

Reader's View, Dave Bieter: ACHD is wrong - its fees do discourage development

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In her June 15 Reader's View, Sara M. Baker, president of the Ada County Highway District, flatly declared that "it isn't true" that ACHD's impact fees are a disincentive to economic progress.

Sorry, but it is true. Dozens of times over the past 10 years, builders and developers have told me that ACHD's charges for new development are so onerous and so unrelated to the actual work that ACHD performs, they've been forced to scale back or abandon projects.

In my State of the City address, I gave an example: a renovation to turn an existing commercial building into a restaurant and create about 80 jobs. On a project valued at \$350,000, ACHD quoted an impact fee of \$125,000. It killed the deal.

Baker says that, "based on the recollections of our staff," it never happened. But why would a developer, who must continue to work with ACHD on any number of projects, make up something like that? Baker admits the fee would have been at least \$54,000, but ACHD had no intention of spending even \$54,000 on traffic improvements as a result of the restaurant. So why charge any impact fee at all?

To be sure, growth needs to pay for itself. For this reason, the city of Boise charges its own impact fees to pay for new police and fire facilities and new parks.

But here's the difference: While the need for new public safety and parks improvements is fairly uniform throughout the city, the impacts of growth on our transportation system vary greatly between areas that are already developed and those that are not. ACHD will widen lanes and add traffic signals to accommodate suburban development but make almost no improvements for city center development. Yet ACHD charges exactly the same impact fees for both kinds of projects.

Consider 8th and Main, the former "hole in the ground." ACHD's impact fees total more than a million dollars, yet virtually none of those funds go to the streets around 8th and Main. Those dollars are simply swallowed up in ACHD's budget.

And no wonder. ACHD is the only independent county-wide transportation agency in the entire United States. One reason that it is an anomaly is that it's so inefficient. According to the Idaho Department of Transportation, counties and cities make the most efficient use of their road dollars, spending around 9 percent of their funds on administration. ACHD spent more than double that, 19 percent, on administration last year. The average city street department would have spent only \$7.4 million compared to ACHD's \$15.8 million.

I've long encouraged ACHD to adopt a multilevel impact fee, one that recognizes that the same kinds of developments in different places have different impacts. The fee should be tied to the actual capital improvements made necessary by those developments.

In my State of the City address, I praised ACHD for having begun to work toward implementing such a system and asked the business community and citizens to help encourage the district in that effort. But Baker's response makes me much less optimistic we will get real reform.

Baker wrote that I've been around long enough to know how impact fees work. But Ms. Baker, a former Boise City Council member, has been around long enough to know that ACHD's impact fees don't work and that they are indeed a disincentive to good development.

As Tommy Ahlquist, developer of the 8th & Main building, told City Club a few weeks ago: "(ACHD's fees) are very high. They're a barrier to things happening."

Let's get rid of that barrier now.

Dave Bieter is mayor of Boise.