



---

# MEMORANDUM

---

Date: February 5, 2016

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

From: C.H. Huckelberry  
County Administrator 

Re: **Development Services Fees and Enterprise Fund Stabilization**

Development Services Fee Ordinance 1997-46 contains a provision that fees be adjusted automatically by two percent each year on July 1. The Ordinance also adopted the then-published 1996 Building Valuation Data Table from the International Conference of Building Officials, as adjusted annually.

To assist the real estate and homebuilding industries during the economic downturn, the County suspended the two-percent annual fee increase for a two-year period from July 2011 to June 2013. The 2010 Building Valuation Data Table was in effect when the automatic fee increase was suspended. At the time, Development Services was receiving General Fund support that ultimately totaled \$5.3 million (see Table 1 below), which must be repaid from Development Services fee receipts.

**Table 1: General Fund Loans to  
Development Services,  
2009 through 2013.**

<b>Fiscal Year</b>	<b>Loan Amount (millions)</b>
2009	\$2.0
2010	\$1.3
2011	\$1.0
2012	\$1.0
<b>Total</b>	<b>\$5.3</b>

The automatic two-percent fee increase resumed in July 2013 coincident with discontinuation of General Fund support and has been implemented each July since then. However, the 2010 Building Valuation Data Table has been applied and has remained in effect due to continued uncertainty in the housing and real estate market.

In July 2016, Development Services fees are scheduled to automatically increase by two percent.

It is also appropriate to resume applying the most recent Building Valuation Data Table (August 2015; <http://www.iccsafe.org/wp-content/uploads/BVD-0815.pdf>) beginning July 1, 2016, since Development Services costs to be addressed include repayment of the General Fund loan as shown in Table 2 below and the restating of Development Services' net assets to reflect pension liabilities in accordance with General Accounting Standards (see Attachment 1).

**Table 2: Development Services Loan Repayment Schedule.**

<b>Fiscal Year</b>	<b>Payment</b>	<b>Balance</b>
2014	0	\$5,300,000
2015	(\$250,000)	5,050,000
2016	(500,000)	4,550,000
2017	(750,000)	3,800,000
2018	(750,000)	3,050,000
2019	(750,000)	2,300,000
2020	(750,000)	1,550,000
2021	(750,000)	800,000
2022	(750,000)	50,000
2023	(50,000)	0

It is estimated that updating to the August 2015 Building Valuation Data Table equates to a 10.5 percent increase over the table currently used for determining building permit fees. For example, a 2,000 square foot house with 800 square feet of garage and porch area would incur a \$400 increase from using the 2015 table as shown in Table 3 below.

**Table 3: Estimated Fees for a 2,000 Square Foot Residence with 800 Square Feet of Garage/Porch.**

	<b>2010 Building Table</b>	<b>2015 Building Table</b>	<b>Difference</b>
Building Permit Fee	\$ 3,810	\$ 4,210	\$400
Roadway Impact Fee	5,847	5,847	0
Sewer Connection Fee	4,066	4,066	0
<b>Total</b>	<b>\$13,723</b>	<b>\$14,123</b>	<b>\$400</b>

The Honorable Chair and Members, Pima County Board of Supervisors  
Re: **Development Services Fees and Enterprise Fund Stabilization**  
February 5, 2016  
Page 3

The additional \$400 represents a 2.9 percent increase in overall fees when factoring related roadway and sewer fees. Indexing to the 2015 valuation table will only increase permit fees for residential and commercial buildings and does not affect other permit types that use individual fee schedule items such as plumbing, mechanical, electrical and other structures permits. Enactment of the current valuation table is consistent with the purpose for establishment of the Development Services Enterprise Fund through the Arena class action lawsuit and settlement, which is to ensure that development fees are sufficiently maintained to fund the provision of development-related services.

The impact on affected permits is more than offset by the significant process improvement and time reduction enhancements made by Development Services. For example, the time savings realized by the development community associated with Pima County having the shortest review timeframes in the region and innovative service offerings such as remote inspection services via Skype, equate to monetary savings that outweigh the impact of a nominal fee increase.

#### Summary

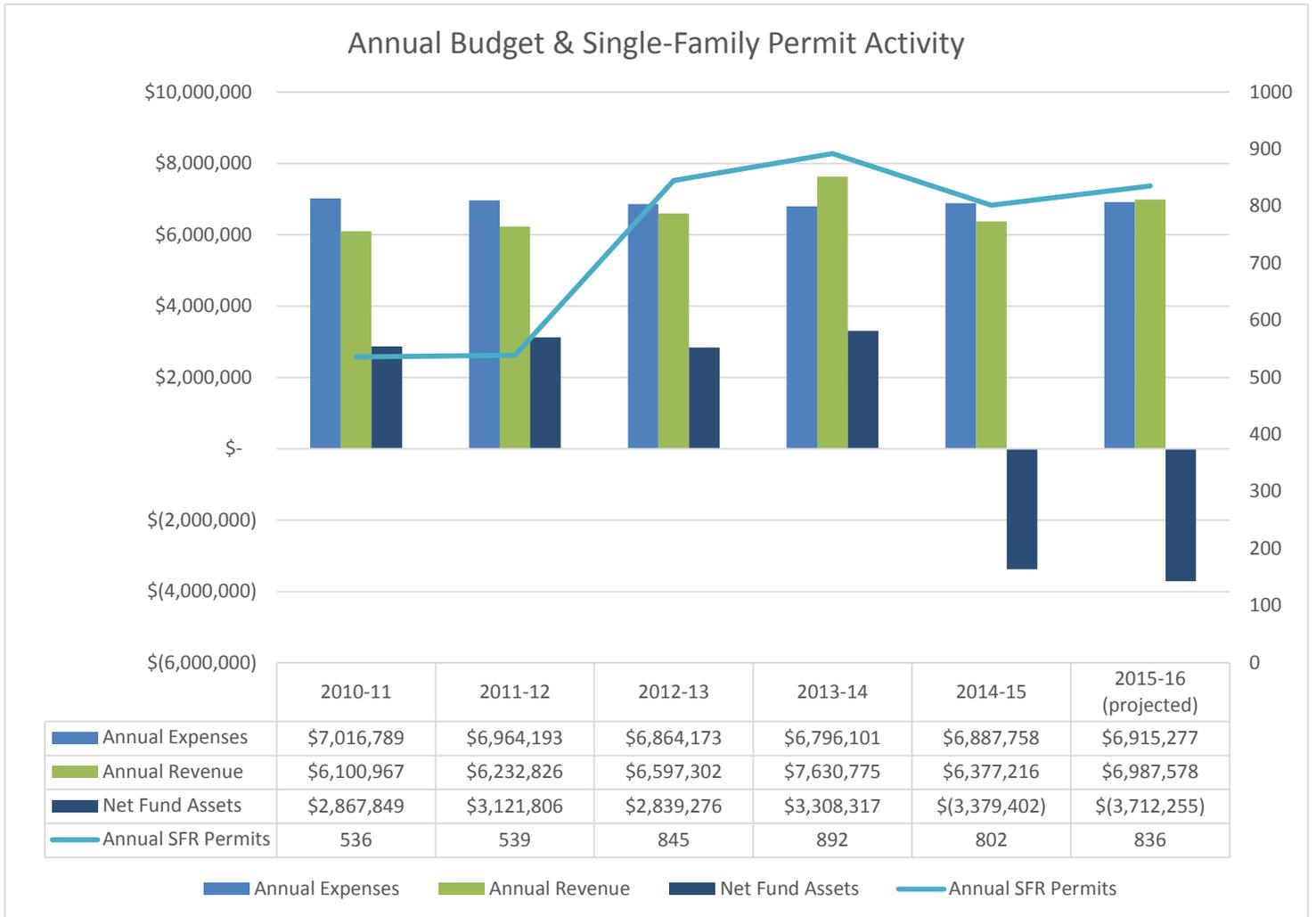
The August 2015 Building Valuation Data Table will be applied effective July 1, 2016, with a two-percent annual adjustment, to facilitate repayment of the loan from the General Fund to the Development Services Department. I have directed that the General Fund loan repayments be allocated to the Department of Transportation for pavement repair expenditures.

CHH/lab

#### Attachment

c: John Bernal, Deputy County Administrator for Public Works  
Nanette Slusser, Assistant County Administrator for Policy, Public Works  
Carmine DeBonis, Jr., Director, Development Services  
Priscilla Cornelio, Transportation Director

# ATTACHMENT 1



Note: Development Services' net assets were restated beginning with the Fiscal Year 2014/15 audited financial statement to reflect pension liabilities in accordance with General Accounting Standards.