

**City of Albuquerque
Impact Fee Committee**

COMMENTS TO CITY COUNCIL REGARDING PUBLIC SAFETY IMPACT FEES

Recommendation: *The Committee has the concerns which are listed herein. We suggest these be addressed and resolved before implementation.*

Introduction

The Impact Fee Committee heard presentations from consultants James C. Nicholas and Arthur C. Nelson regarding Public Safety Impact Fees on February 10, 2004, April 6, 2004 and June 15, 2004, and received Dr. Nicholas' final report on August 31, 2004.

James C. Nicholas, PhD, is an impact fee pioneer, credited with developing the "dual rational nexus" test. He is widely published, and has been retained by 21 Counties and 14 Cities to develop their impact fees.

Dr. Arthur C. Nelson, PhD, ASCE, FAICP, is director of graduate studies in Urban Affairs and Planning at Virginia Polytechnic Institute and State University. He is the author of numerous books and publications, including a professional textbook on impact fees. He also has extensive experience as a developer of impact fees.

Methodology

The consultants propose two Service Areas for Public Safety Impact Fees, one west of the river and one east of the river, with the city limits forming the outside boundaries. (See attached map – Exhibit A.)

The cost to serve new development in each of the service areas is calculated by

- Determining the functional population for each service area for 2004, 2011 and 2025. (Functional population is calculated by estimating the number of people who are in the buildings within an area, weighted by the time they spend in those buildings over a 24 hour/seven day period.)
- Determining the current level of service for each Service Area
- Determining the City's total cost and cost per capita to provide police services by calculating the level of service using the 2004 replacement value of current capital assets.

- Identifying any existing deficiencies in the existing levels of service by Service Area and the cost of rectifying those deficiencies.
- Identifying the needed fire and emergency protection capital improvements and police capital improvements to maintain the existing levels of service to 2025 and determining the cost of those improvements.
- Assigning a per-capita cost for these improvements to the new functional population that will arrive in the service area between the present and 2025.
- Determining the functional persons per 1000 square feet that each type of building (e.g., residential, industrial, office, retail) will contain over a 24/7 period.
- Setting the legal maximum impact fee by type of development by multiplying the per-capita cost of public safety improvements times the functional persons per 1000 square feet for each type of building or development.
- Projecting maximum impact fee receipts by service area to 2011 and contrasting projected receipts with proposed capital expenditures to 2011 and, if necessary, adjusting downward the level of impact fees so that projected impact fee receipts will not exceed the cost of growth serving capital improvements.

Impact Fee Committee Comments on Methodology

Comments of Support:

- *The methodology on which the Public Safety Facilities costs are based is a marginal cost approach, as required by Ordinance 02-39 which adopted the Planned Growth Strategy. The marginal cost approach identifies the cost to accommodate the “next unit” of growth, and the methodology takes into account the requirements for new capacity that are generated by growth in specific service areas. This is in contrast to assigning an “average cost” to accommodate growth no matter where in the city it occurs.*
- *The growth estimates utilized in the methodology are based on the Land Use Assumptions adopted by Ordinance 04-9.*
- *The methodology is tied strongly to local inputs. Dr. Nicholas has worked with City of Albuquerque planners Gilbert Santistevan in Fire, Paul Chavez, Jolene Perez and Roy Turpen in Police (City Staff). These City Staff have contributed information and experience that has helped shape the methodology. For example,*
 - *City Staff reviewed their call data bases and found they were not able to produce location and land use data. As a result they supported the functional population concept used in this methodology.*

- *City Staff participated in the Impact Fee Committee debate regarding 24x7 v. Daytime functional population, and supported the eventual 24x7 outcome.*
- *The consultant and city staff have been open to suggestions from the Impact Fee Committee and revisions resulting from these suggestions have been incorporated.*
 - *The consultants presented the first draft of their report in February, 2004, and returned to Albuquerque again in April and June with revised versions to present to the Impact Fee Committee. Further revisions in July and August were made as well. Among the changes made in this process was the removal of a fire station from the West Side service area, based on an argument by one IFC member that the presence of that fire station exceeded the level of service.*

Comments of concern:

- *The NM Development Fees Act requires impact fees to be set on the basis of the city's adopted Land Use Assumptions. Functional population is not listed in the Land Use Assumptions. Therefore it should not be utilized in the methodology.*
 - *The functional population tables show no category for Institutional land uses (schools, hospitals, for example). This is an important land use distinction and should be included.*
 - *A functional population methodology only takes into account populated places. The demand that vacant properties place on Public Safety capital investments is not taken into account but should be.*
 - *The Service Areas are much too large. They include fully served, partially served and unserved areas.*
 - *The Service Areas reflect different levels of service and the levels of service are inequitable. The level of service on the East side for fire is one station per 23,000. On the Westside, the level of service is one station per 20,000. See Table 3.*
 - *The NM Development Fees Act requires that deficiencies be identified. No deficiencies are identified.*
 - *The consultants appear to have used average cost not marginal cost methodology. The West side impact fee calculation shows a 21 year average expenditure and assigns it as the current cost.*
 - *An August 31, 2004 memo to one of the Impact Fee Committee members from the consultant contains numbers that do not match the numbers in the final version of the report.*
 - *No level of service has been established to justify purchase of the specialized equipment listed in Exhibit B. Do we infer, for example, that the City Police Department already has 11 existing mobile crime labs (1 for each 45,212 existing functional population)? Do we infer that the City Police Department already has 22 Gas Chromatographs Mass Spectrometers?*
 - *The full marginal cost of Public Safety capital improvements for Police is \$12,496,000. Impact Fees will only collect 67% of that, or \$8,452,038. Impact fees should be calculated to cover full marginal costs. (See Table 11 in the consultant's report on Public Safety.)*
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Costs

The consultants have determined that the capital costs to provide public safety services to new development differ by service area. The costs to accommodate these needs for a 2,000 square foot residence, a 20,000 square foot retail development, a 20,000 square foot office development and a 20,000 square foot industrial development are indicated in the table below.

**Cost to Accommodate Various Types of Development by Service Area
Public Safety**

Type of Development	Cost in Service Area	
	East Side	West Side
2,000 square foot Residence	\$552	\$413
20,000 square foot Retail	\$9096	\$6811
20,000 square foot Office	\$1994	\$1493
20,000 square foot Industrial	\$2280	\$1689

Impact Fee Committee Comments on Costs:

Comments of support:

- *The costs to provide public safety facilities to serve new growth in each Service Area are based on capital investments that serve the entire city and the specific assignment of new fire stations and substations to each Service Area.*
- *The information on which the cost calculations were based was supplied by city staff who are conversant with the cost characteristics of providing the Levels of Service specified in the methodology.*

Comments of concern:

- *It doesn't make sense that the impact fee in the West Side Service Area should be cheaper than the fee in the East Side Service Area because greater growth is expected on the west side.*
 - *The impact fee is collecting more funds than projects that will be built in seven years. We believe the law intended that fees only be collected to cover seven years worth of projects.*
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Impact Fee Capital Improvement Plan (IFCIP)

The Impact Fee CIP for Public Safety for the years 2005 – 2014 is attached as Exhibit B. It was prepared by City staff based on the consultants' projections of revenue from impact fees set at the capital costs to the City of accommodating new development.

Impact Fee Committee Comments on IFCIP

Comments of support:

- *The Public Safety Facilities Impact Fee Capital Improvement Plan was prepared by city staff based on the consultants' projections of revenue from impact fees set at the capital costs to the City of accommodating new development in each Service Area. The Impact Fee Committee recognizes the experience of the consultants in calculating the costs of accommodating new development. The Impact Fee Committee further recognizes the experience of city staff in identifying capital projects which will satisfy the service needs of new development within the next ten years.*

Comments of concern:

- *There is no information on level of service that ties the IFCIP to growth. The Public Safety IFCIP appears to be a wish list.*
 - *Employment projections in the adopted Land Use Assumptions did not categorize or quantify jobs as to retail, office or industrial. Without this information, functional population projections are not factually based.*
 - *Levels of Service for Fire make no reference to fire stations at KAFB, UNM or shared responsibilities with County fire stations.*
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Exhibit A

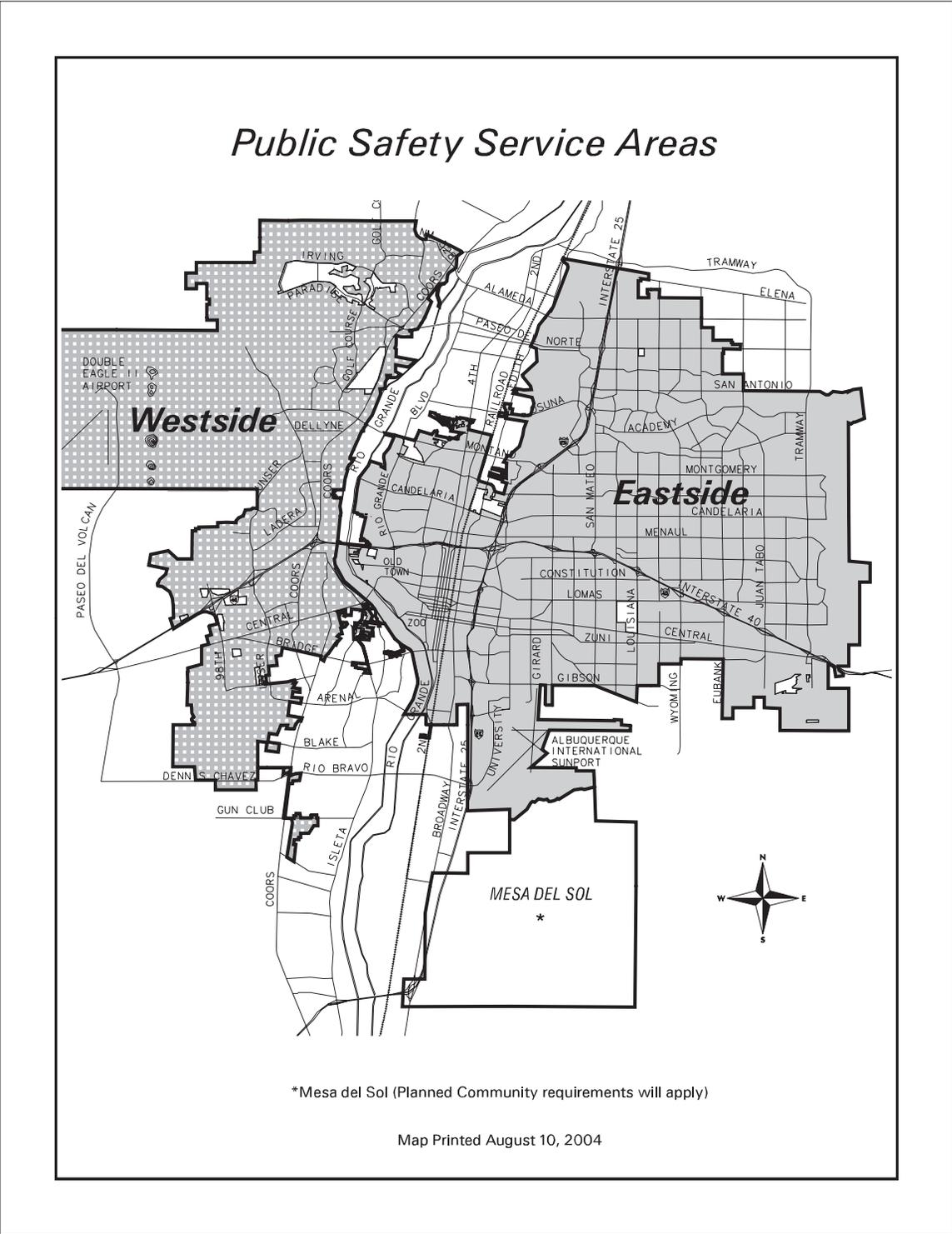


Exhibit B

TABLE 11 PUBLIC SAFETY CAPITAL IMPROVEMENT PLAN 2005 - 2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
FIRE												
West Side												
Sta.24							\$3,826,721					\$3,826,721
Sta.25											\$5,348,423	\$5,348,423
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,348,423	\$9,175,144
Impact Fees												\$5,433,131
Other Funds												\$3,742,013
East Side												
Sta.22				\$4,135,623								\$4,135,623
Sta.23							\$4,001,207					\$4,001,207
Total	\$0	\$0	\$0	\$4,135,623	\$0	\$0	\$4,001,207	\$0	\$0	\$0	\$0	\$8,136,829
Impact Fees												\$5,987,229
Other Funds												\$2,149,601
Total Fire												
Total	\$0	\$0	\$0	\$4,135,623	\$0	\$0	\$7,827,928	\$0	\$0	\$0	\$5,348,423	\$17,311,974
Impact Fees												\$17,311,974
Other Funds												\$0
POLICE												
Citywide												
Mobile Crime Lab			\$300,000									\$300,000
Mobile Command Post			\$300,000									\$300,000
Mobile SWOT Unit					\$300,000							\$300,000
Batmobiles (3)					\$260,000		\$300,000			\$345,000		\$905,000
Radio Equipment										\$3,570,000		\$3,570,000
Firearms Comparison Microscope	\$80,000											\$80,000
Gas Chromatograph Mass Spectrometer (2)		\$120,000										\$120,000
Film Processing Equipment		\$50,000	\$50,000									\$100,000
DNA Analyzer		\$125,000										\$125,000
Raid Vans (2)								\$38,000		\$43,000		\$81,000
Prisoner Transport Vehicle										\$115,000		\$115,000
Total	\$80,000	\$295,000	\$650,000	\$0	\$560,000	\$0	\$300,000	\$38,000	\$0	\$4,073,000	\$0	\$5,996,000

City of Albuquerque Impact Fee Committee
10/05/04

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
Impact Fees												\$5,968,920
Other Funds												\$27,080
West Side												
6th Command				\$3,500,000								\$3,500,000
Total	\$0	\$0	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Impact Fees												\$1,493,425
Other Funds												\$2,006,575
East Side												
Mesa del Sol											\$3,000,000	\$3,000,000
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000,000	\$3,000,000
Impact Fees												\$989,693
Other Funds												\$2,010,307
Total Police												
Total	\$80,000	\$295,000	\$650,000	\$3,500,000	\$560,000	\$0	\$300,000	\$38,000	\$0	\$4,073,000	\$3,000,000	\$12,496,000
Impact Fees												\$8,452,038
Other Funds												\$4,043,962
2003 Bonds												\$870,000
Unfunded												\$3,173,962