PIMA COUNTY
DEVELOPMENT SERVICES

DATE: May 26, 2023

TO: Tracey Gutheim, Operations Manager

FROM: Carla L. Blackwell, Director

SUBJECT: Methodology for fee adjustment

The third fee adjustment under the fee ordinance 2020-33 and amended by ordinance 2022-21 is to be made by July 1st. The recommended tentative budget for FY 2023/2024 is $8,131,694. The projected ending fund cash balance is over $19,000,000 (net position). This cash balance exceeds the tentative budget by more than the 105% desired balance therefore a decrease in fees is warranted. Please adjust down all the fees in the fee schedule by 5% for July 1st.

In order to achieve a 5 % reduction in the fees, DSD has in the past adjusted the building fees modifier that is applied to the Building Valuation Data Table. The Building Valuation Data Table as published by the International Code Council is adjusted annually. The building fees are calculated by multiplying the square footage of the building by the building valuation for construction type, and then multiplying that amount by a local modifier (1.568% for the first thousand sq. feet and then 0.842%). However this year, the building valuations rose dramatically and inconsistently so that adjustment to the modifier did not achieve a consistent across the board reduction for the three most common building types used to calculate the reduction.

The most common building types that we encounter are single family homes, R-3 construction VB, which rose 10.9% from $150.87 to $167.37 per square foot based on the February 2023 building valuation table, A-2 use (restaurants and bars) with VB fire separations, which increased from $176.40 to $205.65 per square foot, or 16.6%, and multi-family residential housing (R-2 construction VB) projects, which increased 7.7% from $139.06 to $149.80. Since we can't adopt 3 different modifiers to lower the fees, we have decided to continue using the values from the 2022 Building Valuation Data Table and simply lower the modifier by 5%.

Therefore, the new modifiers for the first thousand feet 0.01568 reduces to 0.01490 and the over 1000 square foot modifier 0.00842 reduces to 0.00800 and shall be applied against the 2022 Building Valuation Data Table. The attached calculations were used to verify the modifiers achieved the fee reduction for each type of construction: single family residential, commercial building, and apartment complex.

Single Family Residential

Typical Total Sq Ft:	2000			
Valuation per sq ft (2022):	150.87			
Valuation per sq ft (2022):	150.87			
Current	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	150.87	0.01568	2365.64
Remainder:	1000	150.87	0.00842	1270.33
			Total	$3635.97
Reduction of 5%	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	150.87	0.01490	2247.36
Remainder:	1000	150.87	0.00800	1206.81
			Total	$3454.17

Commercial Valuation

Typical Total Sq Ft:	10000			
Valuation per sq ft (2022):	176.40			
Valuation per sq ft (2022):	176.40			
Current	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	176.40	0.01568	2765.95
Remainder:	9000	176.40	0.00842	13367.59
			Total	$ 16133.54
Reduction of 5%	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	176.40	0.01490	2627.65
Remainder:	9000	176.40	0.00800	12699.21
			Total	$15326.86

Multi-Family Residential

Typical Total Sq Ft:	190000			
Valuation per sq ft (2022):	139.06			
Valuation per sq ft (2022):	139.06			
	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	139.06	0.01568	2180.46
Remainder:	189000	139.06	0.00842	221297.30
			Total	$223477.76
	Sq Ft	Valuation	Modifier	Fee
First 1000:	1000	139.06	0.01490	2071.44
Remainder:	189000	139.06	0.00800	210232.44
			Total	$212303.88

In order to weight the results to account for the most common building types, we analyzed the building valuation rather than the number of permits to account for the varying sizes of projects for commercial/industrial from the past year July 1, 2022 through May 9, 2023.

The weighted average modifiers will be used.

Modifier Based on Total Relative Valuation

Modifier 1 (First 1000 sq ft)	Valuation	Modifier	Average
Commercial	$18,544,428	0.01490	276237.8
Single Family	$326,272,269	0.01490	4860152
Multi Family	$24,167,071	0.01490	359992.7
Weighted Average			0.01490

Modifier 2 (Greater than 1000 sq ft)	Valuation	Modifier	Average
Commercial	$18,544,428	0.00800	148336.9
Single Family	$326,272,269	0.00800	2609852
Multi Family	$24,167,071	0.00800	193312.4
Weighted Average			0.00800

C:

Chris Poirier, Deputy Director
Joseph Godoy, Deputy Director