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TOP STORY

Proposed rates would slash commercial impact fees

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Jan 21, 2017 Updated Jan 21, 2017



Rio Rancho City Hall

Proposed new rates that would cut current commercial, office and industrial impact fees by at least 30 percent were met with unanimous approval from impact fee committee members last week.

Mayor Gregg Hull recommended the new rates to the city's impact fee committee on Wednesday, following his previous recommendation of new residential impact fee rates earlier this month.

Impact fees are charges developers pay to the city to cover the cost of major system-level improvements to handle the growth their developments will bring. Rio Rancho has seven impact fee categories: public safety, parks, bikeways and trails, drainage, water, wastewater, and roadways.

If approved by the governing body, the new rates would become effective January 2018 through January 2022, when the city could then conduct a five-year review of the fee rates.

Currently, a 10,000-square foot commercial development in Rio Rancho pays \$77,810 in impact fees, compared to \$33,105 in Albuquerque; a similarly-sized office development pays \$62,460, compared to \$27,205 in Albuquerque; and a similarly-sized industrial development pays \$49,360, compared to \$23,415 in Albuquerque.

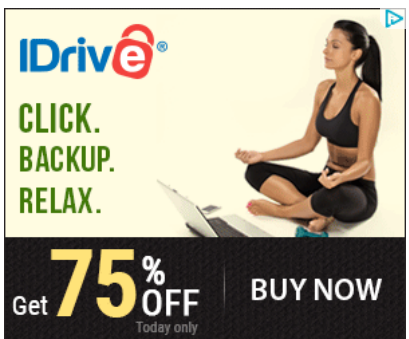
If the proposed rates were approved, impact fees in 2022 for a 10,000-square foot building would cost \$47,667.50 for commercial, \$42,223.50 for office and \$32,907.50 for industrial development.

Hull said city staff considered market competitiveness with Albuquerque when considering the new rates, suggesting that the governing body try to push for a similar regular bonding cycle that occurs in Albuquerque to help fund the city's development projects.

Last fall, the governing body was presented with recommended impact fee increases based on a 2015 impact fee study.

The new rate formula for commercial, office and industrial is similar to the proposed rate for residential, in that the new rate will consider and discount the proposed consultant rate.

Of the city's seven impact fees, the public safety fee and sewage fee rates would meet the recommended changes. Public safety fees would decrease from commercial (\$0.755 per square foot to \$0.22 per square foot) and industrial (\$0.177 per square foot to \$0.02 per square foot) and increase for office (\$0.355 per square foot to \$0.67 per square foot). Sewer fees for a development with a 1.5-inch meter size will decrease from its current \$11,490 to \$9,995.



Fees for roads, bikeways and trails and drainage fees would receive an 80 percent discount of the recommended fee change.

Water fees would receive a 95 percent discount of the recommended fee change in 2018, with the rate's discount decreasing 5 percent each year until it reaches a 75 percent discount in 2022.

Councilors Cheryl Everett and Dawnn Robinson spoke in favor of the proposed rates, as did members of the development community attending the public meeting.

Until the end of January, the impact fee committee will meet every Wednesday at 1 p.m. at City Hall to discuss changing the fees.

The meetings are open to the public.



