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Businesses say they're saddled by city's fees

Developers angry over transportation fee; city says development must pay its own way

BY ANTHONY ROBERTS
The Sherwood Gazette, Jun 28, 2007

Sherwood's new System Development Charges create transportation fees three times more expensive than surrounding cities. Businesses are calling it excessive, but city officials say they're working to make development pay its own way when it comes to the extra traffic it brings.

The new Traffic Impact Fees were passed by City Council in late 2006. The fee is derived from a calculation that involves the number of automobile trips that a business generates, along with the type and size of the business. The trip calculation means that even a small business like a coffee shop - if it brings in a large number of trips - will have a higher relative fee than before.



ANTHONY ROBERTS / SHERWOOD GAZETTE
Representatives from Taco Bell said they want to build at the former Taco Time site at Langer Plaza, but may not due to Sherwood's fees.

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Sherwood Community Development Director Rob Dixon said the

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decision to increase the fee was based on Washington County's refusal to raise its own Traffic Impact Fee, which is 15 years old and only covers about 25 to 30 percent of what's actually needed for road improvements. Sherwood's additional city fee may make the total traffic fees three times higher than cities like Tualatin or Newberg, but it's a way to make up for the gap in road funding coming out of the county, Dixon said. He noted that homebuilders are also paying an increased fee.

Nathan Doyle, a dentist with Pacific Family Dental, said the fee puts an unfair burden on any new businesses coming into Sherwood, while the existing businesses got away with paying the old fee. His practice is building a new office at the corner of Highway 99W and Meinecke Road, and his System Development Charges amounted to \$450,000, of which \$372,000 was Traffic Impact fees. Attorneys for Pacific Family Dental collected information on other city's fees, seeing how much the Traffic Impact Fee would be for the same size office. The average of seven cities - Portland, Beaverton, Tigard, West Linn, Hillsboro, Newberg and Tualatin - was \$124,000, making Sherwood's fees exactly three times higher.

Doyle said banks have refused to lend him the additional fee money, because when appraisers review the figures, they're too far out of line with typical fees. He believes the fees create a hostile environment for businesses in the city.

"We're paying the fees for everybody who hasn't in the past," Doyle said. "You should be paying for what you do as you go along, but what we're paying for is their dreams. They want to spend millions of dollars to renovate Brookman Road and I have to pay for that."

Doyle noted that Sherwood is "housing rich, jobs poor," a sentiment echoed time and time again over the past year as consultants crafted an economic development plan for the city. He believes the new fees only make the situation worse.

Council has directed city staff to investigate the fees, and see if there are other options for funding, and show what a decrease in the fees would mean for road improvements.

"I'm interested in what staff comes back with. The city manager (Ross Schultz) and Rob [Dixon] have done excellent work in the past of running something through a thorough review and analysis, and I'd like to see what comes of it," said Councilor Lee Weislogel. "I think often times there's a way through that really hasn't been explored ... I'm open but at the same time I want to protect the citizens so they aren't unjustly burdened."

Councilor Dave Heironimus said he understands the need to increase fees, but thinks he and the rest of council - the board voted unanimously to adopt the new fees - may have gone too far. He admitted that if he had known the full effect of the fees when they were actually applied, he may have voted differently, and said he'll look at real-world examples of how fees and charges will be applied in the future. He's concerned about what the new fees might mean for development of the cannery site in Old Town.

"What good is it if the fees are so high they push away development?" he said. "Here we're trying to launch our economic development plan; at the same time we're at the forefront of anyone with our massive SDC for transportation."

While Pacific Family Dental has been the first to speak up about the fees, there is a growing chorus of dissention. Representatives from Taco Bell,

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which had been looking at razing the dilapidated Taco Time location in Sherwood Plaza and putting in a new restaurant, told council in June they would likely not move forward if the current fees stay the same. Representatives from a coffee shop considering building a drive-thru town are also upset with the fees.

Dixon said the issue comes down to trying to find the "balancing point" at which development can pay for the traffic it creates but new businesses don't shy away. While the new fees have generated controversy, he commended the council for passing them. He said other cities are likely to consider fee increases in the near future.

"This city council is smart and has the backbone to take on tough issues," he said.

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