

Beutler vetoes freeze of impact fees



DECEMBER 20, 2013 5:05 PM • BY NANCY HICKS / LINCOLN JOURNAL STAR

Mayor Chris Beutler has vetoed the City Council's decision this week to freeze impact fee rates paid by developers on most newly built homes and businesses and some redevelopment projects.

The veto means that impact fees, used to pay part of the cost of extending water and sewer to new areas of the city and widening arterial roads, will rise by 1.5 percent in January, the first increase since 2007.

Beutler said he was concerned about the freeze's negative impact on city funding for the new infrastructure needed to allow growth and ease traffic congestion.

The council voted 4-3 earlier this week to freeze impact fees for another six months while a coalition of builders and business leaders continued looking at options.

The committee was suggesting the city could eliminate the fees for water and sewer expansion and fund that with a 2 percent increase in water and sewer rates. Impact fees for parks and arterial streets would continue.

Impact fees are expected to bring in about \$5 million this year.

Those who believe impact fees are a necessary tool for people who build new homes and new buildings for business to help pay the costs of growth opposed the potential 2 percent hike in water and

sewer rates.

A rate increase would put more of the costs for infrastructure back on the entire population, opponents of the freeze said at a public hearing Monday.

In his veto letter on Friday, Beutler said the city looked for impact fee alternatives during his first term but no acceptable compromise could be found.

Impact fees are supposed to rise automatically each year based on the cost of living. The council froze them in 2008 when the construction industry was hard hit by the recession and has continued the freeze every year since.

"I have not opposed the freeze in the past because a temporary reprieve from inflationary increase was necessary to help developers, homebuilders and home buyers survive a difficult national economic recession," Beutler said in the letter.

"But now Lincoln's economy is rebounding," he wrote.

Wendy Birdsall, president of the Lincoln Chamber of Commerce, said she was disappointed in Beutler's veto.

The chamber was involved in working with the committee that has been studying impact fees for the past year.

"We felt like we had really fulfilled our obligation in putting this coalition together and in making recommendations to the council. We probably could have finished our work in the next six months," she said.

Birdsall said she didn't know if the committee will continue to work on options now that the freeze has been vetoed.

"We are going to get back together and discuss our next options."

She said she agrees with Beutler that the city's economy is expanding and that it needs to focus on more funding for infrastructure. She said the chamber will work with him on closing that funding gap.

It appears the veto, just Beutler's second during his six years in office, will stand.

Overriding it would take five votes. Rick Hoppe, the mayor's chief of staff, said he is fairly confident the three council members who voted against the freeze will continue their opposition, and the veto will stand.

The veto question will be on the council's agenda Jan. 6.

Beutler vetoed the council's decision to exempt nonprofit corporations from the city's living wage ordinance in 2007. That veto was upheld.