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Developers negotiate amount of road fee increases

By Jeff DeLong
jdelong@rgj.com

Transportation planners and builders continue to discuss how much developers should pay for road projects in coming years, with the impacts of a sour economy coloring the debate.

The Regional Transportation Commission is expected to decide the issue May 16, though it appears any fee increases will be phased in over a five-year period.

Disagreement centers on the question of whether some costly road projects critics insist will never be built should be removed from RTC's long-term plans, thus driving down the cost to builders, or whether fees should be increased sooner in the event the economy improves significantly.

Upcoming decisions regarding the development community's responsibility for road projects will prove key as the RTC grapples with the question of how to erase a \$5 billion-plus deficit for the region's street and highway program between now and 2040.

"Congestion is getting worse," RTC deputy director Derek Morse said during a joint meeting of the commission and an advisory panel last week.

An increase in fees paid for roads by developers is clearly necessary to help address that problem, Morse said.

"The reason we're not building all these projects is because the money isn't there because the fees are too low," Morse said.

Others caution against placing too great a burden on an industry already struggling through tough economic times.

"The building industry is in the tank," said Paul Curtis, chief executive officer of Kiley Ranch Communities and a member of a committee advising RTC on the issue.

"To go ahead and increase the fees without recognizing the economic impact is foolish," Curtis said. "We're going to cook the goose that laid the golden egg."

RTC's Regional Road Impact Fee Technical Advisory Committee has recommended fees be raised about 85 percent from current levels, from \$3,186 per single family home to \$5,894, over five years at an increase of \$541.50 per year.

That proposal also would include a "trigger" enacting the entire increase earlier should the economy turn around and 3,000 building permits for

single-family homes be issued annually by Reno, Sparks and Washoe County. That would be consistent with a healthier economy of years past, RTC officials said. In 2007, only 1,912 home-building permits were issued by the three jurisdictions.

The Builders Association of Northern Nevada supports a counter proposal that would raise road fees \$495.90 per year over five years. The lower amount would be made possible by removing 10 proposed road-widening projects from RTC's long-term capital improvement plan that builders insist aren't really feasible.

The builders group also opposes any provision that could put the full increase in place any earlier than five years.

"We have no idea when this economic downturn will turn around," said Mike Dillon, community relations director for the builders association.

Builders also note that the proposed fee increases would follow another 50 percent increase imposed by the RTC last year.

"The building industry is already bleeding and has agreed to the 50 percent increase. We're already staggering under that load," Curtis said. "The building industry has in fact stepped up to the plate repeatedly."

Curtis argued in favor of holding off on any additional fee increases until the economy recovers and building activity reaches of level of at least

3,000 home permits per year.

Debate about road fee increases comes at the same time a separate blue ribbon committee is discussing how to deal with a \$5.2 billion shortfall for the region's street and highway needs, including the possibility of placing a ballot question before voters next November.

Demonstrating that developers are paying their fair share for roads would likely be key to voter approval of any ballot question to raise money for transportation, participants in the discussions agree.
