

Impact fees may increase

By Louisa Barber Sidney Herald | Posted: Saturday, June 22, 2013 8:00 pm

At this point, it appears the original impact fees for sewer, water and parks won't be enough to pay for updated infrastructure, and the Sidney City Council must decide whether to double the fees or not.

Last year, the Sidney City Council passed its first impact fees, water and sewer, at 25 percent of the maximum that can be charged to developers. The fees for a single-family home came to \$1,454.75 for sewer and \$987.25 for water for a total \$2,442. But after it became clear there wouldn't be any help from the state, the impact fee committee met to discuss raising those rates up to 50 percent of the maximum allowable. The committee recommended the hike to the city council on Monday.

"We don't want people to pay more than their fair share," Councilwoman Melissa Boyer said, "because we don't know exactly how much the lagoon is going to cost."

The committee's CPA, Terry Averett, said that since there will be financing, every landowner will have to pitch in. "Everybody's going to have to pay for the new sewer lagoon," he said.

The new proposal puts those who want to build single-family homes at \$2,909.50 for sewer and \$1,974.50 for water. The park fees, which were passed early in the year, would be raised to \$470.22. With hook-up fees it comes to about \$5,500.

City officials say they're concerned about longtime homeowners paying for impacts they didn't create, which is why they want to keep some of the city service rates down.

"Impact fees keep people from paying for something they didn't cause," public works director Jeff Hintz told the Herald. Impact fees are the newcomers' portion of paying up front on the loans the city will need to take out, while residents already here pay through their services.

Mayor Bret Smelser called the recommendation a "fine line" the city's walking between being "open for business and we're not open for business."

But council members said they're trying to weigh the balance. "These can be adjusted when we know what the debt service is going to be," Councilwoman Deb Gilbert said. "Right now, with the lagoon, we have no clue, and that's why we're looking at the 50 percent to try to be on an even keel with this."

Smelser told the council the Montana Department of Commerce has \$4 million the city could potentially borrow at a 3 percent interest rate. “I understand where you guys are coming from, and I respect the fact that you’re looking out for the homeowner here, but at the same time, we don’t know what the lagoon’s going to cost us yet.”

Hintz told the Herald the numbers presented to county commissioners late last month for the sewer and water systems improvements remain unchanged at \$28.7 million.

“People who have lived here all their lives...are going to get hit again. Impact fees are not enough to cover the expense that will incur,” he said, adding that he anticipates having to raise water and sewer rates well above the state average to cover the costs.

The council agreed to discuss the fee proposal at its next meeting, July 1.

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