

Development Services FY17/18

Requested Operating Department Expenditures, Revenues and Operating Transfer

DEVELOPMENT SERVICES FUND 5004	FY16/17 BUDGET	FY17/18 BUDGET	\$ CHANGE	PERCENT CHANGE
Operating Expenditures	\$ 6,934,222	\$ 6,918,170	\$ (16,052)	-0.2%
Operating Revenues	\$ 7,588,303	\$ 7,758,075	\$ 169,772	2.2%
Operating Transfers	\$ (515,955)	\$ (767,735)	\$ 251,780	32.8%
FTE	58.00	56.00	(2.00)	-4%

Operating Revenues are budgeted to reflect the 2% annual fee increase and a slight increase of .2% to reflect continued modest improvement in overall economic conditions.

Operating Expenditures have decreased a modest .2% primarily due to savings in personnel. As noted above, the department has reduced total FTEs by 2 (4%).

Operating Transfers are increasing from \$515,955 to \$767,735, as the department continues to pay back the General Fund for support during the recession. The repayment in FY16/17 was \$500,000, which leaves a balance of \$4,560,526 and the expected annual repayment for FY17/18 and beyond is \$750,000 until the support is paid back.

Major Programs and Related Services Provided by the Department

DSD Major Programs and Initiatives	Services/Contributions to Economic Development
Building and Site Permitting	Ensure conformity of buildings, subdivision plats, and site construction plans with adopted codes.
Planning	Ensure conformity of land use with adopted policies and codes.

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Major Costs of Providing Programs and Related Services by the Department

MANDATE	PROGRAM	COST	REVENUE
ARS Title 11: Chapter 2: Board of Supervisors; Article 9: Building Permits; Chapter 6: County Planning and Zoning; Chapter 8: Development Fees; and, Chapter 9, Protected Development Rights. Pima County Code: title 15: Buildings and Construction; and, Title 18: Zoning	Building Inspection	\$ 928,546	
	Building and Site Permitting	\$ 2,925,173	\$ 7,438,844
	Planning	\$ 1,788,399	\$ 291,663
	Code Enforcement	\$ 773,583	\$ 11,614

Note: Building Inspection revenue is a part of the building and site permitting revenues. Code enforcement has judgments, interest and fines.

Significant Changes in the Requested FY2017/18 Budget versus the FY2016/17 Adopted Budget

- Total Personnel expenses have decreased \$43,258 from FY16/17.
 - Three PCNs were removed from DSD due to efficiencies.
 - One PCN was transferred in from Transportation to enable movement of the Right of Way Permitting function to DSD.
 - Net effect is a decrease in two FTEs for DSD resulting in overall cost savings.
- Operating expenses have increased \$27,206 from FY 16/17. Notable changes to this year's budgeted expenditures include:
 - \$52,199 - 8% increase in Administrative Overhead from FY16/17
 - (\$10,058) - 4% decrease in Public Works Administration Overhead from FY16/17
 - \$46,515 - 14% increase in ITD charges
- Changes to object codes for leases and rentals occurred after FY17 budget adoption. Building rent in the Adopted FY17 budget was in object code 5148. The actual expense is now charged to object code 5147. Building rent remains unchanged from FY17 at \$247,489 and is included in object code 5147 for the Recommended FY18 budget. Copier leases of \$10,800 were in object code 5147 in the Adopted FY17 budget.

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Major Budget Issues the Department is Facing in FY2017/18

- Revenues: Building permitting revenue makes up 89% of DSD revenues with site development constituting 8% and planning revenues 3. Maintaining enough revenue to sustain the department will be the greatest challenge. Permitting revenues are comprised of 74% single family permits, 25% commercial permits and 1% multifamily permits. For 16/17, DSD is projected to surpass the budgeted revenues by approximately \$144,000. In 15/16 DSD generated less revenue than budgeted.
- Housing Market: Although home permitting volume for the region has increased 15% over last year, in unincorporated Pima County, new single-family permits have fallen slightly behind last year to date (July through May 15th); 638 new homes compared to 612 for this year. Currently Pima County's market share for new homes is 25% of the market. Historically it has been around 40%.
- Major planned developments such as Rocking K with 3,600 units and Pomegranate, with 2600 units will impact volume in the future when they begin lot improvements. Other developments in the southwest, Star Valley and Diablo Village and the southeast (Rancho del Lago) will provide additional lot inventory.
- Notable large projects permitted this year include the Northwest Hospital expansion (\$147,000 fee), assisted living facility (\$393,000 fee) and apartment buildings phased in over the year.
- Development Services is pursuing new revenue streams such as passport processing and expanded plan review services for the City of Tucson. Currently DSD reviews around 10 City plans a month. Development Services reviewed the Raytheon expansion plans and is expected to review the Caterpillar project.
- A comparison of permit activity through May is provided below.

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Volume Activity from 7/1/2016 to 5/15/2017		Volume Activity from 7/1/2015 to 5/15/2016	
Projects Approved		Projects Approved	
Final Plat	9	Final Plat	6
Rezoning	10	Rezoning	7
Tentative Plat	10	Tentative Plat	5
Variance and Modifications	12	Variance and Modifications	27
Permits Issued by Subtype		Permits Issued by Subtype	
Commercial Building Addition/Alteration/TI	198	Commercial Building Addition/Alteration/TI	301
Commercial Building New	24	Commercial Building New	15
Manufactured Home New	31	Manufactured Home New	37
Manufactured Home Replacement	114	Manufactured Home Replacement	112
Multi-Family Residence Addition/Alteration	31	Multi-Family Residence Alteration	34
Multi-Family Residence New Building	4	Multi-Family Residence New Building	1
Residential Pool/Spa	308	Residential Pool/Spa	332
Single Family Residence Addition/Alteration	975	Single Family Residence Addition/Alteration	876
Single Family Residence New	612	Single Family Residence New	638

Any Requests for Supplemental Funding Over and Above the Base Budget Amount

No supplemental funding requests have been submitted for the Development Services Department.