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News

Mayor unveils impact fee plan

By **John Rudolf**

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The rate of impact fees on new residential and commercial development would be slashed dramatically under a new proposal unveiled by Mayor Mark Nexsen at a monthly gathering for area builders Wednesday night.

"I think that we need to start at some kind of reduced rate," Nexsen told attendees of the Colorado River Building Industry association monthly dinner meeting. "What I'm really looking for is a way to make this workable."

The impact fees have been a source of considerable angst for builders and realtors since the City Council began studying them several months ago. A consultant group recently finished a final report on the fees, which the Council voted to accept at Tuesday's council meeting. The final report sets a maximum rate the city can charge new residential and commercial developers for their estimated impact on the city's transportation, fire, police, parks and general government.

While the report capped fees on a single-family home at around \$6,000, Nexsen advocated introducing the fees at a greatly reduced rate, which is allowable under the law. Under Nexsen's proposal, the fees for a single-family home would begin at around \$2,700. Those with lots within the city's original irrigation and drainage district, which comprises much of the existing city, would also receive a one-time credit on \$410, regardless of when they bought their lot.

Charges for retail and commercial properties would also fall under Nexsen's plan, down to about \$1.44 per square foot, he said.

Yet Nexsen cautioned that his proposal to initiate the fees at a reduced level would need the approval of a majority of the council. "I'm not promising that anyone's going to accept that, but that's what I'm proposing," he said.

Several months and a lengthy process of public hearing remain before the council can vote to implement the fees.

The prospect of reduced fees failed to mollify Bud Schulz, executive director of the building association. "Right now, any additional fee would be regressive, no matter how low it is," he said.

Schulz represents an industry that is on life support, with many long-time businesses laying off workers and facing bankruptcy. Single-family permits over the last three months of 2007 totaled only 16, a massive fall-off from only a year ago.

"Would an impact fee of any kind slow down a recovery?" Schulz said.

Wayne Lambert, a local builder, also said he would continue to oppose the fees. "I think they're wrong at any level," he said.

He suggested raising the city's overall sales tax to raise needed revenues instead.

"Wouldn't a different mechanism be more equal?" Lambert said.

But Nexsen pointed out a key difference between sales taxes and impact fees, namely that impact fees must be kept in a special account, only to be spent for growth related infrastructure, such as fire and police facilities, roads and parks. Sales taxes go into the general fund, and can be used for any purpose the City Council chooses.

"If it's sales tax it goes into the general fund," Nexsen said. "Future councils can spend it any way they please."

Nexsen also discussed the city's current budget shortfall, which he projected would now reach \$5 million by the end of the fiscal year. The shortfall made it impossible for the city to build a new fire station it determined it needed several years ago. Had the city had impact fees in place a decade or so ago, he said, the money to build the station would already be set aside. "If we had impact fees, we'd be building [that station]," he said.

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