

Editorial, 12/22: Impact fee issue heats up

DECEMBER 21, 2013 11:59 PM • BY THE JOURNAL STAR EDITORIAL BOARD

Mayor Chris Beutler's veto of another freeze for impact fees brings to a head an issue that has been smoldering for years.

It would take five votes to override the mayor's veto, which seems unlikely. In any event, the mayor's veto will give more urgency to an ongoing effort by a small committee that has been working on other options.

No one expects that impact fees ever will become popular with builders and their allies in related businesses.

The Lincoln Home Builders Association and Hartland Homes Inc. hated the impact fees so much they fought them all the way to the Nebraska Supreme Court, where they lost.

The city has to have some system for paying for growth.

The question is how.

The city has been collecting impact fees that help pay for things like water and sewer service, roads, parks and trails since 2003. For example, the impact fees paid by a new home with a three-fourth inch water line amount to \$4,685.

The issue has been tamped down by annual votes by the City Council to freeze the rates. The resolution vetoed by the mayor would have extended the freeze by only six months.

In his veto message the mayor said he looked forward to finding community consensus on a "comprehensive infrastructure financing plan that repairs what we have and promotes new growth."

So far the option that seems to have the most support from the small committee that has been studying the fees is cutting the impact fees by 40 percent, and raising sewer and water rates by 2 percent to pay for new growth.

Mark the Journal Star editorial board as leery of this tentative plan, which would shift some costs now paid by impact fees to water and sewer rates paid by all users in the city.

To put the local impact fees in a larger context, it should be noted that they are used widely across the country.

Before Lincoln established fees, city officials would negotiate with developers to pay for infrastructure needs. The costs were passed along to people who purchased the lots. But the costs were hidden. Some developers negotiated better deals than others. The impact fees are more equitable, and more transparent.

Since the impact fee system was instituted, the city has spent or committed about \$34.5 million in impact fees.

Why should those costs be shifted to water and sewer rates in the future?

Since the city started charging impact fees, water and sewer rates paid by residents of the city have almost doubled. Wastewater rates have gone up by 90 percent. Water rates have gone up by 85 percent. Meanwhile impact fees were frozen.

The water rate structure recently was modified to charge drastically higher rates when drought strikes. The new structure has yet to be tested by reality. Expect howls when the drought rates actually hit.

And now some activists want to raise the water and sewer rates again? We suspect we are not the only residents in the city who are leery of this scheme.