



MEMORANDUM

Date: January 24, 2018

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry,
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Pima County's Roadway Impact Fee Program Update**

Attached is a report prepared by Jonathan Crowe, Principle Planner for the Pima County Transportation Department, regarding Pima County's impact fee program that has been in place since 1996. Impact fees, by statute, can only be spent to build new roads and expand the capacity of existing roads that are needed as a result of new development. The County's impact fee program has been an important supplementary source of funding that is often combined with 1997 HURF bond funds, Regional Transportation Association funds, and federal funds, to complete projects. On average, impact fees have contributed 20 percent of the cost of these roadway projects, showing that often impacts fees are still not covering the actual cost of servicing new development even as the fees have increased over time. The report also shows the revenues collected to date, by benefit area, as well as the specific roadways that were built or expanded with the funds, by benefit area.

This calendar year, the Transportation Department will undertake a new study revising the County's impact fee program to comply with changes in state law that occurred in 2016. While the State Legislature has made it more difficult to implement roadway impact fees, this report shows that this program is an important source of transportation funding.

CHH/dr

Attachment

c: Carmine DeBonis, Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation Department
Yves Khawam, Deputy Director, Transportation Department
Jonathan Crowe, Principle Planner, Transportation Department

Pima County Development Impact Fees Program Status Report, 1996-2017



**Pima County Development Impact Fees
Program Status Report, 1996-2017**

Table of Contents

1.0	Summary.....	2
2.0	Introduction.....	2
3.0	Program History.....	3
3.1	Equity of Impact Fees.....	4
4.0	Revenue Trends.....	5
5.0	Collections.....	6
5.1	Total Collections by Benefit Area.....	6
5.2	Collections by Year and Benefit Area.....	8
6.0	Impact Fees and Housing Permits.....	10
7.0	Expenditures.....	11
7.1	Expenditures by Benefit Area.....	12
7.2	Impact Fee Projects, 1996-2017.....	13
7.3	Recent Impact Fee Projects, 2015-2016.....	15
7.4	Current Impact Fee Projects, 2016-2017.....	16
7.5	Future Impact Fee Projects, 2019-2023.....	16
8.0	Future Program Changes.....	17

Roadway Development Impact Fees



Collected	123.1 million
Expended	\$90.6 million
Programmed	\$32.5 million

1.0 Summary

Since 1996, Pima County has collected over \$123.1 million in roadway development impact fees to help finance roadway needs created by new development. By comparison, the 1997 HURF Bond Program generated \$350 million over approximately the same twenty-year timeframe. Unlike HURF revenues, bonds, federal funds and other sources, impact fees can only be used to expand the roadway system, not maintain existing roads.

More than forty-seven major roadway projects have been completed using impact fees, seven are under construction or design, and four projects are programmed for future years. As development activity continues, impact fees will continue to help finance roadway improvements necessitated by new development. But as this report shows, impact fees though important, typically only contribute a small proportion of the total cost of providing additional capacity resulting from development.

2.0 Introduction

Development Impact Fees (DIFs) are a relatively small but important source of local funding that can be used to help finance infrastructure needs and impacts created by new development. Impact fees are considered a more equitable means of recovering some of the cost of new development compared to taxes which are paid by all residents. Impact fees can be used to help fund sewers, streets, parks and schools but are currently only collected for roadways. Roadway impact fees can't be used to repair existing roadway infrastructure, but they can be used to help build new roads and expand current roadway capacity. This stretches limited transportation funding which can then be used for maintenance and other purposes.

The current impact fee for a single-family residence is \$6,189 which is a relatively small amount compared to the cost of roadway construction, which can be as much as \$5 million per mile. As such, fees must typically be collected for several years before enough funds have accumulated. Even then, impact fees are not typically sufficient to fund large projects and usually need an additional funding source to complete many of the necessary improvements. Impact fees have historically been used to augment

HURF bonds, Regional Transportation Authority funds, as well as regional and federal funds to complete roadway capital projects. Since 2003, impact fees have also been collected for non-residential development as well, but these fees constitute only about 5% of impact fee revenues.

DIFs have raised a total of \$123.1 million in the twenty years since 1996 of which \$90.6 million (74%) have been spent through FY2016/17 with the remainder programmed through FY 2023. While this may seem like a large amount in total, these funds are collected among ten different geographic sub-regions or benefit areas and must be spent on approved projects within those same regions. This means that any single project typically receives a relatively small amount of the total DIF funding. This also means is that impact fees do not capture the full cost of capacity improvements needed to service new development. The proportion of impact fee funding per project varies considerably from none to nearly 100% depending on the project, but the average is 20% of the total funding¹.

The methodology for levying, collecting and spending DIFs is highly restricted by state legislation and requires that fees be collected within - and deposited in accounts identified for - very specific geographic benefit areas in the unincorporated area of Pima County. The funds must then be allocated to projects approved by the Board of Supervisors². Several changes in state law have required Pima County to modify the impact fee program since inception and the most recent changes to state statutes in 2016 require further changes that will be discussed later in this report.

3.0 History of the Impact Fee Program

Pima County development impact fees were originally established in 1996 in seven benefit areas with a fee of \$1,550 per house or “residential unit”. Staff had recommended a fee of \$3,200 per house based on household travel and the cost of roadway capacity improvements at that time. The fee remained unchanged until 2003, when the Board increased the rate to \$2,500 per house, added three new benefit areas, and established fees for non-residential land development. In 2004 the base rate increased to \$3,500 per house with a provision for annual adjustments tied to inflation. In 2006, the rate was raised to \$4,400 per house in part to be consistent with other local jurisdictions. Since 2006 there have been no significant changes to the fee other than annual inflation adjustments which have averaged 3.5% per year. In 2009, the Southwest benefit area was added, and in 2014 the Southeast benefit area was created by combining the Mountain View and Rincon Valley benefit areas. The current residential base fee effective through June 30, 2018 is \$6,189. Fees are lower for higher density development and retirement communities. Figure 3.0 shows the standard residential fee as it has increased from 1996 to 2017.

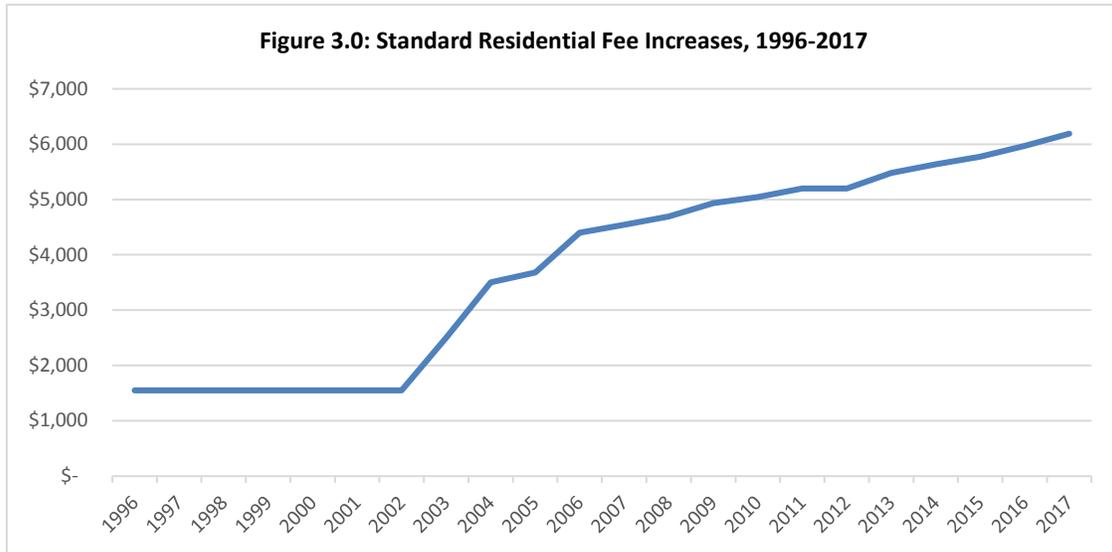
Commercial Impact Fees

Commercial or non-residential fees were established in 2003 and rates vary significantly depending on the land use and the amount of traffic generated. For example, the general commercial/retail rate is \$2,927 per 1,000 square feet, but the rate for a convenience store which generates a significant amount

¹ Average of 31 roadway capital improvement projects from 1997 to 2017 for which data was available.

² Additional information on historical impact fees and funding are available in Huckleberry, C.H., *Transportation Funding Report*, May 7, 2013.

of traffic is \$23,890 per 1,000 square feet. Non-residential fees only represent 4.8% of all fees collected, or about \$6 million since 2003. While a small percentage, the commercial fees are important to help offset the cost of roadway improvements necessary to support new commercial development.



3.1 Equity of Impact Fees

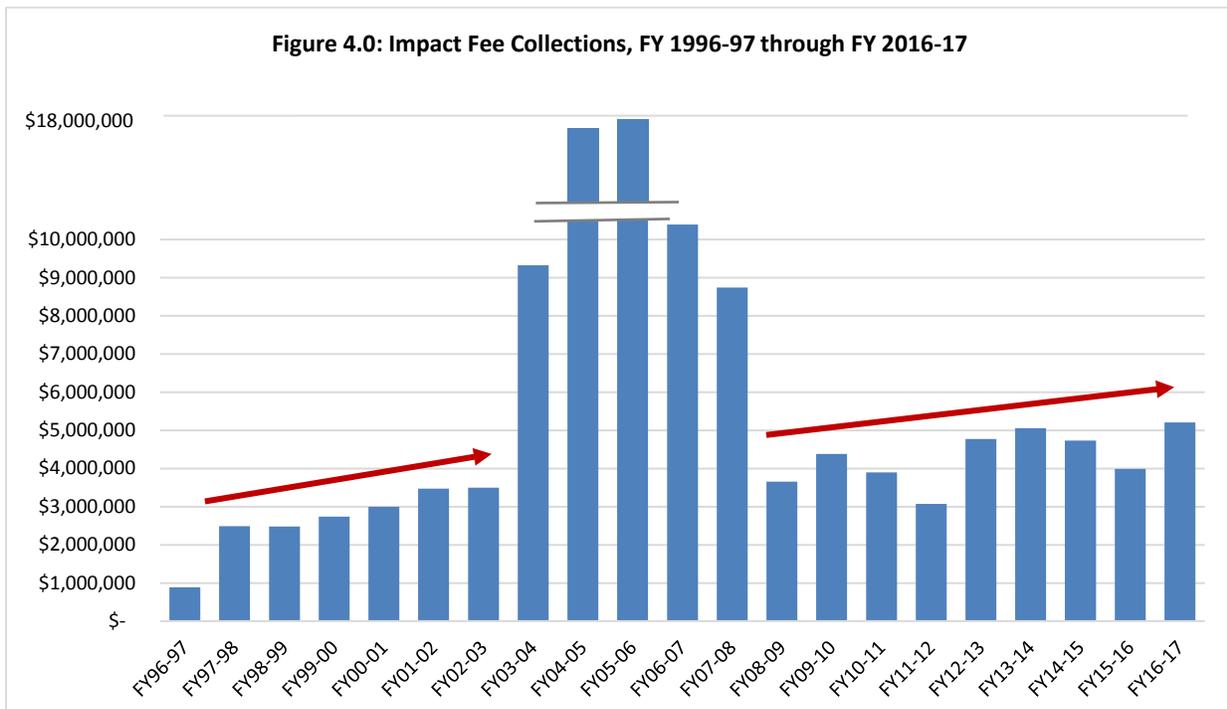
Impact fees are generally considered to be a fair and equitable way for new development to help pay for the impacts resulting from that development and for the new infrastructure needed to service that new development. Without impact fees, that new infrastructure and services must be paid by existing residents typically through gas taxes, bonds, and other means. Unlike sales taxes which apply to all purchases, or property taxes which are assessed against all property owners, impact fees are assessed against new development only, the argument being that new development is generating the need for new infrastructure and should pay a proportionate share of that cost.

4.0 Impact Fee Revenue Trends

Impact fee revenues have grown modestly but steadily from about \$2.5 million per year in FY1996-1997 to about \$5.2 million per year in FY2016-17. The amount of impact fees collected depends on the amount of new development and the impact fee rate. If development activity is down, so are impact fee revenues. As the development fee rate has increased, so have collections. Annexations by Tucson, Marana, and Oro Valley are estimated to have reduced impact fee revenues by over \$73 million since 1996³.

As shown in Figure 4.0 below, impact fee collections surged to over \$17 million per year in 2004 and 2005 due to particularly strong growth in Avra Valley, Mountain View, and Rincon Valley and other areas to a lesser extent. This increase reflects increased housing development activity and issuance of housing and development permits starting in 2003 and continuing through 2007. After the Great Recession and subprime mortgage crisis of 2007-2008, development activity (and housing permits) dropped as sharply as they had increased. Impact fee collections declined to pre-boom levels in 2008 and since FY2009-10 collections have averaged \$4.3 million per year and continue to trend slightly upward.

The general trend upward over the past 20 years is due to a variety of factors including increases in fee rates, the expansion of collection areas, and the addition of non-residential fees. The significant increase in collections in 2003 was due primarily to a boom in housing development and to a lesser degree the establishment of three more benefit areas, which added over \$1.8 million that year alone. Figure 4.0 below shows total impact fee collections from FY 1996-97 through FY 2016-17.



³ See White Paper on Annexation, PC DOT Memo to County Administration, 10/30/17.

5.0 Impact Fee Collections

5.1 Collections by Benefit Area

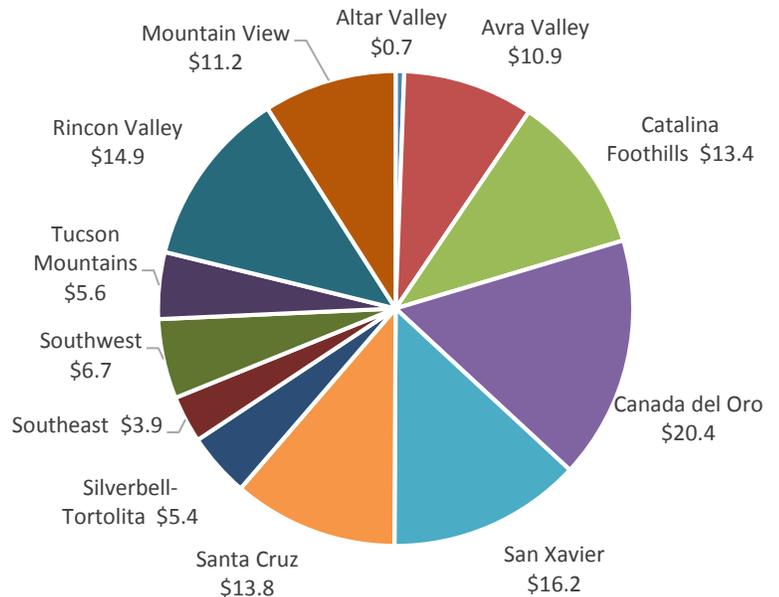
Pima County has collected more than \$123.1 million⁴ in impact fees in twelve benefit areas since the program was initiated in 1996. The Cañada del Oro and San Xavier benefit areas have historically collected the most, at \$20.4 and \$16.2 million, respectively, followed by Santa Cruz and Catalina Foothills, at \$13.8 and \$13.4 million, respectively. However, with the creation of the Southeast benefit area in 2014, that geographic area has collected more than \$30.0 million if you combine the Rincon Valley and Mountain View benefit areas. The Altar Valley has collected the least, at only \$718,166 followed by Silverbell-Tortolita at \$5.4 million. The new Southeast benefit area has collected \$3.9 million since 2014, not including transfers from historical Rincon Valley and Mountain View collections.

Initially there were only seven benefit areas that collected fees in 1996. In 2003, the Altar Valley, Avra Valley, and Mountain View benefit areas were added. In 2009, the Southwest benefit area was created from portions of the Avra Valley and San Xavier benefit areas. In 2014, the Rincon Valley and Mountain View benefit areas were combined to form the new Southeast benefit area. Today there are ten benefit areas that encompass virtually all of eastern Pima County (see Figure 5.2). The total amounts collected within each historical benefit area are shown below in Table 5.1 and shown graphically in Figure 5.1.

Table 5.1: Total Impact Fee Collections

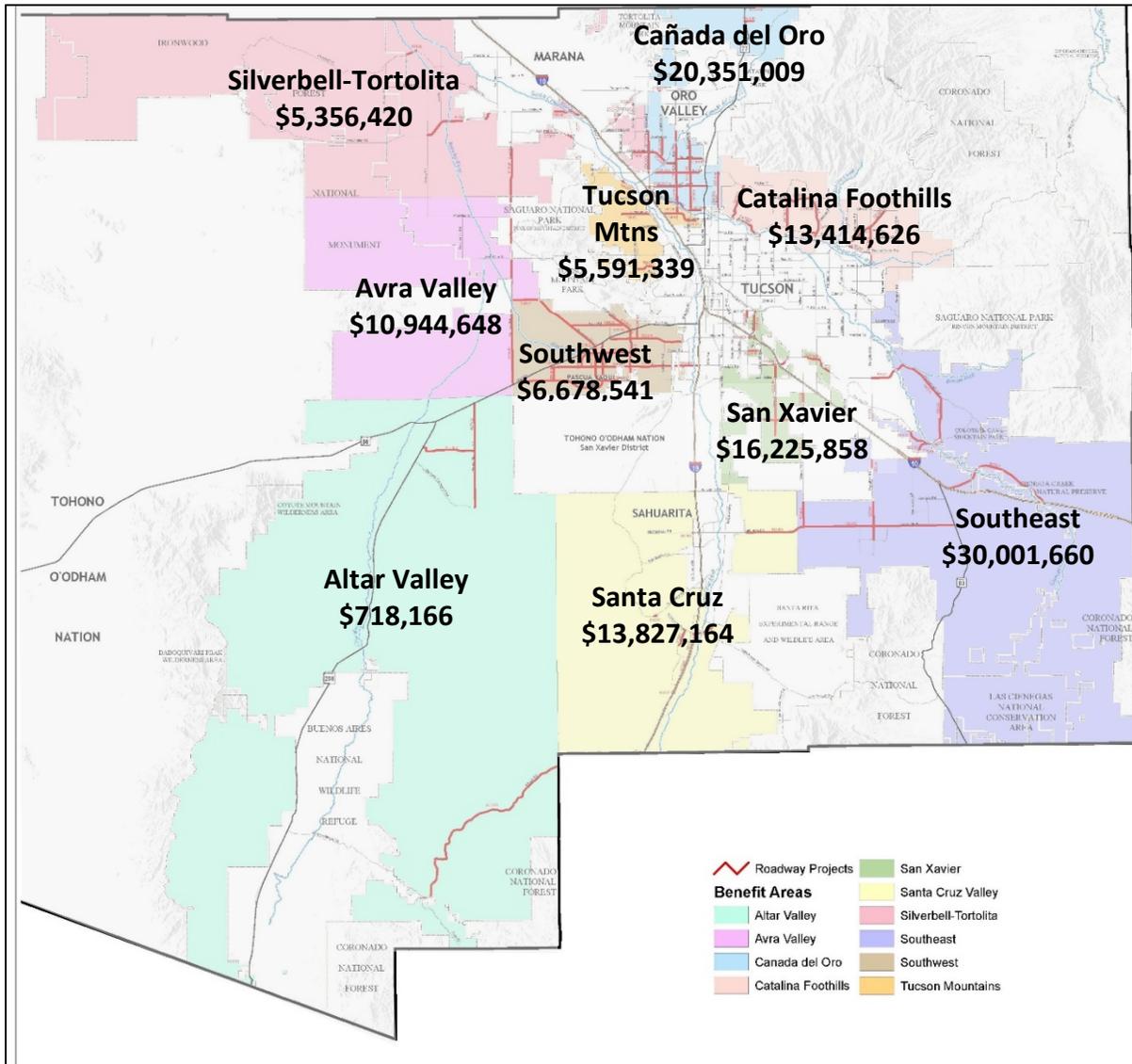
Impact Fee Area	Total Collections	% of total
Altar Valley	\$ 718,166	1%
Avra Valley	\$ 10,944,648	9%
Cat. Foothills	\$ 13,414,626	11%
Cañada del Oro	\$ 20,351,009	17%
San Xavier	\$ 16,225,858	13%
Santa Cruz	\$ 13,827,164	11%
Silv.-Tortolita	\$ 5,356,420	4%
Southeast	\$ 3,936,828	3%
Southwest	\$ 6,678,541	5%
Tucson Mtns	\$ 5,591,339	5%
Rincon Valley	\$ 14,910,401	12%
Mountain View	\$ 11,154,431	9%
TOTAL	\$123,109,431	100%

Figure 5.1: Impact Fee Collections by Benefit Area (\$ millions)



⁴ Collection figures do not include interest, administrative fees and transfers to new benefit areas.

Figure 5.2: Map of Impact Fee Benefit Areas and Amounts Collected



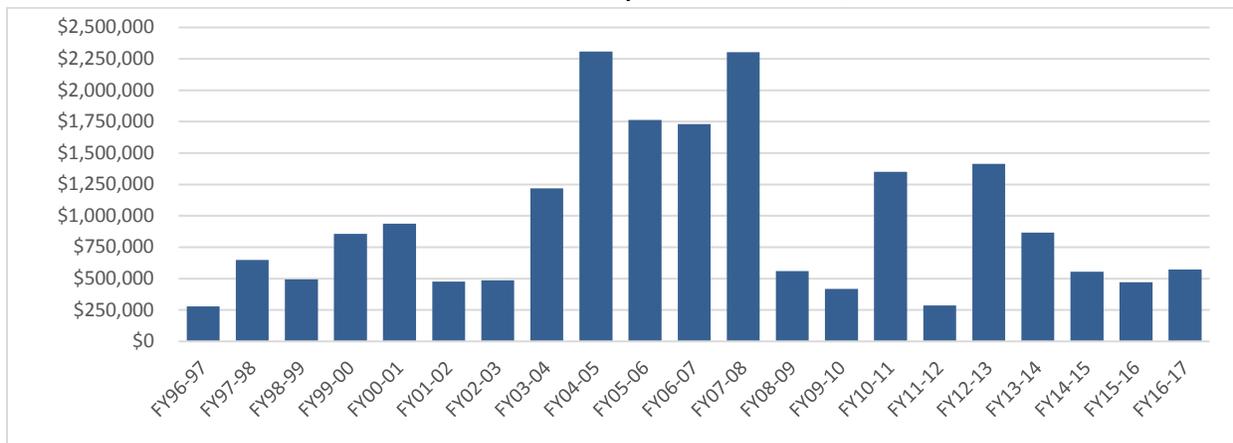
5.2 Collections by Year and Benefit Area

A closer look at impact fee collections by year and by benefit area shows where growth and development have occurred over time. Collections were highest from 1996-2000 in the Cañada del Oro and Catalina Foothills benefit areas. From about 2002-2006 collections peaked in the San Xavier, Avra Valley, Mountain View and Rincon Valley (now Southeast) benefit areas. The past three to six years have shown strong growth in collections in the Southeast, Southwest, and Catalina Foothills benefit areas while all other areas have remained relatively flat. Representative charts of these variations in collections by year and benefit area are shown below.

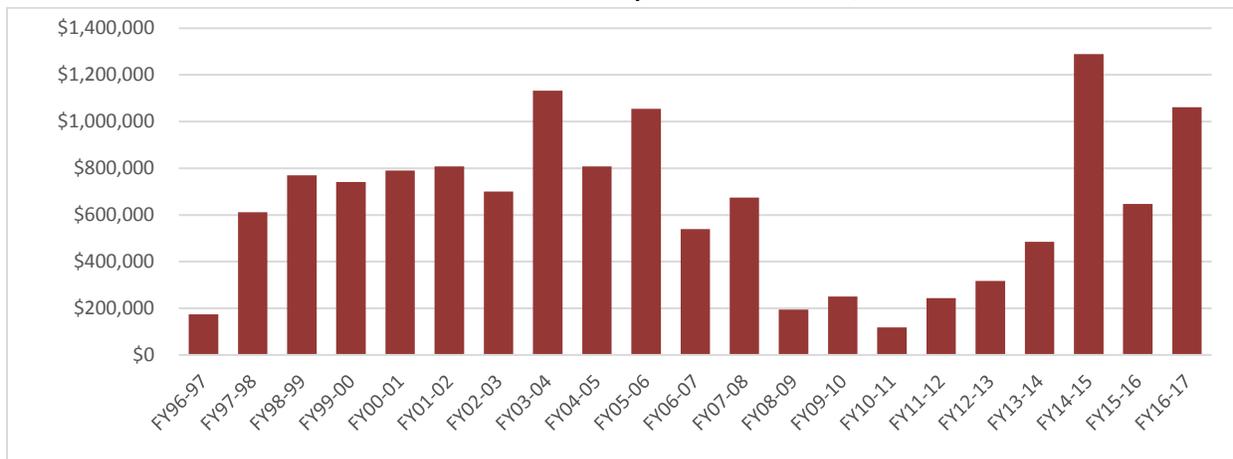
1996-2000: Northwest and Catalina Foothills

During the first years of the Impact Fee program, collections were highest in the Cañada del Oro and Catalina Foothills benefit areas, though both areas have continued to see relatively constant growth with Catalina Foothills in particular trending upward since 2011:

Cañada Del Oro Benefit Area Impact Fee Collections, 1996-2016

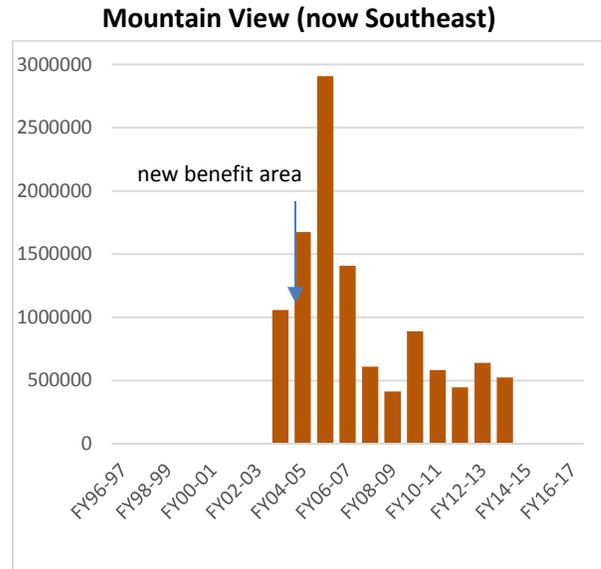
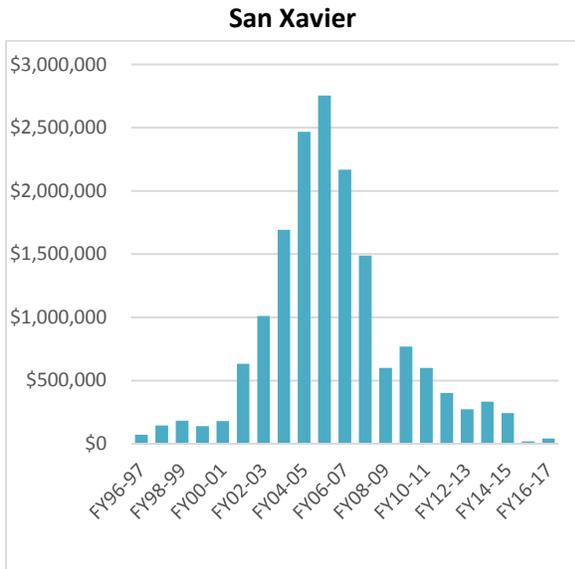


Catalina Foothills Benefit Area Impact Fee Collections, 1996-2016



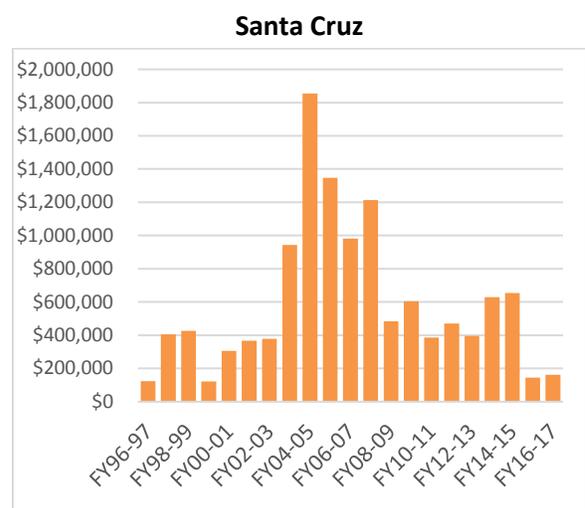
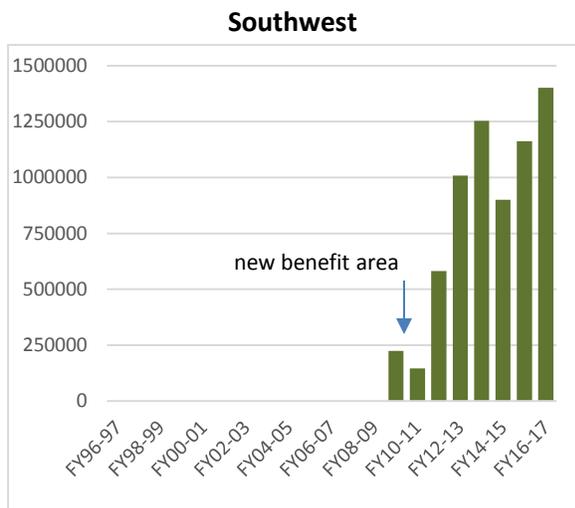
2002-2006: West, South, and East Benefit Areas

From about 2002-2007 collections peaked strongly in the San Xavier, Avra Valley, Mountain View and Rincon Valley (now Southeast) benefit areas:



2011-2016: Southeast, Southwest and Catalina Foothills

The past three to six years have shown strong growth in collections in the Southeast, Southwest (see below), and Catalina Foothills benefit areas while other areas (such as Santa Cruz) have remained relatively flat:

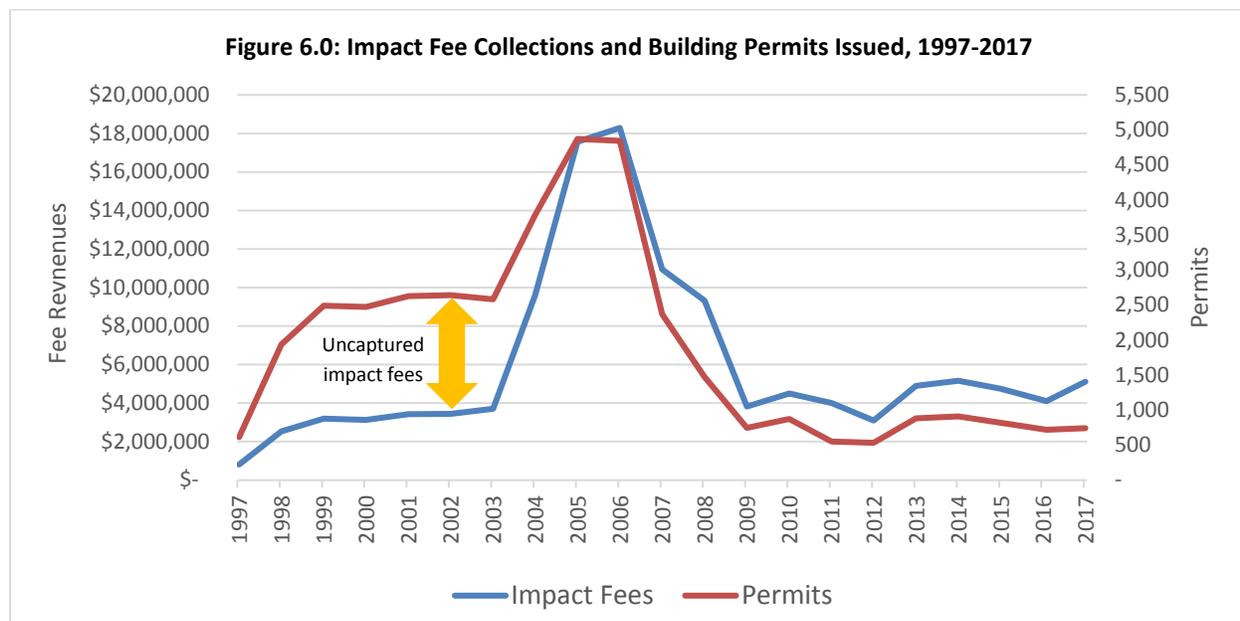


6.0 Impact Fees and Housing Permits

Impact fees are collected when new development occurs, when building permits are issued, so there is generally a direct relationship between building activity and impact fee collections. Historical building permit data indicates that permits averaged about 2,500 permits a year from 1999-2003 then jumped to 4,800 permits per year in 2005 and 2006. Following the subprime mortgage crisis and the Great Recession, permits decreased to about 750 permits per year by 2009 and have remained relatively constant since then.

Figure 6.0 below shows that impact fee collections generally have generally followed building permit activity, with one exception – housing permits (red line) were much higher than impact fees (blue line) from 1997 to 2003. This is likely because the fee amount was so low (\$1,550 per house) and fees were not collected in all areas of the county at that time. In effect, development was occurring that was not being charged an impact fee. Once the fee amount was raised and applied county-wide in about 2005, collections more closely followed permits as shown in the chart below.

The population of unincorporated Pima County grew by 51,844 persons from 1995 to 2015 and is expected to grow at an annual rate of one percent, or lower, in the coming years⁵. Future annexations by Tucson, Marana, Oro Valley and Sahuarita could reduce future impact fee collections.



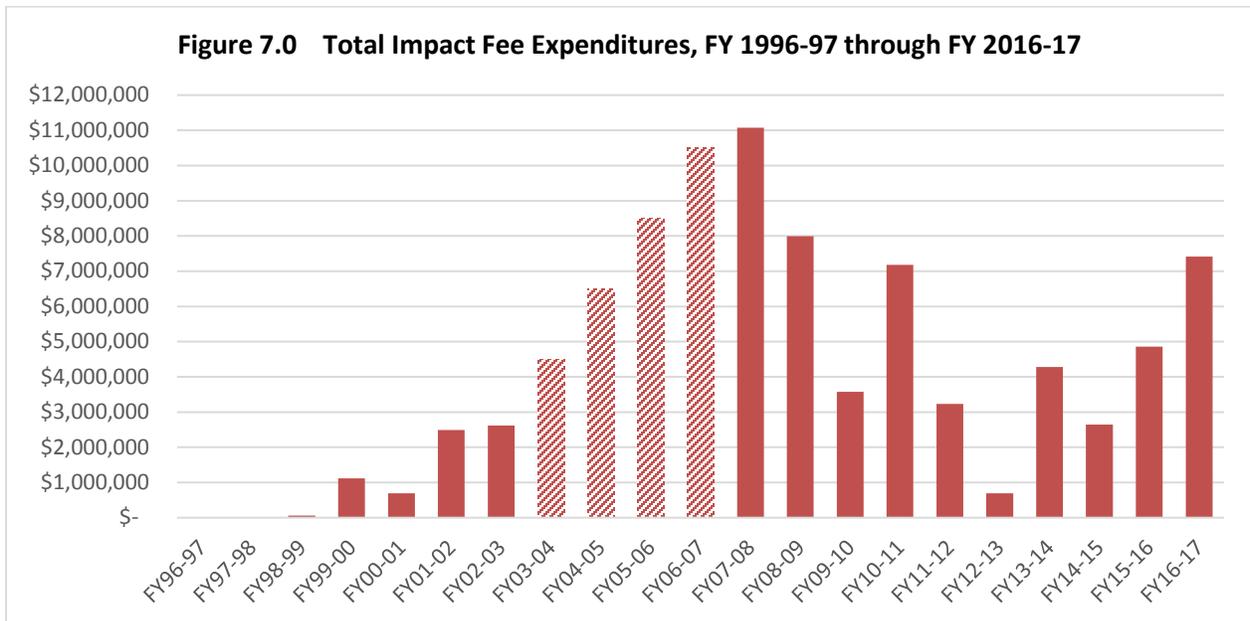
⁵ Pima Association of Governments website.

7.0 Impact Fee Expenditures

A total of \$90.6⁶ million in impact fees (74% of collections) have been spent on more than 47 roadway projects since collections first began in 1996. The amount of DIF expenditures each year have varied depending on several factors, namely how many projects were active, which projects were eligible for DIF funding, and how much DIF funding was allocated for each project. Since impact fees alone are typically not sufficient to fully fund projects, other sources of funding (HURF, bonds, RTA, regional, federal) have primarily determined the amounts and scheduling of impact fee expenditures.

The first significant expenditure in the program occurred in FY 1999-2000, when approximately \$1.1 million was spent collectively in the Cañada del Oro and Santa Cruz benefit areas. In FY 2001-2002, the amount increased to about \$2.5 million, and continued to increase annually to a peak of nearly \$11.1 million in FY 2007-2008. Many of these funds were used to expand several roadway corridors in the northwest part of Tucson. Impact fee expenditures declined to less than \$700,000 in FY 2012-13, then increased to over \$7.4 million in FY 2016-17. As shown, there has been dramatic fluctuations in expenditures year to year based on available funding and programming.

Figure 7.0 below shows impact fee expenditures by year since inception through FY 2016-17⁷. Note that there were virtually no expenditures from 1996 to 1999 while fund accumulated enough to spend on a roadway project.



⁶ Total impact fee expenditures through FY 2016-17.

⁷ Expenditure data between FY 2003-2004 and FY 2006-2007 is only available in aggregate (not by year) due to a change in county financial accounting systems, so these years are shown as a straight line increases, not actual expenditures which likely varied.

7.1 Expenditures by Benefit Area

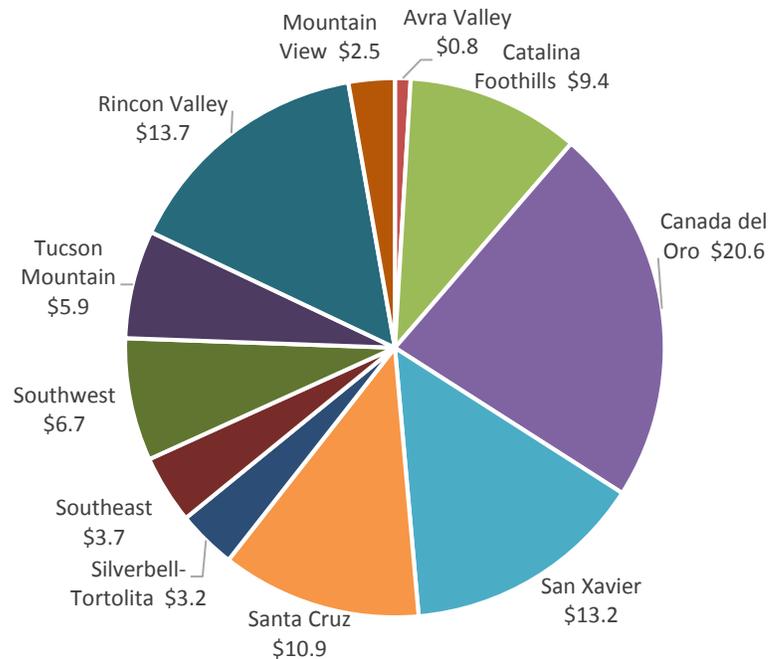
Pima County has spent \$90.6 million in impact fees in eleven benefit areas since the program was initiated in 1996. The expenditure amounts are generally proportional to the amount of fees collected, meaning that more impact fees have been spent in the benefit areas that have had the most development and have collected the most impact fees.

The Cañada del Oro and Rincon Valley benefit areas have collected and spent the most, at \$20.6 million and \$13.7 million, respectively, while the Altar Valley has not spent any funds and Avra Valley has spent only \$847,209. The total amounts spent within each benefit area are shown below in Table 7.1 and shown graphically in Figure 7.1.

Table 7.1 Impact Fee Expenditures

Impact Fee Area	Total Expenditures	% of total
Altar Valley	\$ 0	0%
Avra Valley	\$ 847,209	1%
Cat.Foothills	\$ 9,410,395	10%
Cañ. del Oro	\$ 20,594,986	23%
San Xavier	\$ 13,166,486	15%
Santa Cruz	\$ 10,855,912	12%
Silv-Tortolita	\$ 3,200,546	4%
Southeast	\$ 3,716,041	4%
Southwest	\$ 6,659,216	7%
Tucson Mtns	\$ 5,875,188	6%
Rin.Valley	\$ 13,749,479	15%
Mtn View	\$ 2,509,547	3%
TOTAL	\$ 90,585,005	100%

Figure 7.1 Impact Fee Expenditures by Benefit Area (\$ millions)



7.2 Impact Fee Projects, 1996-2017

With impact fees being collected and spent in specific geographic benefit areas, the amount of impact fee funds available for any individual project are relatively small and projects must be prioritized. Impact fees were typically used to augment larger project budgets that were primarily funded by HURF bonds and the RTA, but in a very few cases impact fees have been used as the sole funding source for smaller projects. Impact fees have been spent on projects in all but the Altar Valley benefit area to date. Table 7.2 lists all impact fee-funded projects, the year completed, the amount of impact fees spent, total project costs and the percentage of impact fees relative to total costs. As shown, impact fees contributed to many of the projects in the 1997 HURF Bond and 2006 RTA programs.

Table 7.2 Impact Fee Projects, 1996-2017

Impact Fee Benefit Areas and Projects	Year Completed	DIF Funding	Total Cost	DIF %
Avra Valley				
Valencia Road: Wade Road to Mark Road	2016	\$ 847,209	\$ 21,000,000	4.0%
Canada del Oro				
Cortaro/Magee Road: Thornydale Rd to Mona Lisa Rd	2014	\$ 2,245,132	NA	NA
Edwin Road: Eagle Crest Ranch Blvd to Columbus Blvd	2010	\$ 1,125,884	NA	NA
First Avenue: River Road to Orange Grove Road	pre 2007	\$ 587,575	NA	NA
Ina Road: Oracle Road Intersection	2014	\$ 358,292	NA	NA
La Cañada Drive: Ina Road to Calle Concordia	2012	\$ 3,399,830	\$ 25,743,491	13.2%
La Cañada Drive: River Road to Ina Road	2015	\$ 4,038,430	\$ 18,750,000	21.5%
La Cholla Boulevard: Magee Road to Overton Road	2014	\$ 2,119,373	\$ 15,720,000	13.5%
La Cholla Boulevard: Overton Rd to Tangerine Rd (MARANA)	FUTURE	\$ 3,180,626	\$ 18,690,000	NA
La Cholla Boulevard: River Road to Omar Drive	2005	\$ 807,510	\$ 26,242,000	3.1%
Magee Road: Mona Lisa Road to La Canada Drive	2015	\$ 1,462,794	NA	NA
Magee Road: Mona Lisa Road to La Cholla Boulevard	2009	\$ 194,365	NA	NA
River Road: La Canada Drive to Fifteenth Avenue	pre 2007	\$ 44,856	NA	NA
Thornydale Road: Hardy Road Intersection	pre 2007	\$ 282,284	NA	NA
Thornydale Road: Ina Road to Cortaro Farms Road	2003	\$ 3,927,000	\$ 16,773,000	23.4%
Catalina Foothills				
Catalina Highway: Tanque Verde Rd to Houghton Rd	2003	\$ 2,479,194	\$ 9,076,000	27.3%
Craycroft Road: River Road to Sunrise Drive	2008	\$ 4,682,055	\$ 31,944,000	14.7%
River Road: Campbell Avenue to Alvernon Way	2007	\$ 2,249,146	\$ 25,588,000	8.8%
Mountain View				
Houghton Road: Camino del Toro Intersection	2008	\$ 870,577	NA	NA
Sahuarita Road: Houghton Road Intersection	2010	\$ 1,638,970	NA	NA
Rincon Valley				
Camino Loma Alta: Old Spanish Trail to Colossal Cave Rd	2010	\$ 2,195,045	NA	NA
Cienega High School Drive Improvements	pre 2007	\$ 49,954	NA	NA
Colossal Cave Road: Acacia School to Old Vail Road	2009	\$ 1,508,738	NA	NA
Colossal Cave Road: Camino Loma Alta to Vail Road	2008	\$ 9,516,018	NA	NA
Houghton Road: I-10 Access	pre 2007	\$ 479,724	NA	NA

(continued)

Table 7.2 Impact Fee Projects, 1996-2017 (continued)

Impact Fee Benefit Areas and Projects	Year Completed	DIF Funding	Total Cost	DIF %
San Xavier				
Craycroft Road: I-10 Improvements (ADOT)	2017	\$ 333,853	\$ 333,835	100.0%
Craycroft Road: Travel Plaza Way (City of Tucson)	2017	\$ 50,093	\$ 228,000	22.0%
Kinney Road: Ajo Way to Bopp Road*	2014	\$ 2,185,639	\$ 4,015,434	54.4%
Swan Road: Los Reales to Valencia Road	pre 2007	\$ 86,489	NA	NA
Valencia Road: Mission Road to Interstate 19	2007	\$ 315,732	\$ 12,528,000	2.5%
Valencia Road: Alvernon Intersection	2014	\$ 209,901	NA	NA
Valencia Road: Alvernon Way to Wilmot Road	2015	\$ 67,551	\$ 22,720,000	0.3%
Valencia Road: Mark Road to Camino de la Tierra	2008	\$ 9,472,340	\$ 20,188,000	46.9%
Valencia Road: Wilmot Road to Kolb Road (RTA)	2018	\$ 169,888	\$ 17,948,000	0.9%
Wilmot Road: North of Sahuarita Road*	2017	\$ 275,000	\$ 8,590,684	3.2%
Santa Cruz Valley				
I-19 Canoa Road Interchange	2009	\$ 6,038,250	NA	NA
I-19 East Front Road: Canoa Road to Continental Road	2011	\$ 3,541,754	\$ 23,615,246	15.0%
I-19 West SB-Frontage Road: South of Continental Road	2007	\$ 1,275,408	\$ 3,195,000	39.9%
Silverbell-Tortolita				
Camino de Manana: Linda Vista Blvd to Tangerine Road	2012	\$ 2,000,001	NA	NA
Cortaro Farms Road: Cam de Oeste to Thornydale Rd	2020	\$ 51,883	\$ 16,500,000	0.3%
Cortaro Farms Road: UPRR to Camino de Oeste	2004	\$ 912,935	\$ 11,582,000	7.9%
Silverbell Road: Blanco/Brawley bridges	2013	\$ 17,411	NA	NA
Twin Peaks Rd: Sidewinder Rd to Silverbell Rd	pre 2007	\$ 218,316	NA	NA
Southeast				
Colossal Cave Road: Acacia School to Old Vail Road	2017	\$ 3,337,370	\$ 8,000,000	
Houghton Road: Camino Aurelia to I-10 (City of Tucson)	2017	\$ 241,671	\$ 900,000	26.9%
Wilmot Road: Sahuarita Rd to Old Vail Conn Rd*	2017	\$ 137,000	\$ 8,590,684	1.6%
Southwest				
Bopp Road - Sarasota Boulevard at Kinney Road	2019	\$ 221,554	\$ 4,976,000	4.5%
Camino Verde: Valencia Road to Brightwater Way	2015	\$ 1,382,204	\$ 1,382,204	100.0%
Kinney Rd: Ajo Way to Bopp Rd*	2014	\$ 556,126	\$ 4,015,434	13.8%
Valencia Road: Ajo Highway to Wade Road	2019	\$ 1,427,760	\$ 25,725,000	5.6%
Valencia Road: Wade Road to Mark Road	2016	\$ 3,081,417	\$ 21,000,000	14.7%
Tucson Mountains				
La Cholla Blvd: River Road to Ruthrauff Road	2011	\$ 389,768	\$ 9,600,000	4.1%
Silverbell Road: Panorama Drive Intersection	2009	\$ 909,892	NA	
Sunset Road: Silverbell Road to I-10	2016	\$ 2,994,821	\$ 22,800,000	13.1%
Wetmore/Ruthrauff Rd: La Cholla Blvd to Fairview Ave	2005	\$ 1,457,598	\$ 25,000,000	5.8%

*project located in two benefit areas

7.3 Recent Impact Fee Projects, FY 2016-2017

In FY 2016-17, \$7.4 million in impact fees were spent on 10 major roadway projects, including several important large roadway projects that were completed in 2017: Colossal Cave Road, Sunset Road, and Wilmot Road. Impact fees were also used to fund the initial phases (planning and design) for Bopp Road, South Houghton Road, and Valencia Road from Wade Road to Ajo Highway. As is typical for larger projects, impact fee expenditures on a particular project are often spread out over several years. As shown in Table 7.3, impact fees were included in final payments to the recently completed La Cañada Drive (River to Ina) and Valencia Road (Alvernon to Wilmot) projects. Impact fees also contributed to new traffic signals at the Craycroft Road interchange with I-10, and on design plans for the Travel Plaza which the City of Tucson will construct. Table 7.3 lists all DIF-funded roadway projects in FY 2016-2017.

Table 7.3 Recent Impact Fee Projects, FY 2016-2017

	Project Name	FY 16-17 DIF Funding	Total DIF Funding	Total Cost	% DIF	Benefit Area	Status
1	Colossal Cave Road UPRR to Success Drive	\$ 3,337,370	\$ 4,286,250	\$ 5,928,877	72.3%	Southeast	Complete
2	Sunset Road Silverbell Road to I-10	\$ 1,388,887	\$ 2,897,313	\$ 15,720,760	18.4%	Tucson Mountains	Complete
3	La Canada Drive Ina Road to River Road	\$ 932,945	\$ 4,038,430	\$ 32,002,757	12.6%	Canada del Oro	Complete
4	Wilmot Road , Sahuarita Rd to Old Vail Conn. Rd	\$ 326,250	\$ 540,000	\$ 8,590,684	6.3%	Southeast/San Xavier	Complete
5	Valencia Road Alvernon to Wilmot Rd	\$ 67,551	\$ 67,551	\$ 36,499,746	0.2%	San Xavier	Complete
6	Craycroft Road , I-10 Traffic Signals (ADOT)	\$ 1,020	\$ 333,853	\$ 667,706	50.0%	San Xavier	Complete
7	Craycroft Rd , Travel Plaza Way (Tucson)	\$ 48,067	\$ 58,673	\$ 228,192	25.7%	San Xavier	City of Tucson
8	Bopp Road , Sarasota Blvd to Kinney Road	\$ 221,554	\$ 1,291,118	\$ 4,919,118	26.2%	Southwest	Under Design
9	South Houghton Road Intersect. Improve.	\$ 36,345	\$ 675,000	\$ 900,000	75.0%	Southeast	Under Design
10	Valencia Road Wade Road to Ajo Hwy	\$ 1,297,111	\$ 16,444,115	\$ 25,725,000	63.9%	Southwest	Under Design

7.4 Current Impact Fee Projects, FY 2017-2018

In FY 2017-18, approximately \$8.2 million in impact fees are being spent on ten roadway projects. Impact fees are being used to help fund the construction for two important capacity projects - the last phase of Cortaro Farms Road from Camino de Oeste to Thornydale Road and the last phase of Valencia Road, from Ajo Way to Wade Road. Impact fees are also helping to fund continuing improvements to Houghton Road north of Interstate 10 (City of Tucson) and Tangerine Road (Marana). On South Houghton Road, impact fees will help fund left turn lane improvements to three key intersections – Dawn Road, Andrada Road and Camino del Emperador. Impact fees will also help fund improvements to Bopp Road from Sarasota Boulevard to Kinney Road. As shown in Table 7.4, impact fees are also funding final payments for the recently completed La Cañada, Colossal Cave, Craycroft Road, and Wilmot Road projects. Table 7.4 lists all programmed DIF-funded roadway projects in FY 2017-2018.

Table 7.4 Current Impact Fee Projects, FY 2017-2018

	Project Name	DIF Funding	Benefit Area	Status
1	Colossal Cave: Acacia Sch. to Old Vail Rd	\$ 56,080	Southeast	Complete
2	Craycroft Road: Travel Plz Way to Los Reales	\$ 8,580	San Xavier	Complete
3	La Cañada Blvd: River Road to Ina Road	\$ 10,000	Canada del Oro	Complete
4	Wilmot Road: North of Sahuarita Road	\$ 128,000	Southeast/San Xavier	Complete
5	Cortaro Farms Rd: Cam. de Oeste to Thorny.	\$ 199,923	Silverbell-Tortolita	Construction
6	Valencia Road: Wade Road to Ajo Road	\$ 3,123,726	Southwest	Construction
7	Houghton Road: I-10 to Tanque Verde Rd	\$ 675,000	Cat. Foothills/Southeast	Construction
8	Tangerine Road: I-10 to La Canada Drive	\$ 518,628	Canada del Oro	Construction
9	Houghton Road (south): Three Intersections	\$ 1,610,000	Southeast	Design/Construction
10	Bopp Road: Sarasota Blvd to Kinney Road	\$ 1,880,000	Southwest	Design/Construction

7.5 Future Impact Fee Projects, FY 2019-2023

Eleven projects are currently programmed for impact fees over the next five years and beyond⁸. Final payments are scheduled for Sunset Road through FY 2019, and construction will continue on Cortaro Farms Road, Valencia Road, Bopp Road, Houghton Road north of Interstate 10 and Tangerine Road (Marana). Several new projects are scheduled to begin during this time frame, including Houghton Road (south), La Cholla Boulevard (Oro Valley), and Silverbell Road. New projects on Sunset Road (I-10 to River Road) and Valencia Road are programmed beyond 2023 at this time. Table 7.5 lists all programmed DIF-funded roadway projects in FY 2019-2023.

⁸ Assumes continuation of impact fee program after 2021 with changes referenced in Section 8.0. Projects and programming may change.

Table 7.5 Future Impact Fee Projects, FY 2019-2023

	Project Name	Benefit Area	Status
1	Sunset Road: Silverbell Road to I-10	Tucson Mountains	Complete
2	Cortaro Farms Rd: Cam. de Oeste to Thornydale Rd	Silverbell-Tortolita	Construction
3	Valencia Road: Wade Road to Ajo Road	Southwest	Construction
4	Bopp Rd: Sarasota Blvd to Kinney Rd	Southwest	Construction
5	Houghton Road (north): I-10 to Tanque Verde	Catalina Foothills/Southeast	Construction/Programmed
6	Tangerine Road: I-10 to La Cañada Drive	Cañada del Oro	Construction
7	Houghton Road (south): Capacity Project	Southeast	Programmed
8	La Cholla Blvd: Overton Rd to Tangerine Rd	Cañada del Oro	Programmed
9	Silverbell Road: Ina Rd to Grant Rd	Tucson Mountains	Programmed
10	Sunset Road: I-10 to River Road	Tucson Mountains	Programmed
11	Valencia Road: Kolb Road to Houghton Rd	San Xavier	Programmed

8.0 Changes to the Impact Fee Program

The Arizona legislature enacted new laws in 2016 that will require changes to the existing Pima County ordinance. The Transportation Department in 2018 will begin a new study to develop a new impact fee program and methodology to comply with these changes to state law. The new impact fee program may result in modifications to the existing impact fee benefit areas, new projects being added to the list of eligible projects, and changes to fee rates for certain land uses. Once the new impact fee methodology has been developed, a draft plan will be presented to the Board of Supervisors and the public for consideration and approval.