

Business group decries levels of impact fees

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If you ever researched opening a business, you probably quickly realized it will cost you. From impact fees with the water department to capacity fees with the sanitary district, when all is said and done, the average business owner shells out a pretty penny long before they can collect on their first sale.

These fees have a group of prominent business people concerned Payson is scaring potential new businesses away.

However, it just became a little easier for a new business to enter the Rim Country marketplace after the Northern Gila County Sanitary District stretched impact fee payments out over five years.

At Thursday's sanitary meeting, the board decided businesses no longer have to pay the district a lump sum up front; they now have five years to pay without interest.

While fees will remain the same, this small change could entice new businesses into town that previously could not afford the up-front cost.

Realtor Ray Pugel, a member of the Rim Country Alliance of Businessmen, said he is concerned about the overall economic impact of development fees.

"We did a study on towns competing for new businesses and we feel we are not competitive," he said. "Through a businessman's eyes, you go where you get the best return on an investment, and through our eyes, that is not here."

Both the Payson water department and Northern Gila County Sanitary District impose their own capacity fees on new businesses. The town charges an impact fee to new residential properties to cover the cost of streets, parks and public safety. It does not charge commercial properties this fee.

Buzz Walker, with the Payson water department, said new businesses are charged an impact fee based roughly on how many homes worth of water they use in a peak month. One homes worth is \$7,570.

This fee covers the cost of putting a new water supply to the business. If a developer puts in some or all of the necessary water components, some or all of the fee could be waived, Walker said.

The water department uses the impact fee to cover the development cost of the Blue Ridge Reservoir, additional storage tanks and technical studies.

The sanitary district charges its own capacity fees depending on how much waste the business creates.

For a residential property, the peak capacity fee is \$4,700. For a business, the sanitary district calculates the peak capacity based on peak flow rates. For a laundromat, which is a high water user, this fee could be high, while an auto parts store that uses less water creates less waste and is charged less.

Recently, a restaurant owner proposed putting a Thai restaurant in the former auto parts store on the northwest corner of Highway 260 and Manzanita Drive. Because the space was formerly used for an auto store, the peak capacity was lower than that needed for an 80-seat restaurant, which in this case, the average seat would produce 18.75 gallons of waste per day.

The tenant ran into problems when asked to pay an up-front cost of roughly \$20,000 for increased peak capacity. On top of the one-time peak capacity fee, the tenant also has to pay a monthly user fee, which is used by the sanitary district to operate, maintain and run a 25-year-old facility off Doll Baby Ranch Road.

The user fee is based on the past year's average daily use of actual water used as compared to one residential unit (ERU).

Under the new policy, the owner will have five years to pay off the peak capacity fee, interest free.

"In the past, we normally collected at the time the permit is given. With this, you can set up a time payment plan," said Joel Goode, manager of the sanitary district. "This lets us help the business community become established."

Ken Volz, executive director of the Northern Gila County Economic Development Corporation, said the sanitary board's action was a small step in the right direction.

Volz said he understands it is impossible for the sanitary district to waive capacity fees altogether and that it is difficult for the town to waive development fees because of the current economic climate.

"It is a difficult dilemma" when a struggling community needs the impact fees, but also needs to attract new businesses.

"We need to bite the bullet and offer incentives," he said.

Also at the meeting, the board acknowledged receiving annexation petitions from at least 51 percent of property owners in the Airline-Luke Corridor. The board will hold a meeting at 6 p.m., Feb. 8 in the Payson Elementary School auditorium to discuss the petitions and future steps for annexing the area into the district.

In July, homeowners received annexation ballots and had up to a year to decide if they wanted to join the sanitary district.

In order for the annexation to occur, 51 percent of property owners must approve, and the signatures must represent 51 percent of the assessed valuation.

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