

BIA wants cities to freeze builder fees

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Faced with sharp declines in development and potential job losses within the building industry, a regional representative of builders plans to meet with the city managers of both Selma and Kingsburg sometime in the next few months. At those meetings, Mike Prandini, executive officer for the Building Industry Association of Fresno and Madera Counties, said he will discuss a proposal to have each of these cities temporarily freeze capital and improvement development fees at their current rates. "We think it's a good idea to freeze the fees at the current level now and hopefully limit the amount of money being lost on the sale of new homes, so it doesn't get worse," said Prandini.

Prandini also said he'll discuss having the collection of these fees delayed for a certain amount of time, although that amount of time will vary.

Back in December, Prandini and others from the building industry took similar requests to the Fresno City Council. With a vote of 4-3, a resolution authorizing the fee freeze until 2011 passed. However, former Fresno Mayor Alan Autry vetoed the measures just last week.

In Selma and Kingsburg, both city managers say they're willing to come to the table to discuss the issue, but also say they can't make a decision on the matter. The city councils of Selma and Kingsburg can only decide if they'll approve such a measure, both city managers say.

In Selma, the freezing of these fees would affect the city's development impact fees, which are one-time sources of revenue which go to specific city funds.

According to D-B Heusser, city manager for Selma, these one-time fees are used for development that occurs in Selma and the impact of those developments. The city has development impact fee funds for things such as parks, police, fire as well as sewer and storm drains.

As an example, development impact fees for parks are estimated to generate just more than \$1 million in money for the city of Selma during the 2008-2009 fiscal year, according to the city budget. This money, upon approval from the City Council, can then be used to help pay for the purchase of a new park.

However, Heusser said any development impact fee estimates from the city budget are likely off, since there hasn't been any new growth in Selma.

Over in Kingsburg, the freezing of these fees would also affect Kingsburg's development impact fee funds.

Like Selma, these funds in Kingsburg are used to go toward impacts that result from growth by a particular development project, said Don Pauley, Kingsburg's city manager.

These impact fee funds in Kingsburg are slated for things like police, fire, parks, city hall as well as the local library. Once collected, they can be used to buy things like squad cars for police, fire trucks for the fire department and additional equipment for parks.

According to Kingsburg's 2008-2009 city budget, the impact fee for the fire department -- also called the capital facilities fee -- is estimated to generate \$144,000 in revenue during this fiscal year.

However, Pauley, like Heusser in Selma, said these estimates are optimistic and don't reflect the likelihood that the numbers will be lower, since building has also slowed down in Kingsburg.

But in the view of both city manager's, both Pauley and Heusser say they'll first have to find out the specifics of Prandini's proposal before they can comment in-depth about the issue.

"I would say it would have to be discussed, there has to be a lot of discussion," said Selma's Heusser.

It's much the same for Kingsburg's Pauley.

"We'll get their details and do an analysis of what that will mean," he said.

This analysis would include any financial impacts and would go in front of the Kingsburg City Council for their approval or disapproval because this is a policy issue, Pauley said.

Prandini himself said he still has yet to hash out the specifics of the plan for both Kingsburg and Selma and also said he needs to get an idea of each city's particular development impact fee structures.

But in his own view, Prandini said the request he made to the city of Fresno -- and the requests he'll make to Selma and Kingsburg -- is rooted in trying to help a hurting industry, as well as to save jobs.

"Any increase in fees just makes it that much less likely you'll be able to sell the house," Prandini said. "Right now, most builders are building and selling at a loss."

He also said the aim of this request isn't to hurt cities, either.

Whatever the case, city council members in both Kingsburg and Selma have weighed in on the issue as well.

For his part, Kingsburg's Mayor Bruce Blayney said while the Council has not discussed this particular issue yet, it is open to hearing Prandini's proposal.

However, that doesn't mean the Council will agree with the request, Blayney added.

"It's one of those things that we'll listen to and talk about...but until we actually get a firm proposal, we couldn't make a decision," he said.

Blayney also said that the Council doesn't know what affect the California state budget situation will have on Kingsburg, especially in terms of the city's sales tax disbursements.

"We're still looking at what they'll give us," he said.

Because of that, the Kingsburg City Council is being conservative in its fiscal outlook, Blayney said.

Over in Selma, Council member Ken Grey said his initial reaction is that it's too early to know if approving such a measure is in the interest of the city, since Selma also doesn't yet know what money it will be getting back from the state.

Grey also said at this point, more specific information is needed for the Council before a firm decision can be made.

"I think we'd need a little more study on it before we could jump in and make an immediate approval," he said.