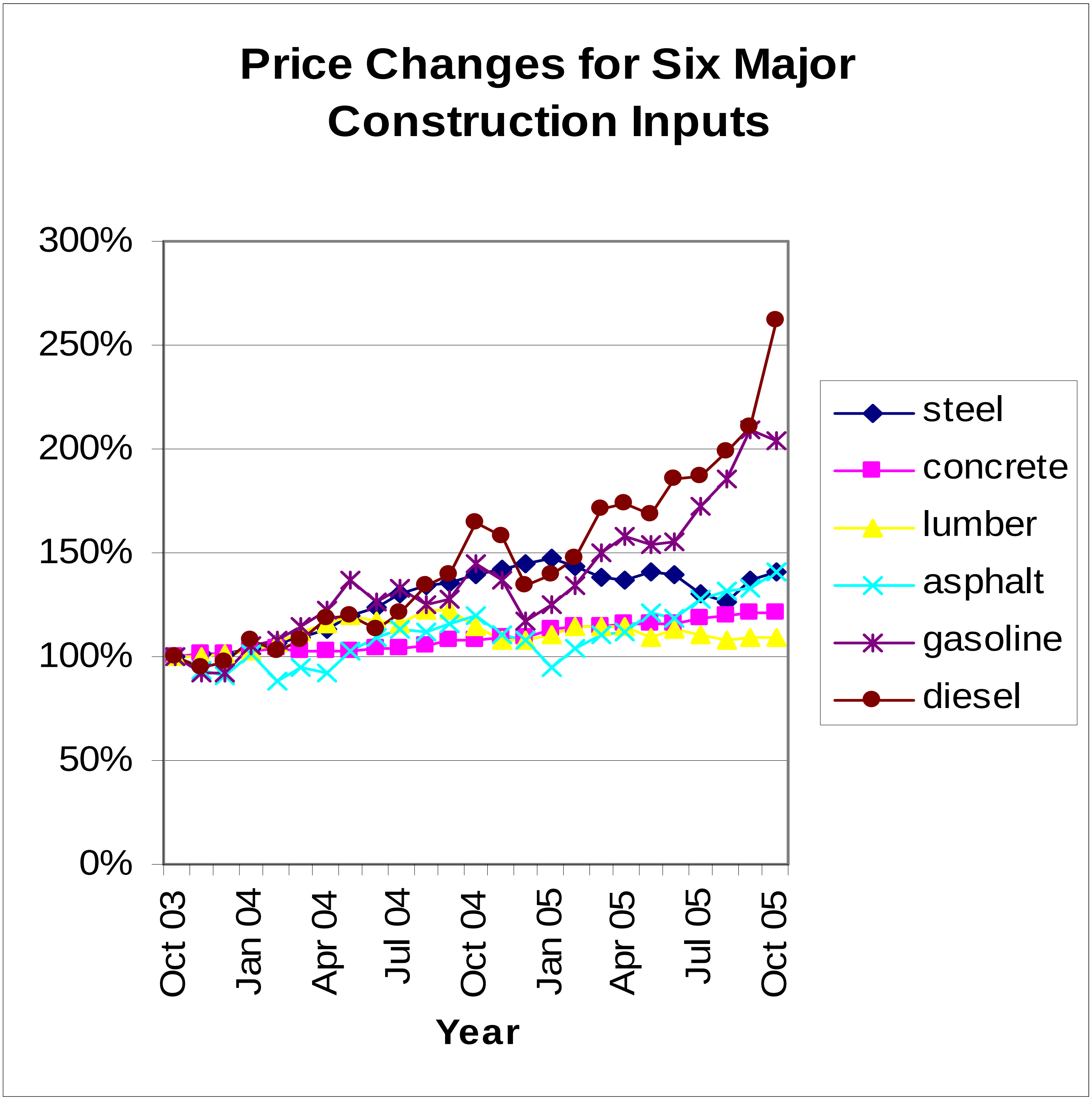
Jurisdiction	Commercial/Retail	Office	Industrial
Pima County	From $1,112 for Home Improvement Superstore and $1,334 for Shopping Center to $13,235 for Convenience Store/Gas Station	From $1,339 for General Office to $3,036 for Medical-Dental	From $1,063 for Heavy Industrial to $1,697 for Light Industrial
Tucson	From $3,061 in the Central Benefit Area to $3,976 in the rest of the City	From $3,637 in the Central Benefit Area to $4,724 in the rest of the City	From $1,570 in the Central Benefit Area to $2,039 in the rest of the City
Carefree	From $931 for Commercial > 150,000 s.f. to $1,241 for Commercial < 75,000 s.f.	From $425 for Office > 75,000 s.f. to $618 for Office < 17,500	$189
Glendale	From $1,649 for Commercial > 200,000 s.f. to $2,484 for Commercial < 50,000 s.f.	From $913 for Office > 100,000 s.f to $2,578 for Office < 25,000 s.f.	$649
Goodyear	$1,371	$803	$215
Peoria	North: From $10,921 > 200,000 s.f. to $18,470 < 25,000 s.f.	North: From $4,242, > 100,000 s.f. to $8,499 < 10,000 s.f.	$2,616
	Central: From $2,730 > 200,000 s.f. to $4,618 < 25,000	Central: From $1,061 > 100,000 s.f. to $2,125 < 10,000 s.f.	$654
	South: From $596 > 200,000 s.f. to $1,007 < 25,000 s.f.	South: From $231 > 100,000 s.f. to $464 < 10,000 s.f.	$143

Task 6 Conclusions and Recommendations

There is great variability in the structure of the methodologies for determining non-residential development impact fees among the jurisdictions in CLA's limited survey. These differences in complexity of land use categories probably reflect institutional differences in how each jurisdiction approaches impact fees, as well as objective differences in the nature of their various economies. Pima County's classification scheme appears suited to its needs and economic realities.

ATTACHMENTS

Attachment 1



Attachment 2

11-1102. <u>County development fees</u>

A. If a county has adopted a capital improvements plan, the county may assess development fees within the covered planning area in order to offset the capital costs for water, sewer, streets, parks and public safety facilities determined by the plan to be necessary for public services provided by the county to a development in the planning area.

B. Development fees assessed under this section are subject to the following requirements:

1. Development fees shall result in a beneficial use to the development.

2. Monies received from development fees shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Interest earned on monies in the separate fund shall be credited to the fund.

3. The county shall prescribe the schedule for paying the development fees. The county shall provide a credit toward the payment of the fee for the required dedication of public sites and improvements provided by the developer for which that fee is assessed. The developer of residential dwelling units shall be required to pay the fees when construction permits for the dwelling units are issued.

4. The amount of any development fees must bear a reasonable relationship to the burden of capital costs imposed on the county to provide additional necessary public services to the development. In determining the extent of the burden imposed by the development, the county shall consider, among other things, the contribution made or to be made in the future in cash by taxes, fees or assessments by the property owner toward the capital costs of the necessary public service covered by the development fee.

5. Development fees shall be assessed in a nondiscriminatory manner.

6. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the county shall take into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

C. Before assessing or increasing a development fee, the county shall:

1. Give at least one hundred twenty days' advance notice of intention to assess a new or increased development fee.

2. Release to the public a written report including all documentation that supports the assessment of a new or increased development fee.

3. Conduct a public hearing on the proposed new or increased development fee at any time after the expiration of the one hundred twenty day notice of intention to assess a new or increased development fee and at least fourteen days before the scheduled date of adoption of the new or increased fee.

D. A development fee assessed pursuant to this section is not effective for at least ninety days after its formal adoption by the board of supervisors.

E. This section does not affect any development fee adopted before the effective date of this section.

Attachment 3

Article 9

14. Use and distribution of vehicle, user, and gasoline and diesel tax receipts

Section 14. **No moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on the public highways or streets** or to fuels or any other energy source used for the propulsion of vehicles on the public highways or streets, **shall be expended for other than highway and street purposes** including the cost of administering the state highway system and the laws creating such fees, excises, or license taxes, statutory refunds and adjustments provided by law, payment of principal and interest on highway and street bonds and obligations, expenses of state enforcement of traffic laws and state administration of traffic safety programs, payment of costs of publication and distribution of Arizona highways magazine, state costs of construction, reconstruction, maintenance or repair of public highways, streets or bridges, **costs of rights of way acquisitions and expenses related thereto**, roadside development, and for distribution to counties, incorporated cities and towns to be used by them solely for highway and street purposes including costs of rights of way acquisitions and expenses related thereto, construction, reconstruction, maintenance, repair, roadside development, of county, city and town roads, streets, and bridges and payment of principal and interest on highway and street bonds. As long as the total highway user revenues derived equals or exceeds the total derived in the fiscal year ending June 30, 1970, the state and any county shall not receive from such revenues for the use of each and for distribution to cities and towns, fewer dollars than were received and distributed in such fiscal year. This section shall not apply to moneys derived from the automobile license tax imposed under section 11 of article IX of the Constitution of Arizona. All moneys collected in accordance with this section shall be distributed as provided by law. (Emphasis added)

A.R.S. 48-5308. Distribution from regional transportation fund

C. Except as provided in subsection D of this section, monies in the construction account of the regional transportation fund shall be spent, pledged or accumulated for the design, **right-of-way purchase**, construction, operation, maintenance and contiguous open space preservation purchase compatible with local environmental ordinance of, and within the expenditure limits for, each element of the regional transportation plan. (Emphasis added)

Attachment 4 Non-Residential Land Uses Employed by Various Arizona Jurisdictions

Carefree	**Glendale**	**Goodyear**	**Peoria**
Commercial < 75,000 s.f.	Retail/Commercial/Shopping Center <50,000 s.f.	Commercial/Retail	Commercial/Shopping Center < 25,000 s.f.
Commercial, 75,000 - 150,000 s.f	Retail/Commercial/Shopping Center 50,000 - 1000,000 s.f.		Commercial/Shopping Center 25,000 - 50,000 s.f.
Commercial > 150,000 s.f.	Retail/Commercial/Shopping Center 1000,000 - 200,000 s.f.		Commercial/Shopping Center 50,000 - 100,000 s.f.
	Retail/Commercial/Shopping Center > 200,000 s.f.		Commercial/Shopping Center 100,000 - 200,000 s.f.
			Commercial/Shopping Center > 200,000 s.f.
Office <17,5000 s.f.	Office/Institutional < 25,000 s.f.	Office/Institutional	Office/Institutional < 10,000 s.f.
Office, 17,000 - 75,000 s.f.	Office/Institutional 25,000 - 50,000 s.f.		Office/Institutional 10,000 - 25,000 s.f.
Office > 75,000 s.f.	Office/Institutional 50,000 - 100,000 s.f.		Office/Institutional 25,000 - 50,000 s.f.
	Office/Institutional > 100,000 s.f.		Office/Institutional 50,000 - 100,000 s.f.
			Office/Institutional >100,000 s.f.
Industrial Park	Light Industrial	Light Industrial	Light Industrial
Manufacturing	Manufacturing	Manufacturing	Manufacturing
Warehousing	Warehousing	Warehousing	Warehousing
	Business Park	Business Park	Business Park

Tucson	**Pima County**
Shopping Center/Retail	**Commercial/Retail**
	General Commercial/Retail
	Shopping Center
	Mega Shopping Center > 300,000 s.f.
	Supermarket
	Convenience Store/Gas Station
	Restaurant
	Fast Food w/Drive-Through
	Fast Food w/o Drive-Through
	Bank w/ Drive Through
	Mega "Big Box" retail-freestanding > 150,000 s.f.
	Home Improvement Superstore
	Motor Vehicle Sales
General Office	General Office
	Medical-Dental Office
Industrial	Light Industrial
	Heavy Industrial
Industrial/Warehousing	
Hotel/Motel	Hotel/Motel

Phoenix	**Phoenix (con't)**	**Phoenix (con't)**
Retail	Office	Other Nonresidential
Bank w/Drive-in	< 12,500 s.f	Agriculture
Building materials	12,500 - 19,999 s.f.	Bus depot
Convenience w/gasoline pumps	20,000 - 29,999 s.f.	Indoor arena
Convenience w/o gasoline pumps	30,000 - 42,499 s.f.	Outdoor arena
Home furnishing	42,500 - 74,999 s.f.	
Lodging	75,000 - 149,999 s.f.	
Car sales	150,000 - 249,999 s.f.	
Nursery	250,000 - 349,999 s.f.	
Restaurant w/ drive-thru	350,000 - 449,999 s.f.	
Restaurant general	450,000 - 549,999 s.f.	
	550,000 - 699,999 s.f.	
Retail Center	700,000 - 899,999 s.f.	
< 12,500 s.f	900,000 - 1,299,999 s.f.	
12,500 - 19,999 s.f.	1,300,000 - 1,499,999 s.f.	
20,000 - 29,999 s.f.	> 1,500,000 s.f.	
30,000 - 42,499 s.f.		
42,500 - 74,999 s.f.	Industry and Manufacturing	
75,000 - 149,999 s.f.	Warehousing	
150,000 - 249,999 s.f.	Miniwarehouse	
250,000 - 349,999 s.f.	Nursery	
350,000 - 449,999 s.f.		
450,000 - 549,999 s.f.	Public/Quasipublic	
550,000 - 699,999 s.f.	Church or synagogue	
700,000 - 899,999 s.f.	Day care center	
>900,000 s.f.	Elementary school, private	
Retail general	Golf course	
Service station	High school, private	
Service station w/convenience market	Hospital	
Theaters, motion pictures	Nursing home	
	Post-secondary school	
	U.S. post office, privately owned	
	University	