City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 12 **Ordinance/Resolution#** 16-225

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of May 16, 2016 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING UPDATES TO THE PUBLIC SAFETY DEVELOPMENT IMPACT FEES AND THE PUBLIC SAFETY DEVELOPMENT IMPACT FEE CAPITAL IMPROVEMENT PLAN, WITH AN EFFECTIVE DATE OF JULY 1, 2016.

PURPOSE(S) OF ACTION:

Approve updates.

COUNCIL DISTRICT: ALL		
Drafter/Staff Contact: Travis A. Brown	**Department/Section:** Fire/Administration	**Phone:** 528-3473
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

According to State law and local ordinance, City Council must review and update development impact fees at least every five (5) years. The current Public Safety Development Impact Fee was adopted on August 1, 2011, which requires a review of the existing fees prior to August 1, 2016. City staff initiated the review process in November of 2014 in order to meet the five (5) year deadline. Approximately 24 public meetings have been conducted over the course of the 18-month review period in an effort to engage stakeholders and the community.

Phase one of the review consisted of updating the Land Use Assumptions which are used to determine the existing level of service and growth projections. The updated Land Use Assumptions were adopted by City Council on December 7, 2015, by Resolution No. 16-126.

Phase two of the update requires a review of the existing fee structure and the Public Safety Development Impact Fee Capital Improvement Plan. Staff and the project consultant, TischlerBise, have completed the review and are recommending updates and proposed new fee structure. The updated plan and fee structure are required to be reviewed by the Capital Improvement Advisory Committee (CIAC) who in turn make a recommendation to the City Council. On March 17, 2016, the CIAC voted four to one in favor of a motion to recommend City Council approve the updated Public Safety Development Impact Fees and the updated Public Safety Development Impact Fee Capital Improvement Plan as submitted.

(Continue on additional sheets as required)

The proposed fee structure recommends a change from a single fee approach for homes and apartment units. If adopted, the new fee structure for residential units would vary based on the size of the dwelling unit. If approved, the new fees would become effective on July 1, 2016, with the implementation of the FY17 budget.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Public Safety Development Impact Fees and Public Safety Development Impact Fee Capital Improvement Plan.
3. Attachment "A", Written recommendation from the CIAC.

SOURCE OF FUNDING:

Is this action already budgeted?			
	Yes	☒	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from:
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☒	Funds will be deposited into this fund: 2450 in the amount of $600,000 for FY17
	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will adopt the recommended update to Public Safety Development Impact Fees and the Public Safety Development Impact Fee Capital Improvement Plan.

(Continue on additional sheets as required)

2. Vote "No"; the Public Safety Development Impact Fees and the Public Safety Development Impact Fee Capital Improvement Plan will not be updated and fees will continue to be collected at the existing rate.
3. Vote to "Amend"; this could change the recommended update to the Public Safety Development Impact Fees and/or the Public Safety Development Impact Fee Capital Improvement Plan to accomplish City Council's desired outcome.
4. Vote to "Table"; this could allow staff to provide additional information as necessary but could also create delays that might make it difficult to accomplish the update within the mandatory timeline.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Resolution No. 12-027.
2. Resolution No. 16-126.

(Continue on additional sheets as required)

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City of Las Cruces®
PEOPLE HELPING PEOPLE

COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of May 16, 2016 (Adoption Date)

TITLE: A RESOLUTION APPROVING UPDATES TO THE PUBLIC SAFETY DEVELOPMENT IMPACT FEES AND THE PUBLIC SAFETY DEVELOPMENT IMPACT FEE CAPITAL IMPROVEMENT PLAN, WITH AN EFFECTIVE DATE OF JULY 1, 2016.

Purchasing Manager's Request to Contract (PMRC) {Required?} Yes ☐ No ☒

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact	Travis A. Brown	528 3473	4/22/16
Department Director	Travis A. Brown	528 3473	4/22/16
Other			
Assistant City Manager /CAO Management & Budget Manager	Daniel Allen	541-2078 541 2107	4-27-2016 4-26-2016
Assistant City Manager/COO	Daniel Ortiz		4-27-16
City Attorney	[illegible]	EXT 2128	27 April 2016
City Clerk	[illegible]	X2115	5-6-16

Rev. 8/2011

RESOLUTION NO. 16-225

A RESOLUTION APPROVING UPDATES TO THE PUBLIC SAFETY DEVELOPMENT IMPACT FEES AND THE PUBLIC SAFETY DEVELOPMENT IMPACT FEE CAPITAL IMPROVEMENT PLAN, WITH AN EFFECTIVE DATE OF JULY 1, 2016.

The City Council is informed that:

WHEREAS, the City is required by State law and local ordinance to review and update development impact fees at least every five (5) years; and

WHEREAS, the current Public Safety Development Impact Fee and Public Safety Development Impact Fee Capital Improvement Plan was adopted on August 1, 2011; and

WHEREAS, City staff and the project consultant, TischlerBise, have completed the review of the existing fees and plan resulting in the recommended updates and proposed new fee structure; and

WHEREAS, on April 26, 2016, a public hearing was held in order to receive public comment on the proposed new Public Safety Development Impact Fees and Public Safety Development Impact Fee Capital Improvement Plan; and

WHEREAS, on March 17, 2016, the Capital Improvement Advisory Committee voted four to one in favor of a motion to recommend City Council approve the updated Public Safety Development Impact Fees and the updated Public Safety Development Impact Fee Capital Improvement Plan as submitted.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT City Council approves the recommended update to the Public Safety Development Impact Fees and Public Safety Development Impact Fee Capital

Improvement Plan as shown in Exhibit "A" attached hereto and made of part of this Resolution, effective July 1, 2016.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20___.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

VOTE:
Mayor Miyagishima: _____
Councillor Gandara: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Eakman: _____
Councillor Sorg: _____
Councillor Levatino: _____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

Exhibit "A"

City of Las Cruces

DRAFT Public Safety Development Fee Update

Prepared for:
City of Las Cruces, New Mexico

February 3, 2016

TischlerBise
FISCAL | ECONOMIC | PLANNING

4701 Sangamore Road, S240
Bethesda, MD
301.320.6900
www.tischlerbise.com

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EXECUTIVE SUMMARY

The City of Las Cruces retained TischlerBise to prepare an update of the public safety development fee methodology, capital improvements plan, and land use assumptions. This study meets the requirements of the New Mexico Development Fees Act. For public safety capital improvements and development fees, TischlerBise documented appropriate demand indicators, also known as service units, by type of development. Infrastructure needed to serve new development has been identified using local data and capital costs.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. A development fee represents new growth's proportionate share of capital facility needs. By law, development fees can only be used for capital improvements, not operating or maintenance costs. Development fees are also subject to legal standards, which require fulfillment of three key tests including need, benefit, and proportionality.

- Development fees must demonstrate that new development will create a need for capital improvements
- Development must derive a benefit from the payment of the fees (i.e. public facilities constructed within a reasonable timeframe)
- Fees must be proportionate to the capital cost for system improvements for a particular type of development.

General Understanding of Development Fees

Development fees are one-time payments used to fund capital improvements necessitated by additional housing units and nonresidential buildings. Development fees should not be regarded as the total solution for infrastructure funding. Rather, they are one component of a comprehensive portfolio to ensure provision of adequate public facilities. Development fees have the following limitations:

- Development fees cannot be used to finance ongoing operations, maintenance and replacement costs
- Development fees cannot be used to correct existing infrastructure deficiencies unless there is a funding plan to correct the deficiency for all current service units
- Development fees must be accounted for separately in individual accounts and earmarked for the capital expenses for which they were collected.

Legal Framework

Like all land use regulations, development exactions—including development fees—are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of development fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against regulatory takings. To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest. In the case of development fees, that interest is in the protection of public health, safety, and welfare by ensuring that development is not detrimental to the quality of essential public services.

There is little federal case law specifically dealing with development fees, although other rulings on other types of exactions are relevant. The U.S. Supreme Court found that a government agency

imposing exactions on development must demonstrate an "essential nexus" between the exaction and the interest being protected (Nollan v. California Coastal Commission, 1987). In a more recent case (Dolan v. City of Tigard, OR, 1994), the Court ruled that an exaction also must be "roughly proportional" to the burden created by development.

There are three reasonable relationship requirements for development fees that are closely related to "rational nexus" requirements enunciated by a number of state courts. Although the term "dual rational nexus" is often used to characterize the standard by which courts evaluate the validity of development fees under the U.S. Constitution, we prefer a more rigorous formulation that recognizes three elements: need, benefit, and proportionality. The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the Dolan case. Individual elements of the nexus standard are discussed further in the following paragraphs.

All new development in a community creates additional demand on public facilities provided by local government. If the supply of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Development fees may be used to recover the cost of infrastructure, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. In this study, infrastructure needs are analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

A sufficient benefit relationship requires that fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. However, nothing in the U.S. Constitution or the New Mexico Development Fees Act requires that facilities funded with fee revenues be available exclusively to a particular development. In other words, all development within the service area may benefit from these improvements as well.

Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate development fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and quantifiable attributes of development (i.e. service units).

Unique Requirements of the New Mexico Development Fee Act

Development fees in New Mexico are governed by New Mexico Statutes 5-8-1, cited as the Development Fees Act. The Act includes the following unique features.

- Capital improvement means buildings for fire, police, and rescue, plus essential equipment costing $10,000 or more and having a life expectancy of ten years or more
- Municipalities shall approve land use assumptions in the service area over at least a five-year period
- Municipalities may waive impact fee requirements for affordable housing projects
- Fees may be imposed to pay fees actually paid, or contracted to be paid, to an independent qualified professional, who is not an employee of the municipality, for the preparation of updating of a capital improvements plan; and up to three percent of total impact fees collected for administrative costs for municipal employees who are qualified professionals

- Municipalities shall prepare a capital improvements plan addressing the projected demand for capital improvements or facility expansions required by new service units over a reasonable period of time, not to exceed ten years
- Impact fees shall not be collected unless the municipality commits to complete construction of capital improvements or facility expansions within seven years
- Governmental entities shall pay all impact fees imposed under the Development Fees Act
- Municipalities imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years
- Municipalities shall appoint a capital improvements advisory committee.

General Methods

Several legitimate methods may be used to calculate development fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, the calculation of development fees can become complicated because many variables determine the relationship between development and the need for facilities. The following paragraphs discuss three basic methods for calculating development fees and how those methods can be applied.

The plan-based method allocates costs for a specified set of improvements to a specified amount of development. The improvements are identified by a facility plan and development is identified by a land use plan.

The rationale for the cost recovery approach is that new development is paying for its share of the useful life and remaining capacity of facilities from which new growth will benefit. This methodology is often used for systems that were oversized such as sewer and water facilities.

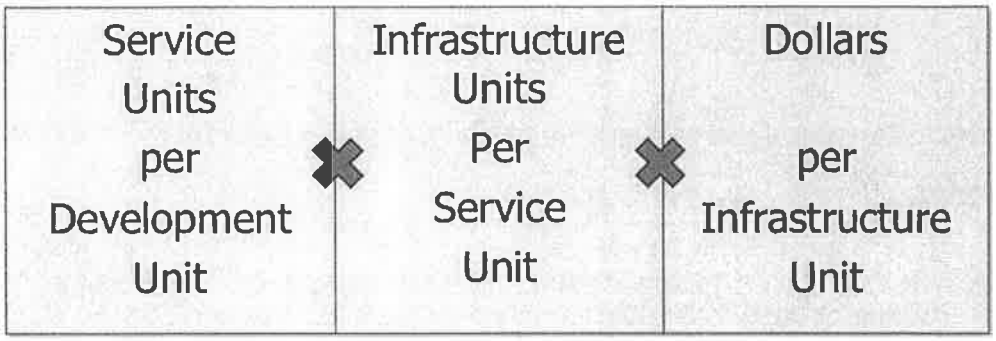
The incremental expansion method documents the current level of service (LOS) for each type of public facility in both quantitative and qualitative measures, based on an existing service standard. This approach assumes there is no existing infrastructure deficiency or surplus capacity. Fee revenue will be used to expand or provide additional facilities, as needed, to accommodate new development.

Regardless of the methodology, a consideration of "credits" is integral to defensible development fees. There are two types of "credits" which should be addressed to avoid possible double payment situations. Revenue credits consider other revenues (e.g., property taxes) that may also fund growth-related capital improvements. For example, new development may provide front-end funding of infrastructure through impact fees and contribute to future debt payments for public facilities. The second type of credit is a site-specific credit for system improvements that have been included in the development fee calculations. Policies and procedures related to site-specific credits for system improvements should be addressed in the ordinance and administrative procedures that govern the collection and expenditure of development fees. However, the general concept is that developers may be eligible for site-specific credits only if they provide system improvements that have been included in the development fee calculations. Project level improvements, typically required as part of the development approval process, are not eligible for credits against development fees.

Conceptual Development Fee Calculation

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire jurisdiction (i.e. system improvements). The basic steps in a conceptual development fee formula are illustrated in Figure 1. The first step (see the left box) is to determine an appropriate demand indicator, or service unit, for the particular type of infrastructure. The service indicator measures the number of service units for each unit of development. For example, an indicator of the demand for public safety facilities is population growth and the average number of persons per housing unit indicates the service units per residential development unit. The second step in the conceptual development fee formula is shown in the middle box below. Infrastructure units per demand unit are typically called Level-Of-Service (LOS) or infrastructure standards. In keeping with the public safety example, a common infrastructure standard is building floor area per resident. The third step in the conceptual development fee formula, as illustrated in the right box, is the cost of various infrastructure units. To complete the public safety example, this part of the formula would establish the building cost per square foot.

Figure 1: Conceptual Development Fee Formula



Proposed Public Safety Development Fees

Figure 2 summarizes the methods, cost components, and cost allocation for public safety facilities. The 2015 update is based on the incremental expansion cost method, which will maintain current infrastructure standards. The functional population analysis, described further in Appendix A (see Figures A6 and A7 along with related text), allocates 72% of public safety capital costs to residential development and 28% to nonresidential development.

Figure 2: Public Safety Development Fee Framework

Infrastructure Type	*Service Area*	*Incremental Expansion Method*	*Cost Allocation*
Police Facilities	Citywide	Police Buildings, Vehicles, and Communications Equipment	Functional Population and Inbound Vehicle Trips to Nonresidential Development
Fire Facilities	Citywide	Fire Stations, Apparatus, and Communications Equipment	Functional Population and Inbound Vehicle Trips to Nonresidential Development

Figure 3 indicates proposed public safety development fees for the City of Las Cruces. The City may adopt fees that are less than the amounts shown. However, a reduction in development fee revenue will necessitate an increase in other revenues, or a decrease in planned capital expenditures, which will decrease levels of service over time.

Additional information on the average number of persons for each of the dwelling size thresholds may be found in Appendix A (see Figures A9 and A10 along with related text). In general, the two smallest dwelling size thresholds will likely be applicable to one and two bedroom multifamily residential structures. The three largest dwelling size thresholds will likely be applicable to detached housing with two, three, and four or more bedrooms. Imposing development fees by dwelling size improves proportionality and helps make smaller units more affordable.

Currently, residential development fees are imposed by dwelling type. TischlerBise recommends switching to residential fees by dwelling size, measured by square feet of living space (i.e. climate-controlled area excluding garages and outdoor patios/porches). ***In the table below, the middle size threshold is shown on two rows with grey shading to indicate the fee change for both multifamily and single-family dwellings.*** New apartment buildings are primarily constructed with one and two bedroom units, which will likely be in the two smallest size thresholds. However, a three-bedroom apartment with 1301 to 1700 square feet of living space would pay a proposed impact fee of $712, which is $246 more than the current multifamily fee. A small, detached dwelling of the same size would also pay a proposed impact fee of $712, which would only be $73 more than the current single-family fee. The two largest size thresholds will likely be applicable to detached housing, with most three-bedroom detached units expected to be 1701 to 2100 square feet. Four or more bedroom detached units will likely be 2101 square feet or larger.

Figure 3: Current and Proposed Public Safety Development Fee Schedule

Public Safety Development Fees			
	Current	*Proposed*	*Change*
Residential (per dwelling by square feet of living space)			
900 or less	$466	$337	-$129
901 to 1300	$466	$552	$86
1301 to 1700	$466	$712	$246
1301 to 1700	$639	$712	$73
1701 to 2100	$639	$835	$196
2101 or more	$639	$887	$248
Nonresidential (per 1,000 square feet of building*)			
Mini-Warehouse	$26	$90	$64
Warehouse	$83	$128	$45
Hotel/Motel (per room)	$313	$202	-$111
Industrial	$185	$250	$65
Institutional	$204	$366	$162
Office & Other Services	$364	$397	$33
Commercial/Retail	$735	$1,014	$279
** Except Lodging*			

CAPITAL IMPROVEMENTS PLAN AND DEVELOPMENT FEES

The City of Las Cruces will use an incremental expansion cost methodology to maintain current infrastructure standards for public safety buildings. Also, public safety vehicles and equipment are eligible for development fee funding if the purchase price is greater than $10,000 and the items have at least ten years of useful life. To hasten initial response times, police officers, fire fighters and emergency medical personnel are dispersed throughout the city, with additional backup responders available from multiple locations. Las Cruces has one, citywide service area for public safety facilities.

Public Safety Facilities, Service Units, and Standards

Public safety development fees in Las Cruces are based on the same level of service provided to existing development. Figure PS1 inventories public safety buildings in Las Cruces. For residential development, Las Cruces will use year-round population to derive current infrastructure standards. To allocate nonresidential impact fees by type of development, TischlerBise recommends using inbound, average-weekday vehicle trips as the best demand indicator for public safety infrastructure. Trip generation rates are highest for commercial developments, such as shopping centers, and lowest for industrial/warehouse development. Office and institutional trip rates fall between the other two categories. This ranking of trip rates is consistent with the relative demand for public safety facilities from nonresidential development. Other possible nonresidential demand indicators, such as employment or floor area, do not accurately reflect the demand for service. If employees per thousand square feet were used as the demand indicator, public safety impact fees would be too high for office and institutional development. If floor area were used as the demand indicator, public safety impact fees would be too high for industrial development. Also, public safety personnel respond to traffic accidents, which are directly proportionate to trip generation rates.

The lower portion of the table below indicates the allocation of public safety building space to residential and nonresidential development, along with 2015 service units in Las Cruces. Vehicle trips to nonresidential development are based on floor area estimates for four general types of development (industrial, commercial, institutional and office/other services), as documented in the Land Use Assumptions (see Appendix A).

Figure PS1: Las Cruces Public Safety Buildings

Public Safety Buildings	*Square Feet*	*City Cost*
East Mesa Public Safety Complex	37,000	$12,493,770
Police HQ	31,780	
Fire HQ & Station 1	16,200	
Fire Station 4	10,536	
Fire Station 7 (construction without land)	9,884	$2,118,670
Fire Station 6	8,400	
Fire Station 5	7,851	
Fire Station 2	5,543	
Fire Station 3	5,527	
Police Academy	2,800	
TOTAL	135,521	

Source: Current square feet and costs provided by City staff (July 2015),

Average Cost per Square Foot in NM Jurisdictions =>	**$300**
Previous Cost per Square Foot (land and buildings)* =>	$278

* *Previous cost per square foot for land and buildings (Duncan Associates 2011).*

Public Safety Building Standards

	Residential	*Nonresidential*
Proportionate Share (functional population)	72%	28%
Growth Indicator	*Population*	*Avg Wkdy Veh Trips to Nonres Dev*
Service Units in 2015	102,954	133,583
Square Feet per Service Unit	0.95	0.28
Cost per Service Unit	$300	$74

Figure PS2 documents the recommended cost factor of $300 per square foot, based on recent public safety buildings constructed by New Mexico jurisdictions. The previous impact fee study used a cost factor of $278 per square foot of building, which included the cost of land. To maintain the current infrastructure standard for public safety buildings, Las Cruces will provide 0.95 square feet per additional resident, at a capital cost of $300 per person for public safety buildings. For nonresidential development, Las Cruces will provide 0.28 square feet of public safety building per inbound vehicle trip to nonresidential development on an average weekday. To maintain the current infrastructure standard, Las Cruces expects to spend $74 per additional vehicle trip to nonresidential development.

Figure PS2: Cost Factors in Comparable NM Jurisdictions

Location	*Year*	*Cost*	*Square Feet*	*Cost per Sq Ft*
East Mesa Public Safety Complex in Las Cruces	2016	$12,493,770	37,000	$338
Fire Station 1 and Administration Building in Farmington	2014	$3,472,000	11,725	$296
Happy Valley Fire Station in Eddy County	2013	$1,400,000	6,300	$222
Fire Station 7 in Las Cruces (without land)	2014	$2,118,670	9,884	$214
TOTAL		$19,484,440	64,909	**$300**

Development fees will also be used to expand the fleet of public safety vehicles and purchase additional equipment that has a useful life of at least ten years. Figure PS3 lists police and fire vehicles or equipment items currently being used by public safety personnel. Las Cruces has 29 vehicles and equipment items, with a capital cost of approximately $9.3 million, yielding a weighted average cost of approximately $321,300 per item.

The total count of public safety vehicles/equipment was allocated to residential and nonresidential development in Las Cruces. As shown below, every 10,000 residents require Las Cruces to purchase 2.0 additional vehicles or equipment items. To maintain the current infrastructure standard, each additional resident equates to a capital cost of $68. Every 10,000 inbound weekday vehicle trips to nonresidential development require 0.6 additional vehicles or equipment items. For nonresidential development, the public safety vehicle and equipment capital cost is $17 per service unit.

Figure PS3: Public Safety Vehicles and Equipment

Public Safety Vehicles	*Count*	*Current Cost per Unit*	*Total Cost*
Class A Pumper	10	$430,000	$4,300,000
Aerial Platform	2	$1,000,000	$2,000,000
Aerial Stick (reserve)	1	$850,000	$850,000
IMC Mobile Command Unit	1	$550,000	$550,000
Police Mobile Operations Center	1	$300,000	$300,000
Rescue Tractor/Trailer	1	$180,000	$180,000
Police Crime Scene Processing Unit	1	$180,000	$180,000
Haz Mat Tractor/Trailer	1	$163,000	$163,000
Police HNT Tactical Command Vehicle	1	$150,000	$150,000
Police Bearcat Armored Vehicle	1	$150,000	$150,000
Transport/Ambulance	1	$140,000	$140,000
Compressed Air Foam Unit	1	$125,000	$125,000
Heavy Duty 4x4 Pickup	3	$34,600	$103,800
Mobile Command SUV	1	$60,000	$60,000
Commercial Duty 4x4 Truck	1	$44,000	$44,000
Decon Unit Trailer	1	$12,300	$12,300
Light Tower Trailer	1	$11,000	$11,000
TOTAL	29		$9,319,100
Weighted Average Cost per Unit =>		$321,300	

Source: Inventory and current costs provided by City staff (July 2015).

Public Safety Standards for Vehicles	*Residential*	*Nonresidential*
Proportionate Share (functional population)	72%	28%
Growth Indicator	*Population*	*Avg Wkdy Veh Trips to Nonres Dev*
Service Units in 2015	102,954	133,583
Vehicles/Equipment per 10,000 Service Units	2.0	0.6
Cost per Service Unit	$68	$17

Projected Need for Public Safety Facilities

New Mexico's development fee enabling legislation requires jurisdictions to convert land use assumptions into service units and the corresponding need for additional infrastructure. As shown in Figure PS4, projected population and vehicle trips to nonresidential development drive the needs analysis for public safety buildings and vehicles. To maintain current standards, Las Cruces will need approximately 23,400 additional square feet of public safety buildings, plus approximately five vehicles or equipment items over the next ten years. In combination, Las Cruces anticipates capital costs of approximately $8.6 million for growth-related public safety infrastructure over the next ten years.

Figure PS4: Public Safety Facilities Needed to Accommodate Growth

Public Safety Infrastructure Standards and Capital Costs

Public Safety Buildings - Residential	0.95	Sq Ft per person
Public Safety Buildings - Nonresidential	0.28	Sq Ft per trip
Public Safety Building Cost	$300	per sq ft
Public Safety Vehicles - Residential	2.0	per 10,000 persons
Public Safety Vehicles - Nonresidential	0.6	per 10,000 vehicle trips
Public Safety Average Vehicle Cost	$321,300	per vehicle

				Infrastructure Needed	
	Year	*Population*	*Vehicle Trips to Nonresidential*	*Public Safety Buildings*	*Public Safety Vehicles*
Base	2015	102,954	133,583	135,521	29
Year 1	2016	104,523	136,026	137,702	29
Year 2	2017	106,117	138,432	139,896	30
Year 3	2018	107,734	140,926	142,138	30
Year 4	2019	109,377	143,529	144,434	31
Year 5	2020	111,044	146,096	146,743	31
Year 6	2021	112,737	148,698	149,087	32
Year 7	2022	114,456	151,369	151,474	32
Year 8	2023	116,200	154,076	153,897	33
Year 9	2024	117,972	156,944	156,390	33
Year 10	2025	119,770	159,809	158,909	34
Ten-Year Increase		16,816	26,226	23,388	5
			Growth Cost of Public Safety Buildings =>	$7,016,000	
				Growth Cost of Public Safety Vehicles =>	$1,607,000
			Total Growth Cost for Public Safety Improvements (rounded) =>		$8,623,000

Revenue Credit Evaluation

The East Mesa Public Safety Complex (EMPSC) was financed using Series 2011A and 2014 revenue bonds (State-shared, gross receipts tax). Also, the City has NMFA apparatus loans on pumpers purchased in 2010, 2011, and 2014. As shown in Figure PS5, remaining principal payments on these debt obligations are approximately $11.8 million over the next ten years. TischlerBise derived future principal payments per service unit following the same methodology used for the infrastructure cost allocation. To account for the time value of money, the present value adjustment assumes a discount rate of 2.41% per year, which is the average annual interest rate on the Series 2014 bonds.

Figure PS5: Credit for Remaining Principal Payments

FY	*EMPSC (Series 2011A & 2014) and Pumpers (2010, 2011, 2014)*	*Residential Share 72%*	*Nonresidential Share 28%*	*Las Cruces Year-Round Population*	*Las Cruces Vehicle Trips to Nonres*	*Payment Per Person*	*Payment Per Veh Trip to Nonres*
16-17	$2,662,094	$1,916,708	$745,386	104,523	136,026	$18.34	$5.48
17-18	$1,232,697	$887,542	$345,155	106,117	138,432	$8.36	$2.49
18-19	$1,244,989	$896,392	$348,597	107,734	140,926	$8.32	$2.47
19-20	$1,163,989	$838,072	$325,917	109,377	143,529	$7.66	$2.27
20-21	$1,006,912	$724,977	$281,935	111,044	146,096	$6.53	$1.93
21-22	$1,011,562	$728,325	$283,237	112,737	148,698	$6.46	$1.90
22-23	$1,058,400	$762,048	$296,352	114,456	151,369	$6.66	$1.96
23-24	$900,000	$648,000	$252,000	116,200	154,076	$5.58	$1.64
24-25	$900,000	$648,000	$252,000	117,972	156,944	$5.49	$1.61
25-26	$645,000	$464,400	$180,600	119,770	159,809	$3.88	$1.13
	$11,825,643	$8,514,463	$3,311,180		Total	$77.28	$22.88
					Discount Rate	2.41%	2.41%
					Present Value	**$69.72**	**$20.66**

Development Fees for Public Safety Facilities

Infrastructure standards and cost factors for public safety are summarized in the upper portion of Figure PS6. The conversion of infrastructure needs and costs per service unit into a cost per development unit is also shown in the table below. For residential development, average number of persons per housing unit provides the necessary conversion. For nonresidential development, trip generation rates by type of development are from the Institute of Transportation Engineers (see Trip Generation, ITE 2012). To ensure the analysis is based on travel demand associated with nonresidential development within Las Cruces, trip ends (entering and exiting) are converted to inbound trips using trip adjustment factors. For industrial, office, and most services, a basic adjustment of 50% is applied. Because commercial and institutional development (like schools and daycare) attracts "non-primary" trips, the adjustment factor for commercial and institutional is only 33%, based on the average pass-by factor for shopping centers (ITE 2012).

Proposed development fees for public safety facilities are shown in the column with blue shading. State enabling legislation allows a 3% surcharge to cover the cost of professional services and fee administration.

Figure PS6: Service Units and Proposed Fees per Development Unit

	Cost per Person	*Cost per Inbound Trip*
Public Safety Buildings	$300	$74
Public Safety Vehicles	$68	$17
Professional Fees & Adm Cost (3%)	$9	$2
Revenue Credit for Principal Payments	($70)	($21)
TOTAL	$307	$72

Residential (per housing unit)

Square Feet of Living Space	*Persons per Dwelling**	*Public Safety Impact Fees*	*Current Impact Fees*	*Increase or Decrease*	*Percent Change*
900 or less	1.10	$337	$466	-$129	-28%
901 to 1300	1.80	$552	$466	$86	18%
1301 to 1700	2.32	$712	$639	$73	11%
1701 to 2100	2.72	$835	$639	$196	31%
2101 or more	2.89	$887	$639	$248	39%

** see Figure A10 in Land Use Assumptions*

Nonresidential (per 1,000 square feet of building**)

Type	*Avg Wkdy Veh Trip Ends****	*Trip Adjustment Factors*****	*Public Safety Impact Fees*	*Current Impact Fees*	*Increase or Decrease*	*Percent Change*
Mini-Warehouse	2.50	50%	$90	$26	$64	246%
Warehouse	3.56	50%	$128	$83	$45	54%
Hotel/Motel (per room)	5.63	50%	$202	$313	-$111	-35%
Industrial	6.97	50%	$250	$185	$65	35%
Institutional	15.43	33%	$366	$204	$162	79%
Office & Other Services	11.03	50%	$397	$364	$33	9%
Commercial/Retail	42.70	33%	$1,014	$735	$279	38%

** except lodging

**** see Figure A3 in Land Use Assumptions*

***** Commercial and Institutional includes pass-by adjustment*

Forecast of Revenues for Public Safety Facilities

Figure PS7 indicates Las Cruces should receive approximately $7.05 million in public safety development fee revenue over the next ten years, if actual development matches the land use assumptions documented in Appendix A. Projected fee revenue over the next ten years is less than the projected growth cost of public safety improvements (i.e. $8.6 million as shown in Figure PS4) due to the revenue credit for remaining principal payments (see Figure PS5). To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the need for infrastructure and development fee revenue.

The upper portion of Figure PS7 summarizes Public Safety capital improvements needed to accommodate new development within Las Cruces over the next ten years. Public Safety staff provided the CIP list to demonstrate how fee-payers will benefit from planned expenditures. Additional details and updated cost estimates will be provided to City Council during the regular budget-approval process. The total cost of planned public safety buildings is $11.3 million, but development impact fees will only fund approximately $7 million of the total cost. The City of Las Cruces will contribute approximately $4.3 million from other revenues in order to construct growth-related public safety improvements.

Figure PS7: Public Safety CIP Summary and Development Fee Revenue

Growth Cost of Public Safety Capital Improvements

	Total Bldg Cost	*Other Revenues*	*DIF Share*
Fire Station	$3,360,000	$360,000	$3,000,000
Police/Fire Training Facility	$4,025,000	$1,759,000	$2,266,000
Metro Narcotics Building (relocate and expand)	$3,920,000	$2,170,000	$1,750,000
Public Safety Buildings Subtotal =>	$11,305,000	$4,289,000	**$7,016,000**

	Vehicles
Class A Pumper	$450,000
Mobile Operation Center	$300,000
SWAT Rook Tactical Vehicle/Trailer	$250,000
SWAT Bearcat	$200,000
Transport Squad/Ambulance	$150,000
Transport Squad/Ambulance	$150,000
Light Rescue/ARV	$75,000
Heavy Duty 4x4 Pickup	$40,000
Public Safety Vehicles Subtotal =>	**$1,615,000**
Total Cost Over Ten Years =>	$8,631,000

Public Safety Development Fee Revenue

		Average Residential $715 per housing unit	*Industrial* $128 per 1000 Sq Ft	*Commercial* $1,014 per 1000 Sq Ft	*Institutional* $366 per 1000 Sq Ft	*Office* $397 per 1000 Sq Ft
	Year	*Dwelling Units*	*KSF*	*KSF*	*KSF*	*KSF*
Base	2015	44,186	4,670	5,990	2,870	4,760
Year 1	2016	44,860	4,750	6,100	2,920	4,850
Year 2	2017	45,544	4,840	6,210	2,970	4,930
Year 3	2018	46,238	4,920	6,320	3,030	5,020
Year 4	2019	46,943	5,010	6,440	3,080	5,110
Year 5	2020	47,658	5,100	6,550	3,140	5,210
Year 6	2021	48,385	5,190	6,670	3,190	5,300
Year 7	2022	49,123	5,290	6,790	3,250	5,390
Year 8	2023	49,871	5,380	6,910	3,310	5,490
Year 9	2024	50,632	5,480	7,040	3,370	5,590
Year 10	2025	51,404	5,580	7,170	3,430	5,690
	Ten-Yr Increase	7,218	910	1,180	560	930
	Projected Revenue =>	**$5,161,000**	**$116,000**	**$1,197,000**	**$205,000**	**$369,000**
					Total Projected Development Fee Revenue (rounded) =>	$7,048,000

APPENDIX A: LAS CRUCES LAND USE ASSUMPTIONS

The population, housing unit, and job data contained in this document will be used to update public safety development fees. To evaluate the demand for growth-related infrastructure from various types of development, TischlerBise also prepared documentation on floor area by type of nonresidential development and service units by type and size of housing unit. As explained further below, these metrics are the service units that will be used in the development fee study.

Development fees must be proportionate by type of land use and based on the need for growth-related improvements. The demographic data and development projections discussed below will be used to demonstrate proportionality and anticipate the need for future infrastructure. All land use assumptions and projected growth rates are consistent with published plans, such as the City of Las Cruces Comprehensive Plan 2040 (11/18/13) and the draft Dona Ana County Comprehensive Plan (January 2015). In contrast to these comprehensive plans, which are general and long-range, development fees require more specific quantitative analysis and have a short-range focus. Typically, development fee studies look out five to ten years, with the expectation that fees will be periodically updated. For the public safety development fee update, infrastructure standards will be calibrated using fiscal year 2015-16 data. In the City of Las Cruces the fiscal year begins on July 1st.

Summary of Growth Indicators

Key development projections for the City of Las Cruces public safety development fee update are housing units and nonresidential floor area, as shown in Figure A1. These projections will be used to estimate development fee revenue and to indicate the anticipated need for growth-related infrastructure. The goal is to have reasonable projections without being overly concerned with precision. Because development fees methods are designed to reduce sensitivity to development projections in the determination of the proportionate-share fee amounts, if actual development is slower than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the City will receive an increase in fee revenue, but will also need to accelerate infrastructure improvements to keep pace with the actual rate of development.

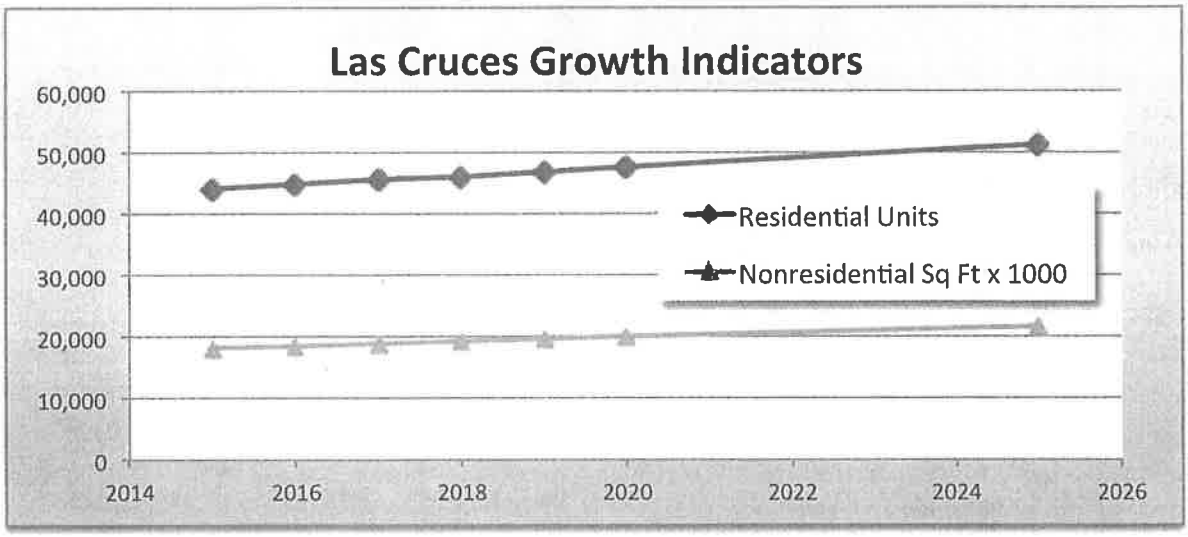
For the housing unit projection, TischlerBise used the 2030 population projection from page 21 of the City's Comprehensive Plan 2040. The compound annual growth rate of 1.52% was derived from the 2014 population estimate of 101,408 (U.S. Census Bureau) and the expectation of 129,182 residents by 2030. Population was converted to housing units using the 2013 ratio of 2.33 persons per housing unit (see Figure A8). During the next five years, the public safety development fee update assumes an average increase of 694 housing units per year. In comparison, the City of Las Cruces added 504 housing units in calendar year 2013, which includes 107 multifamily units. Due to a nationwide shortage of financing for multifamily units in recent years, there was pent-up demand that partially explains the spike in apartments. In 2014, only 304 dwelling units were permitted, of which 11 were apartments.

Over the next five years, Las Cruces expects an average increase of 342,000 square feet of nonresidential floor area per year. The projected increase in floor area is based a compound growth rate of 1.8% per year, derived from the job projection on page 50 of the draft Dona Ana County Comprehensive Plan (RCLCO 2014). Job growth was converted to nonresidential floor area using 2010 data on Las Cruces jobs and nonresidential floor area, as discussed below (see Figures A3 and A4, with related text).

Figure A1: Summary of Development Projections and Growth Rates

Las Cruces, New Mexico

	Year							2015 to 2020 Average Annual	
	2015	*2016*	*2017*	*2018*	*2019*	*2020*	*2025*	*Increase*	*Compound Growth Rate*
Residential Units	44,186	44,860	45,544	46,238	46,943	47,658	51,404	694	1.52%
Nonresidential Sq Ft x 1000	18,290	18,620	18,950	19,290	19,640	20,000	21,870	342	1.80%



Residential Construction

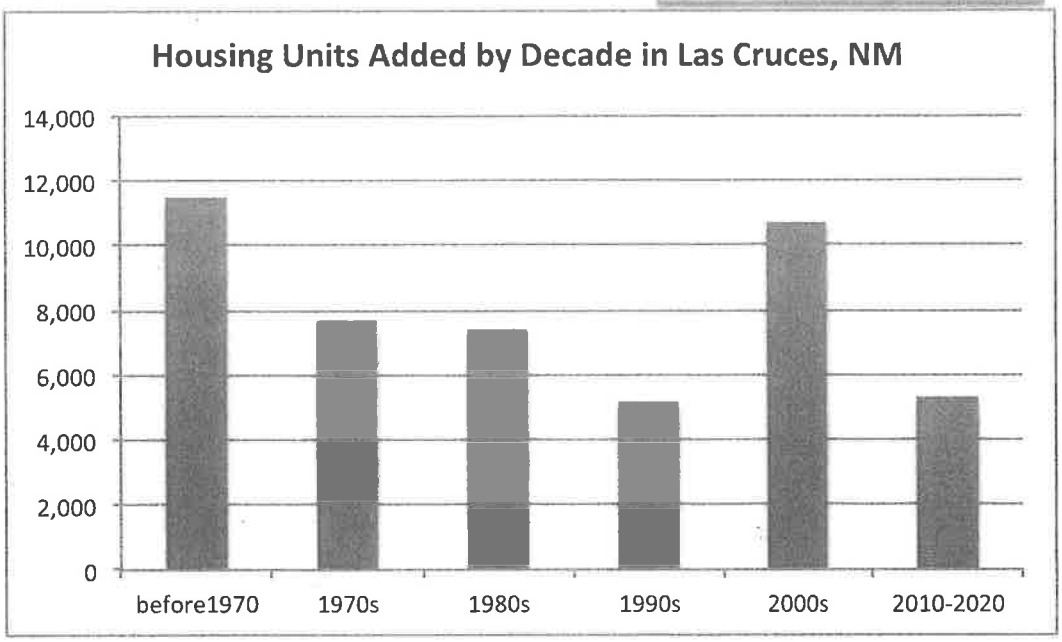
From 2000 to 2010, Las Cruces increased by an average of 1,069 housing units per year. Figure A2 indicates the estimated number of housing units added by decade in Las Cruces, according to data obtained from the U.S. Census Bureau. Consistent with the nationwide decline in development activity during the Great Recession, residential construction slowed significantly from 2008 to 2010, thus decreasing the number of units added during the past decade. From 2010 to 2020, Las Cruces expects to increase by 529 housing units per, which is significantly less than the increase during the previous decade.

Figure A2: Housing Units by Decade

	Las Cruces, NM
Census 2010 Population*	97,618
Census 2010 Housing Units*	42,370
Total Housing Units in 2000	31,682
New Housing Units 2000-2010	10,688

* *U.S. Census Bureau SF1.*

From 2000 to 2010, Las Cruces added an average of 1,069 housing units per year. The projected increase from 2010 to 2020 is an average of 529 housing units per year.



Source for 1990s and earlier is Table B25034, American Community Survey, 2013, adjusted to yield total units in 2000. Projected units from 2010 to 2020 derived from population projection, Table 1, City of Las Cruces Comprehensive Plan 2040 (11/18/13).

Nonresidential Development

In addition to data on residential development, the calculation of development fees requires data on nonresidential development. TischlerBise uses the term "jobs" to refer to employment by place of work. In Figure A3, gray shading indicates the four development prototypes the will be used by TischlerBise to derive inbound average weekday vehicle trips to nonresidential buildings in Las Cruces, which will be used to allocate capital costs for police facilities. For future ***Industrial*** development, warehousing (ITE code 150) is a reasonable proxy. As shown in Figure A4, Las Cruces averaging 756 square feet per industrial job. The prototype for future ***Commercial*** development is an average size shopping center (ITE code 820). Commercial development (i.e. retail and eating/drinking places) in Las Cruces averages 453 square feet per job. For ***Institutional*** development, such as pubic buildings, schools and churches, the prototype is an elementary school (ITE code 520). Institutional development in Las Cruces averages 561 square feet per job. For ***Office & Other Services***, a general office (ITE code 710) is a reasonable prototype for future development. In Las Cruces, offices and other services average of 205 square feet per job.

Figure A3: National Trip Rates and Employee to Building Area Ratios

ITE Code	*Land Use / Size*	*Demand Unit*	*Wkdy Trip Ends Per Dmd Unit**	*Wkdy Trip Ends Per Employee**	*Emp Per Dmd Unit*	*Sq Ft Per Emp*
110	Light Industrial	1,000 Sq Ft	6.97	3.02	2.31	433
130	Industrial Park	1,000 Sq Ft	6.83	3.34	2.04	489
140	Manufacturing	1,000 Sq Ft	3.82	2.13	1.79	558
150	Warehousing	1,000 Sq Ft	3.56	3.89	0.92	1,093
254	Assisted Living	bed	2.66	3.93	0.68	na
320	Motel	room	5.63	12.81	0.44	na
520	Elementary School	1,000 Sq Ft	15.43	15.71	0.98	1,018
530	High School	1,000 Sq Ft	12.89	19.74	0.65	1,531
540	Community College	student	1.23	15.55	0.08	na
550	University/College	student	1.71	8.96	0.19	na
565	Day Care	student	4.38	26.73	0.16	na
610	Hospital	1,000 Sq Ft	13.22	4.50	2.94	340
620	Nursing Home	1,000 Sq Ft	7.60	3.26	2.33	429
710	General Office (avg size)	1,000 Sq Ft	11.03	3.32	3.32	301
760	Research & Dev Center	1,000 Sq Ft	8.11	2.77	2.93	342
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	42.70	na	2.00	500

* *Trip Generation, Institute of Transportation Engineers, 9th Edition (2012).*

Figure A4 indicates 2010 estimates of jobs and nonresidential floor area located in Las Cruces. Job estimates, by type of nonresidential, are from the Las Cruces Work Area Profile, published by the U.S. Census Bureau's online web application known as "OnTheMap". The number of jobs in Las Cruces is based on quarterly workforce reports supplied by employers. With 43,652 jobs and almost 16.72 million square feet of nonresidential building space in 2010, Las Cruces averages 383 square feet of nonresidential floor area for each job.

Figure A4: Las Cruces Jobs and Nonresidential Floor Area Estimates

	2010 Jobs (1)		*Sq Ft per Job*	*2010 Floor Area (2)*	*Jobs per 1000 Sq Ft*
Industrial (3)	5,645	12.93%	756	4,268,000	1.32
Commercial (4)	12,097	27.71%	453	5,477,000	2.21
Institutional (5)	4,675	10.71%	561	2,624,000	1.78
Office & Other Services (6)	21,235	48.65%	205	4,349,000	4.88
TOTAL	43,652	100.00%	383	16,718,000	2.61

(1) OnTheMap Work Area Profile, U.S. Census Bureau
(2) Table 10, Las Cruces Land Use Assumptions, Duncan Associates, 2010.
(3) Major sectors are construction and manufacturing.
(4) Major sectors are retail and food services.
(5) Major sectors are public administration and educational services.
(6) Major sectors are health care, social assistance, professional, scientific, and technical services.

Detailed Land Use Assumptions

Demographic data shown in Figure A5 are key inputs for the public safety development fee update. Cumulative data are shown at the top and projected annual increases, by type of development, are shown at the bottom of the table. As indicated by the slight increase in the jobs-housing ratio over time, Las Cruces will remain a strong employment center.

Given the expectation that development fees are updated every five years, TischlerBise did not evaluate long-term demographic trends such as declining household size (i.e. the average number of persons in an occupied dwelling). As discussed further below, TischlerBise recommends the use of persons per housing unit to derive development fees. The projected increase in population through 2030 maintains a constant ratio of 2.33 persons per housing unit.

The projected population shown below is less than the projected population of 117,488 by 2020, used in the 2013 Land Use Assumptions LUA) for Water and Wastewater Development Fees. The 2013 study assumed population would increase at 1.87% per year, compared to 1.52% annual population growth in the updated LUA.

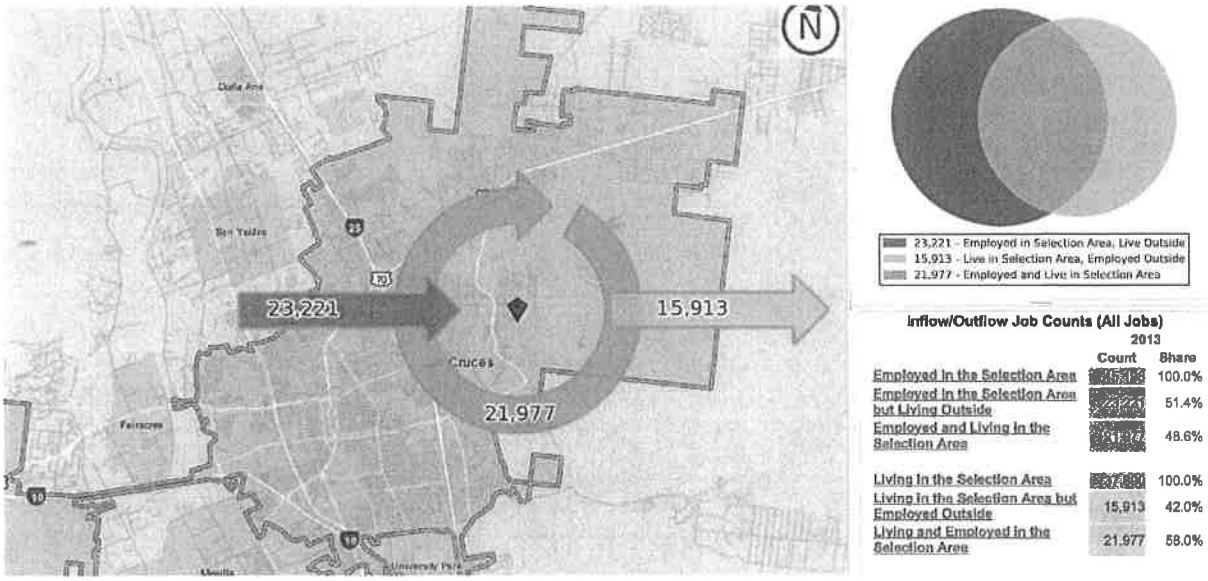
Figure A5: Annual Land Use Assumptions

Las Cruces, NM	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2025*	*2030*
FY begins July 1st	*FY14-15*	*FY15-16*	*FY16-17*	*FY17-18*	*FY18-19*	*FY19-20*	*FY20-21*	*FY25-26*	*FY30-31*
		Base Yr	*1*	*2*	*3*	*4*	*5*	*10*	*15*
Total Population									
Las Cruces	101,408	102,954	104,523	106,117	107,734	109,377	111,044	119,770	129,182
Dwelling Units									
Las Cruces	43,523	44,186	44,860	45,544	46,238	46,943	47,658	51,404	55,443
Persons per Hsg Unit	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Jobs in Las Cruces									
Industrial	6,063	6,173	6,284	6,397	6,513	6,630	6,750	7,381	8,071
Commercial	12,994	13,228	13,466	13,709	13,956	14,208	14,464	15,817	17,295
Institutional	5,021	5,112	5,204	5,298	5,394	5,491	5,590	6,112	6,684
Office & Other Services	22,809	23,220	23,639	24,065	24,499	24,941	25,391	27,764	30,360
Total Jobs	46,887	47,733	48,593	49,470	50,362	51,270	52,195	57,074	62,409
Jobs to Housing Ratio =>	1.08	1.08	1.08	1.09	1.09	1.09	1.10	1.11	1.13
Las Cruces Nonresidential Floor Area (square feet in thousands)									
Industrial	4,580	4,670	4,750	4,840	4,920	5,010	5,100	5,580	6,100
Commercial	5,890	5,990	6,100	6,210	6,320	6,440	6,550	7,170	7,830
Institutional	2,820	2,870	2,920	2,970	3,030	3,080	3,140	3,430	3,750
Office & Other Services	4,680	4,760	4,850	4,930	5,020	5,110	5,210	5,690	6,220
Total KSF	17,970	18,290	18,620	18,950	19,290	19,640	20,000	21,870	23,900
Avg Sq Ft Per Job	383	383	383	383	383	383	383	383	383
Avg Jobs per KSF	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61
								2015-2025	
Annual Increase	7/14-7/15	7/15-7/16	7/16-7/17	7/17-7/18	7/18-7/19	7/19-7/20	7/20-7/21	***Avg Anl***	
Total Population	1,546	1,569	1,593	1,618	1,642	1,667	1,693	1,682	
Dwelling Units	663	674	684	694	705	715	727	722	
Jobs	846	861	876	892	908	925	941	934	
Industrial KSF	90	80	90	80	90	90	90	91	
Commercial KSF	100	110	110	110	120	110	120	118	
Institutional KSF	50	50	50	60	50	60	50	56	
Office & Other Serv KSF	80	90	80	90	90	100	90	93	
Total Nonres KSF/Yr =>	320	330	330	340	350	360	350	358	

Commuting Patterns and Functional Population

As shown in Figure A6, the Census Bureau's web application OnTheMap indicates that Las Cruces received a significant inflow of 23,221 workers on an average weekday in 2013. In addition to these non-resident workers, another 21,977 persons lived and worked in Las Cruces in 2013. As explained further in the next two sections, TischlerBise accounts for commuting patterns in the allocation of infrastructure costs to residential and nonresidential development.

Figure A6: Inflow/Outflow Analysis



For police development fees, TischlerBise recommends functional population to establish the relative demand for infrastructure from both residential and nonresidential development. As shown in Figure A7, functional population accounts for people living and working in Las Cruces. Residents who don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents who work in Las Cruces are assigned 14 hours per day to residential development and 10 hours per day to nonresidential development. Residents who work outside Las Cruces are assigned 14 hours per day to residential development. Inflow commuters are assigned 10 hours per day to nonresidential development. Based on 2013 functional population data for Las Cruces, the recommended cost allocation for residential development is 72%, while nonresidential development accounts for 28% of the demand for police infrastructure.

Figure A7: Functional Population

Functional Population Cost Allocation for Public Safety

		Demand Units in 2013		Demand Hours/Day	Person Hours
Residential					
	Population*	101,181			
63%	Residents Not Working		63,291	20	1,265,820
37%	Resident Workers**		37,890		
58%	Worked in City**		21,977	14	307,678
42%	Worked Outside City**		15,913	14	222,782
				Residential Subtotal	1,796,280
				Residential Share =>	**72%**
Nonresidential					
	Non-working Residents		63,291	4	253,164
	Jobs Located in City**		45,198		
49%	Residents Working in City**		21,977	10	219,770
51%	Non-Resident Workers (inflow commuters)		23,221	10	232,210
				Nonresidential Subtotal	705,144
				Nonresidential Share =>	**28%**
				TOTAL	2,501,424

** 2013 U.S. Census Bureau population estimate.*
*** 2013 Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.*

Persons per Housing Unit

The 2010 census did not obtain detailed information using a "long-form" questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which is limited by sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses). Part of the rationale for deriving fees by bedroom range, as discussed further below, is to address this ACS data limitation. Because townhouses and mobile homes generally have fewer bedrooms than detached units, fees by bedroom range ensure proportionality and facilitate construction of affordable units.

If there is a legislative policy decision to not impose fees by dwelling size, TischlerBise will recommend updated public safety fees for two residential categories, as shown in Figure A8. According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. Development fees often use per capita standards and persons per housing unit, or persons per household, to derive proportionate-share fee amounts. TischlerBise recommends that fees for residential development in Las Cruces be imposed according to the number of year-round residents per housing unit. As shown below, the U.S. Census Bureau estimates Las Cruces had 43,554 housing units in 2013. Dwellings with a single unit per structure (detached, attached, and mobile homes) averaged 2.45 persons per housing unit. Even though townhouses are attached, each unit is on an individual parcel and is considered to be

a single unit. Dwellings in structures with two or more units averaged 1.84 year-round residents per unit. This category includes duplexes, which have two dwellings on a single land parcel. The overall average, including persons on group quarters, was 2.33 year-round residents per housing unit in 2013.

Figure A8: Year-Round Persons per Unit by Type of Housing

2013 Summary by Type of Housing

Units in Structure	*Persons*	*House-holds*	*Persons per Household*	*Housing Units*	*Persons per Housing Unit*	*Housing Mix*	*Vacancy Rate*
Single Unit[1]	78,064	29,132	2.68	31,853	2.45	73%	9%
2+ Units	21,494	10,167	2.11	11,701	1.84	27%	13%
Subtotal	99,558	39,299	2.53	43,554	2.29		10%
Group Quarters	1,759						
TOTAL	101,317				2.33		

Source: U.S. Census Bureau, 2013 American Community Survey, 1-Year Estimates, Tables B25024, B25032, B25033, and B26001.
[1] Single unit includes detached, attached, and mobile homes.

Service Units by Bedroom Range

Development fees must be proportionate to the demand for infrastructure. Because the average number of persons per housing unit has a strong, positive-correlation to the number of bedrooms, TischlerBise recommends residential fee schedules that increase by dwelling size. Custom tabulations of demographic data by bedroom range can be created from individual survey responses provided by the U.S. Census Bureau, in files known as Public Use Micro-data Samples (PUMS). PUMS files are only available for areas of at least 100,000 persons, with the City of Las Cruces included in Public Use Micro-data Area (PUMA) 1002. As shown in Figure A9, TischlerBise derived average persons per housing unit by bedroom range, from un-weighted PUMS data. The recommended multipliers by bedroom range (shown below) are for all types of housing units, adjusted to the control total of 2.33 persons per housing unit in Las Cruces (see Figure A8).

Figure A9: Citywide Average Number of Persons by Bedroom Range

Bedrooms	*Persons (1)*	*Housing Units (1)*	*Persons per Housing Unit (2)*	*Housing Mix*
0-1	32	27	1.23	9%
2	134	71	1.95	25%
3	385	155	2.57	54%
4+	95	34	2.89	12%
Total	646	287	2.33	100%

(1) American Community Survey, Public Use Microdata Sample for NM 2010 PUMA 1002 (2013 1-yr unweighted data).
(2) Person per Housing Unit are scaled to make the average derived from PUMS data match the overall average of 2.33 persons per housing unit in Las Cruces.

Average floor area and number of persons by bedroom range are plotted in Figure A10, with a logarithmic trend line derived from four actual averages in Las Cruces. Using the trend line formula shown in the chart, TischlerBise derived the estimated average number of persons, by dwelling size, using 400 square feet intervals. For the purpose of public safety development fees, TischlerBise recommends a minimum fee based on a unit size of 900 square feet and a maximum fee for units 2101 square feet or larger. According to the U.S. Census Bureau's Survey of Construction microdata for Mountain West states, the average size of all two-bedroom single-family housing units (both detached and attached) constructed in 2014 was 1,809 square feet of finished living space. This same source indicates an average of 2,204 and 3,382 square feet of finished living space for three and four-or-more bedroom housing units, respectively.

According to Las Cruces building permit records, all single units (i.e. both single family and townhouses) averaged 2,345 square feet in 2013; 2,459 square feet in 2014; with a combined weighted average of 2,393 square feet. Because the Las Cruces building permit data included garages, TischlerBise reduced the average by 400 square feet, which is the approximate size of a two-car garage. The average sizes for 2, 3, and 4+ bedrooms in Las Cruces are assumed to be 74.5% of the floor area reported by the Census Bureau (i.e. 1993 average square feet in Las Cruces divided by 2675 square feet in the Mountain West region).

The U.S. Census Bureau also publishes summary tables for multifamily housing units, indicating an average of 1,081 square feet of floor area for units constructed in 2014 in the West census region. As shown in the upper-right of the table below, the lowest floor area range (900 square feet or less) has an estimated average of 1.10 persons per housing unit. This is consistent with the fact that 48% of multifamily units constructed during 2014 in the West Region were either efficiencies or one-bedroom units suitable for a single-person household.

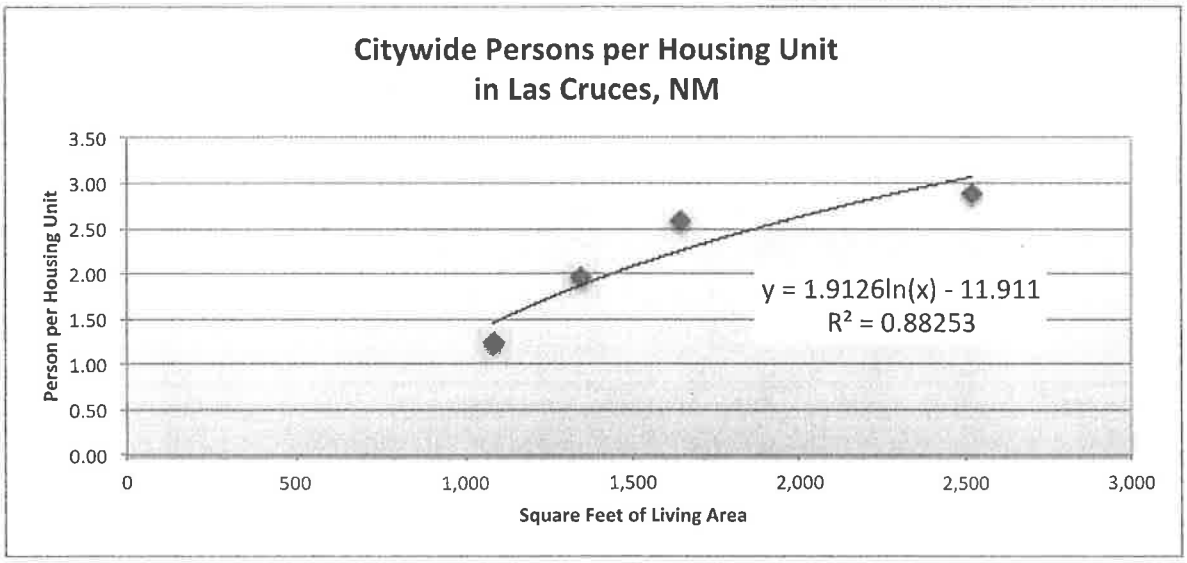
As shown in Figure A10, the average-size single unit in Las Cruces is within the size range of 1701 to 2100 square feet and has a fitted-curve value of 2.72 persons per housing unit. A small house with 1301 to 1700 square feet would pay 85% of the public safety development fee paid by an average-size single unit. A large unit of 2101 square feet or more would pay approximately 106% of the public safety development fee paid by an average-size single unit. If Las Cruces continues a "one-size-fits-all"

approach, small dwellings will be required to pay more than their proportionate share while large dwellings will pay less than their proportionate share. A blended average fee for all house sizes makes small dwellings less affordable and essentially subsidizes large dwellings.

Figure A10: Persons by Square Feet of Living Space

Survey of Construction	***Actual Averages per Hsg Unit***			*Fitted-Curve Values*	
Square Feet	*Bedrooms*	*Square Feet*	*Persons*	*Sq Ft Range*	*Persons*
1,081	0-1	1,081	1.23	900 or less	1.10
1,809	2	1,348	1.95	901 to 1300	1.80
2,204	3	1,642	2.57	1301 to 1700	2.32
3,382	4+	2,520	2.89	1701 to 2100	2.72
2,675	<=Wt Avg=>	1,993		2101 or more	2.89

Average square feet of dwellings by bedroom range from U.S. Census Bureau 2014 Survey of Construction microdata was adjusted downward to match the weighted average dwelling size obtained from Las Cruces building permit records, reduced by 400 square feet to account for garage space. Average persons per housing unit is from 2013 ACS PUMS for PUMA 1002 (Las Cruces).



March 20, 2016

Las Cruces City Council
700 North Main
Las Cruces, NM 88004

Attention: Robert Garza, City Manager
Ken Miyagishima, Mayor and City Council

Reference: Five year review of City of Las Cruces, NM Public Safety proposed Land Use Assumptions, Capital Improvement Plan, and Development Impact Fees by the Capital Improvements Advisory Committee (CIAC)
Lonnie Hamilton, Chairman

The Capital Improvements Advisory Committee (CIAC) members have reviewed through presentations by Travis Brown, Fire Chief and Jaime Montoya, Police Chief along with staff and the current reports of Tischler and Bise Fiscal, Economic and planning Consulting Firm to draw the following recommendations:

1. To season national statistical information, CIAC has recommended a compilation of local permits issued by size to develop a format that more accurately allows for forecast to be indicative of the area.
2. The high growth experienced in recent years has the tendency to skew the expectations and to season the pattern the consultants projected, CIAC recommended modifying the 1.8% growth factor to be more realistic if reduced to 1.52%.
3. CIAC recommended to determine Level of Service needs, population projections were also converted to housing units using 2.33 persons per housing unit for residential and nonresidential development by jobs to square feet that equates to an average of 2.61 jobs per 1000 square feet of floor space.
4. In making these recommended adjustments CIAC sees the City of Las Cruces moving from a "one size fits all" approach to a more proportionate fee assessment based on square footage.

Public Safety Development (Impact) Fees recommended by the CIAC are as follows:

Residential (per dwelling by square feet of living space)

	Current	Proposed	Change	Percentage Chg
900 or less	$466	$337	-$129	-28%
901 to 1300	$466	$552	$86	18%
1301to 1700*	$466	$712	$246 (Multi-family)	52%
1301 to 1700*	$639	$712	$73 (Single family)	11%
1701 to 2100	$639	$835	$196	31%
2101 or more	$639	$887	$248	39%

*Combining single family and multi-family into one category for fee

Non-residential (per 1000 square feet of building*)

Mini-Warehouse	$26	$90	$64	246%
Warehouse	$83	$128	$45	54%
Hotel/Motel (per room)	$313	$202	-$111	-35%
Industrial	$185	$250	$65	35%
Institutional	$204	$366	$162	79%
Office and Other	$364	$397	$33	09%
Commercial/Retail	$735	$1014	$279	38%

*Except Lodging

Cumulative Total of City Developmental (Impact) Fees

Land Use	Parks (Dwell Unit)	Water* (Meter Size)	Wastewater** (Meter Size)	Public Safety (Dwelling Unit)	Total Current Fees	Total Proposed Fees	Percent Change
Single Family	$2600	$2420	$1943	$639	$7602	$7675 to $7850	1% to 3.3%
Multi-Family	$1300 Or $2600	$6050 to $38720	$4858 to $31088	$466	$1766 to $3066 Per unit + Utility fees	$1637 to $3312 Per unit+ Utility fees	-8% to 8% Per unit

*Water fees divided as follows:

Builder	$1210
Customer	$678
Rate Payers	$532

**Wastewater fees divided as follows:

Builder	$971
Customer	$389
Rate Payers	$583

Public Safety Land Use Assumptions were recommended by the CIAC to Las Cruces City Council October 10, 2015.

Public Safety CIP summary to meet the Level of Service requirements of the City of Las Cruces are recommended by the CIAC to the Las Cruces City Council March 17, 2016.