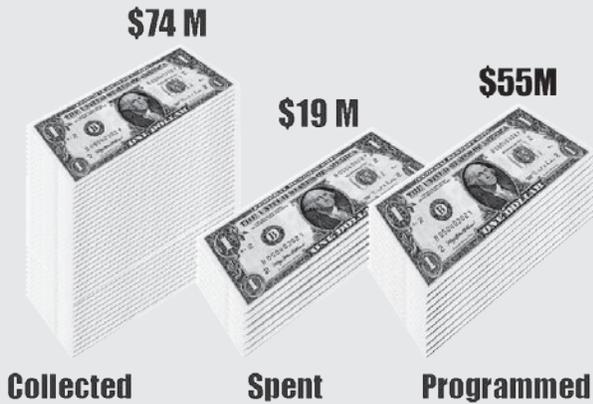


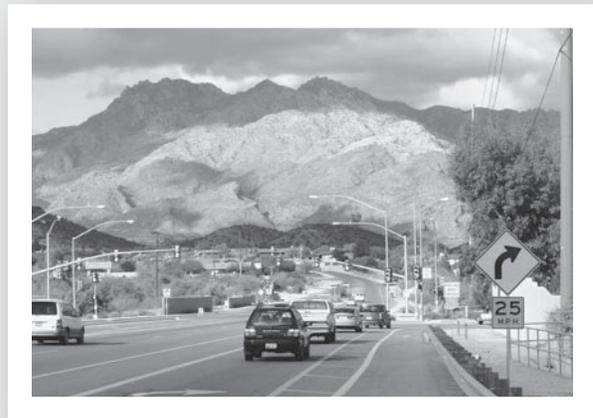
Pima County
Development Impact Fee
Program Update



Impact fees at a glance ...



Residential development pays \$4,400 per unit in impact fees



Sabino Canyon Road and Kolb Road Intersection Realignment, completed 2002



Commercial impact fees help pay the cost of new growth

Summary

Since 1996, Pima County has collected roadway development impact fees to help finance roadway needs created by new residential development. By law, impact fees can only be used to expand the roadway system, not maintain existing roads. Impact fees must be spent on roadway projects in proximity to the area in which they are collected. These constraints often mean that it takes several years to collect enough fees to fund a roadway project. Impact fees alone are not enough to pay all the costs of new roadway construction, but they can help augment other funding sources.

In 2003, Pima County raised the residential impact fee and began collecting impact fees for commercial development. Revenues increased substantially. With this additional revenue, impact fees are becoming an increasingly important source of funds to expand roadway capacity. Thirteen projects have been completed using impact fees, nineteen projects are under construction or in design, and 35 projects are programmed. As development activity continues, impact fees will continue to help finance roadway needs created by new development.

Development Impact Fee Revenues

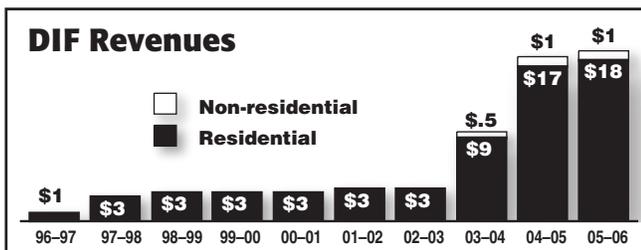
The amount of development impact fees collected depends on the amount of new development and the impact fee rate. If development activity is down, so are impact fee revenues. The base fee for residential development was set at \$1,550 per dwelling unit in 1996 and remained unchanged until 2003. Impact fees are collected at the time building permits are issued. In the first 7 years of the impact fee program, between 1997 and 2003, Pima County collected approximately \$3 million per year, totaling just under \$20 million by 2003. This total was collected in seven "benefit" areas, each of which had an aggregate of less than \$3 million over the time period. With roadway construction costs averaging \$5-10 million per mile, the amount of impact fees collected could not build even 1 mile of new roadway.

In addition to the fee changes in 2003, Pima County recently tied future fee increases to the Consumer Price Index (CPI). This provides inflation protection for future roadway projects.

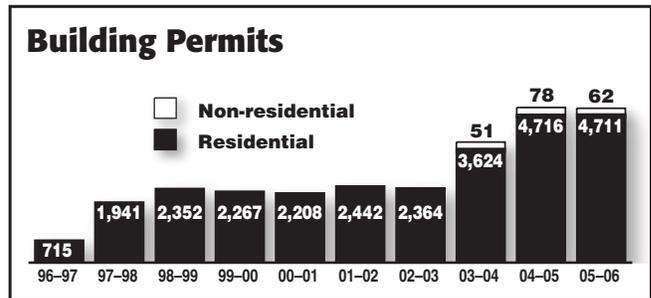
Collections have increased from about \$3 million a year in 2003 to \$18 million for some benefit areas per year in 2005-06. Also in 2003, three new benefit areas began collecting impact fees for new construction in the west, southwest and southeast areas of Pima County. As of November 2006, \$74 million have been collected in 10 benefit areas.



Building permits rose in 2003, but may be stabilizing



Development impact fee collections, by year (dollars in millions).



Building permits assessed fees, by year



Pima County Roadway Development Impact Fees

Residential fees are effective from July 11, 2006 through June 30, 2007

Residential Dwelling (Per Unit)			
Standard	Retirement Community	High density (6 or more residents per acre)	High Density Retirement Community
\$4,400	\$3,300	\$3,300	\$2,464

Non-Residential fees will increase as follows:

Non-Residential (All rates are per 1000 square feet of gross floor area unless otherwise noted)				
Land Use	Unit	Fee per unit on 11 Jul 06	Fee per unit on 1 Apr 07	Fee per unit on 1 Jan 08
General Commercial/Retail	1000 sq. ft.	\$2,400	\$2,535	\$2,670
Shopping Center	1000 sq. ft.	\$1,506	\$1,678	\$1,850
Mega Shopping Center >300,000 sq. ft.	1000 sq. ft.	\$4,225	\$4,475	\$4,725
Supermarket	1000 sq. ft.	\$2,970	\$3,581	\$4,194
Convenience Store/Gas Station	1000 sq. ft.	\$12,781	\$12,781	\$12,781
Restaurant	1000 sq. ft.	\$6,098	\$7,040	\$7,986
Fast Food with Drive-Through	1000 sq. ft.	\$8,987	\$12,543	\$16,109
Fast Food without Drive-Through	1000 sq. ft.	\$7,233	\$10,039	\$12,854
Bank with Drive-Through	1000 sq. ft.	\$8,905	\$9,743	\$10,583
"Big Box" retail-freestanding >100,000 sq ft.	1000 sq. ft.	\$1,825	\$2,186	\$2,549
Mega "Big Box" retail-freestanding >150,000 sq ft.	1000 sq. ft.	\$4,633	\$4,907	\$5,181
Home Improvement Superstore	1000 sq. ft.	\$1,052	\$1,052	\$1,052
General Office	1000 sq. ft.	\$1,394	\$1,449	\$1,504
Medical-Dental Office	1000 sq. ft.	\$3,220	\$3,405	\$3,590
Light Industrial	1000 sq. ft.	\$1,769	\$1,840	\$1,912
Heavy Industrial	1000 sq. ft.	\$1,108	\$1,152	\$1,197
Hotel/Motel	Room	\$1,082	\$1,120	\$1,157
Motor Vehicle Sales	1000 sq. ft.	\$1,400	\$1,439	\$1,479

The next inflation adjustment will occur on July 1, 2007 for residential units and on July 1, 2008 for non-residential units. Inflation adjustments will continue to be implemented annually on July 1.

Development Impact Fee Roadway Projects

Impact fees that have been collected, but not yet spent, are programmed for specific roadway projects within each of the ten benefit areas. These funds may only be used for projects identified below:

No. Project Name

No. Project Name

Altar Valley Benefit Area

- 1 Arivaca Road: Ruby Rd to Interstate -10
- 2 Sierrita Mountain Road: Ajo Hwy to Diamond Bell Ranch Rd
- 3 Chumblers Road: Sasabe Hwy to Sierrita Mountain Rd

Avra Valley Benefit Area

- 4 Sandario Road: Rudasill Rd to Ajo Hwy
- 5 Valencia Road: Ajo Hwy to Mark Rd (Design)¹
- 6 Camino Verde: Valencia Rd to Ajo Hwy
- 7 Kinney Road: Ajo Hwy to Tucson Estates Pkwy (Design)²
- 8 Irvington Road: Joseph Rd to Ajo Hwy
- 9 San Joaquin Road: Sandario Rd to Calle Cibeque

Cañada del Oro Benefit Area

- 10 First Avenue: River Road to Orange Grove Road (Complete)
- 11 La Cañada Drive: River Rd to Ina Rd¹
- 12 River Road: La Cañada Dr to 15th St (Complete)
- 13 River Road: La Cholla Blvd to La Cañada Dr (Complete)²
- 14 River Road: Thornydale Rd to La Cholla Blvd (Complete)²
- 15 Thornydale Road: Ina Rd to Cortaro Farms Rd (Complete)²
- 16 Thornydale Road: Cortaro Farms Rd to Linda Vista Blvd²
- 17 Edwin Road: Columbus Blvd to Oracle Rd (Design)
- 18 Mainsail Boulevard: Oracle Rd to Twin Lakes Dr²
- 19 La Cholla Boulevard: Omar Drive to Magee Rd (Complete)²
- 20 La Cholla Boulevard: Omar Drive (Complete)²
- 21 La Cholla Boulevard: Ruthrauff Rd to River Rd^{1, 2}

Catalina Foothills Benefit Area

- 22 Craycroft Road: River Rd to Sunrise Dr (Construction)²
- 23 Catalina Highway: Tucson City Limits to Houghton Rd (Complete)²
- 24 Catalina Highway: Houghton Rd to Snyder Rd (Complete)²
- 25 Sabino Canyon Rd / Kolb Rd Intersection (Complete)²
- 26 River Road: Campbell Ave to Alvernon Blvd (Construction)²
- 27 Tanque Verde Road: Catalina Hwy to Houghton Rd²
- 28 River Road Bridge at Ventana Canyon Wash²
- 29 Kolb Road: Sabino Canyon Rd to Sunrise Dr²
- 30 Campbell Avenue: Skyline Dr to River Rd

Mountain View Benefit Area

- 31 Houghton Road: Camino del Torro to Andrada Rd / Dawn Rd
- 32 Sahuarita Road: Sahuarita City Limits to Sonoita Hwy¹
- 33 Wilmot Road: Sahuarita Rd to Tucson City Limits¹

Rincon Valley Benefit Area

- 34 Vail Road: I-10 to Union Pacific Railroad (Design)
- 35 Valencia Road: Pantano Wash to Old Spanish Trail (Design)
- 36 Old Spanish Trail: Valencia Rd to Camino Loma Alta
- 37 Camino Loma Alta: Old Spanish Trail to Colossal Cave Rd (Design)
- 38 Colossal Cave Road: Camino Loma Alta to Vail Rd (Design)
- 39 Old Vail Road Extension: Vail Rd to Tucson City Limits
- 40 Marsh Station Road: SR 83 to Marsh Station TI
- 41 Houghton Road: Old Vail Conn Rd to Golf Links Rd^{1, 2}

San Xavier Benefit Area

- 42 Valencia Road: Mark Rd to Camino de la Tierra (Pre-Construction)²
- 43 Irvington Road: Country Club Rd to I-10
- 44 Drexel Road: Country Club Rd to Alvernon Rd²
- 45 Valencia Road: Mission Rd to I-19 (Construction)²
- 47 Swan Road: Valencia Rd to Los Reales Rd (Design)
- 48 Swan Road: South of Old Vail Connection Rd
- 49 Old Vail Connection Road: Nogales Hwy to Country Club Rd²
- 50 Palo Verde Road: I-10 to Veterans Memorial Overpass (Complete)²
- 51 Country Club Road: Irvington Rd to 36th St (Construction)²
- 52 Old Nogales Highway: Summit St Intersection²

Santa Cruz Benefit Area

- 54 I-19 East Frontage Road: Canoa Rd to Continental Rd (Design)^{1, 2}
- 55 I-19 West Frontage Road: South of Continental Rd (Construction)²
- 56 I-19 Canoa Ranch Rd Interchange (Design)
- 57 Continental Road: I-19 to Sahuarita City Limits
- 58 Duval Mine Road: Continental Rd intersection²
- 59 Helmet Peak Road: La Cañada intersection
- 60 Sahuarita Road: Country Club Rd to Wilmot Rd

Silverbell – Tortolita Benefit Area

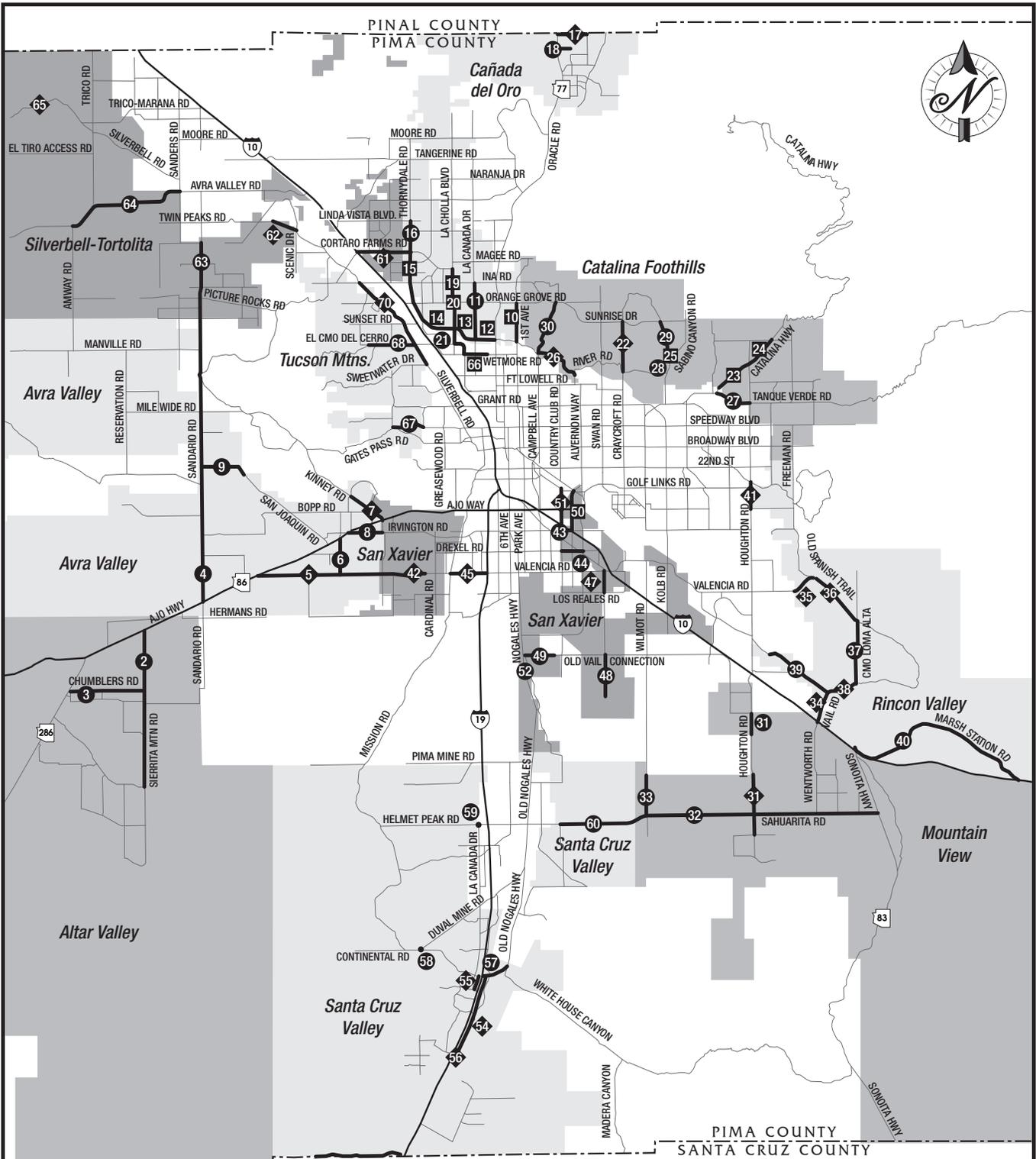
- 61 Cortaro Farms Road: I-10 to Thornydale Rd (Construction)²
- 62 Twin Peaks Road: Sidewinder to Silverbell Rd (Design)¹
- 63 Sandario Road: Emigh Road to Rudasill Road
- 64 Avra Valley Road: Amway Rd to Sanders Rd
- 65 Silverbell Road: Brawley & Blanco Wash Bridges

Tucson Mountains Benefit Area

- 66 Wetmore/Ruthrauff Road: La Cholla Blvd to Fairview Dr (Completed)²
- 67 West Speedway Blvd: Camino de Oeste to Tucson City Limits
- 68 El Camino del Cerro: Calle Llanura to Silverbell Rd
- 70 Silverbell Rd: Ina Rd to Sweetwater Dr (Design)¹

¹ RTA Funding; ² 1997 HURF Bonds

PINAL COUNTY
PIMA COUNTY



Development Impact Fee Roadway Projects

- Project limits
- Completed projects
- Projects under design/construction
- Future projects
- Benefit areas



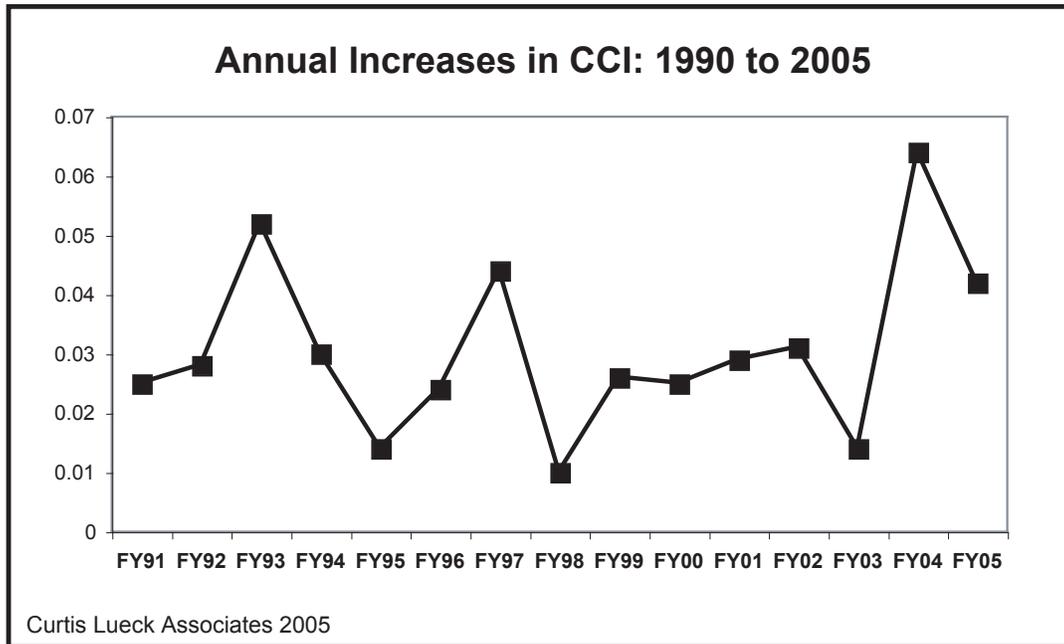
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Recent Fee Adjustments

Roadway Construction Costs and Impact Fees

In 2006, Pima County made a comprehensive review of the residential and non-residential impact fee structure in light of rapidly increasing roadway construction costs. A new fee structure was adopted and the annual escalator was

changed from the CPI to the Engineering News Record published Construction Cost Index (CCI), which is more representative of the labor and materials used in roadway construction.



Over this period, the ENR-CCI averaged annual increases of 3.05% and the CPI averaged 2.67%.



La Cholla Boulevard, widened from River Road to Omar Drive in 2005

Expenditures

Pima County has spent \$19 million in impact fees on the design and construction of 32 roadway projects since 1999. These projects include First Avenue, River Road, Thornydale Road, Wetmore-Ruthrauff Road, Catalina Highway, La Cholla Boulevard, Sabino Canyon Road, Craycroft Road, and Palo Verde Road.

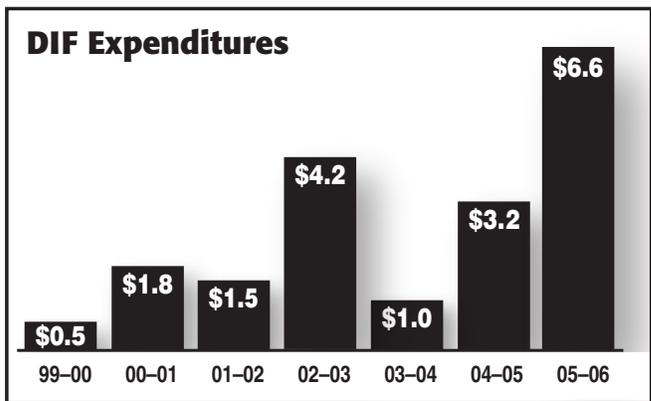
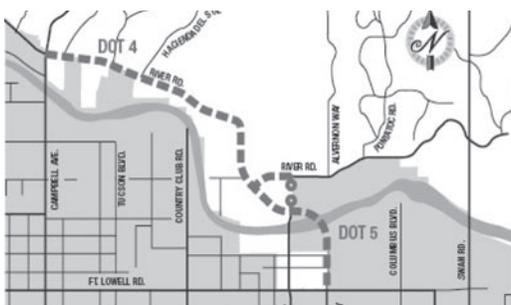
Completed Projects

Roadway Projects Constructed in Part with Impact Fees

Palo Verde Road, Interstate-10 to Veterans Memorial Overpass.....	2006
Catalina Highway, Houghton Rd to Snyder Rd.....	2005
Catalina Highway, Tucson city limits to Houghton Rd	2005
La Cholla Blvd, River Road to Omar Drive	2005
Wetmore-Ruthrauff Rd, La Cholla Blvd to Fairview Dr.....	2005
La Cholla Blvd, Omar Drive to Magee Rd.....	2003
Thornydale Road, Ina Road to Cortaro Farms Rd.....	2003
Sabino Canyon Rd/Kolb Road Intersection.....	2003
First Avenue, River Road to Orange Grove.....	2003
River Road, Thornydale Rd to La Cholla Blvd	2003
River Road, La Cholla Blvd to La Canada Drive	1999
River Road, 15th Avenue to La Canada Drive	1997

Projects Under Construction

- Craycroft Road, River Road to Sunrise Drive
- River Road, Campbell Ave to Alvernon Way
- Valencia Road, Mission Road to Interstate-19
- Country Club Rd, Milbur Street to 36th Street
- I-19 West Frontage Rd, South of Continental Rd
- Cortaro Farms Rd, I-10 to Thornydale Road



Development impact fee expenditures, by year (dollars in millions).



Catalina Highway, from Tanque Verde Road to Houghton Road, completed 2005



New River Road/Alvernon Way bridge, under construction in 2006

Projects in Design

Valencia Road, from Mark Road to Camino de la Tierra, is 100% designed and is scheduled for construction in early 2007. Kinney Road is under design and is scheduled for construction in late 2007. Impact fees are being used to fund a portion of the design of the following projects:

- Vail Road, I-10 to UPRR Crossing
- Valencia Road, Ajo Way to Camino de la Tierra
- Kinney Road, Ajo Hwy to Tucson Estates Pkwy
- Edwin Road, Columbus Blvd to Oracle Road
- Valencia Rd, Pantano Wash to Old Spanish Trail
- Camino Loma Alta, Old Spanish Trail - Colossal Cave Rd
- Swan Road, Valencia Rd to Los Reales Rd
- I-19 East Frontage Rd, Canoa Rd to Continental Rd
- I-19 Canoa Road Interchange
- Twin Peaks Rd, Sidewinder Rd to Silverbell Rd
- Silverbell Rd, Ina Rd to Sweetwater Rd



Future Projects

The projects identified on page four will be scheduled for design and construction in conjunction with the Pima County Capital Improvement Program or the Regional Transportation Authority (RTA).

Impact fees are an important funding component for transportation improvement. Pima County has committed millions of dollars in fees to projects in the unincorporated area. The County will take the lead in regional discussions regarding impact fees or a comparable, growth related revenue source, to supplement transportation funding for all local jurisdictions to assure completion of the RTA Plan.



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