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Developers may get hit with more fees soon

By LE ROY STANDISH The Daily Sentinel

Friday, September 07, 2007

Developers could soon be paying thousands of dollars more for the drive.

Mesa County, Palisade, Grand Junction and Fruita are considering increasing transportation impact fees, which are paid by developers to compensate for the effects of new development.

Currently, each entity charges the same fee, but that could change.

Right now, the fee for a single-family home is \$1,589, but it could be raised to more than \$4,800 per home, according to a recent analysis by the Grand Valley Regional Transportation Committee.

“If our population grows as projected, we are going to have to put a lot more into roads,” said Jon Peacock, county administrator. “The (construction) costs are going up and up.”

Road construction costs have risen 74.4 percent in the past three years, according to the Colorado Department of Transportation.

The transportation impact fee applies to nearly everything built that would generate more traffic on existing roads. For example, transportation impact fees for new golf courses are \$3,704 per hole; shopping centers, depending on size, pay between \$2,191 and \$2,607 per 1,000 square feet; and churches pay \$1,220 per square foot.

The Grand Valley Regional Transportation Committee could make a recommendation on the fee at its next meeting, Sept. 24. It would then be up to committee members to return to their respective municipalities and debate the issue.

“What is going to come out of this is some recommendation. Whether the entities (Mesa County, Fruita, Palisade and Grand Junction) follow that recommendation is up to them,” said Tom Fisher, the director of Mesa County’s Regional Transportation Planning Office.

County commissioners were not totally sold on the need to increase the fee. Commissioner Craig Meis said the fee appeared to be an end run around asking voters to increase mill levy fees to pay for infrastructure improvements.

Commissioner Janet Rowland said she supports the concept, pointing out that surveys of county residents consistently indicate they want growth to pay for itself. She tempered her remarks, though.

“I would not support raising the fee unless we went to the voters,” she said.

Representatives of the building community are not fond of the idea of paying more to build in Mesa County.

“It is not the developer who pays for this. He has got to pass on his costs,” said Steve Kesler, president of the Housing and Building Association for Northwestern Colorado. “All too often I think people forget that any fees added to the

price of a lot are going to be added to the price people are paying for the home.”

Hence, a variation in the fees from one local entity to the next won't send developers scrambling to the one with the smallest charge, Kesler said.

“Those impact fees are minuscule when you compare it to the price of land, construction or anything else,” he added.

Builders realize the need for the transportation fee, Kesler said, but he disputes how much it should increase to offset some of the effects of growth.

After a regional study in 2003, the transportation impact fee was set at the same rate for the county and all municipalities within Mesa County. The fee was set at the same level so developers would have uniformity, Fisher said. Now, each city in the valley may go its own direction in regard to establishing a new fee, he said.

Officials in Fruita already have determined the fee will be increased, and they are budgeting for it in the 2008 budget. Increasing construction costs are the No. 1 reason the city will raise the transportation impact fee. Plus, the likely alternative would be to raise taxes, but that would require voter approval.

“Over the last three years, the cost to build streets has increased dramatically. The impact fee is not keeping up,” said Clint Kinney, Fruita city manager. “Growth needs to pay its own way, and one of the primary ways we have assured that growth pays its own way is through impact fees. ... In order to keep the taxes low, you have got to make sure growth pays for itself.”

In Palisade, the town board will discuss the fees next week. The transportation impact fee has never been high enough to cover the costs of new development, said Tim Sarmo, town administrator.

“I don't think there is any doubt that the fee as established initially (in 2003) did not cover the costs,” Sarmo said.

It will be up to the town board to decide if the fees should be adjusted, he said. Because Palisade residents voted to de-Bruce the town and unshackle it from the spending constraints of the Taxpayer's Bill of Rights, the community also may decide to change fees independent of what other municipalities decide.

“I don't want uniformity to penalize Palisade,” Sarmo said. “TABOR has tied the hands of those municipalities that have not chosen to de-Bruce.”

Grand Junction's representative on the Grand Valley Regional Transportation Committee, Councilwoman Bonnie Beckstein, said transportation fees have always been low, but they are a good way to have developers pay for some of the impacts of growth.

“We need to be really seriously thinking about it. Anytime you drive a street in Grand Junction, you realize this is not 1964 anymore,” Beckstein said. “We need to look at ways of getting the funds we need.”

A question that needs to be answered before fees are changed is how the fees are adjusted each year. Currently, the fees are adjusted yearly based on the Denver/Boulder Consumer Price Index. Using the CPI as an adjuster was not viewed by the Mesa County Commissioners as equitable, especially since the adjustment is never downward, Meis said.

The Regional Transportation Committee on Sept. 24 is expected to address: the fee schedule; whether the CPI should continue to be used or some other factor, such as a local construction cost indicator; and whether the fees should be consistent throughout the valley.

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