

Scarborough sets impact fees for Route 1 development

By Duke Harrington dharrington@keepmecurrent.com | Posted: Wednesday, November 9, 2011 3:20 pm

SCARBOROUGH - The cost of commercial development in Scarborough has gone up, thanks to the implementation of impact fees tied to recent improvements at the intersection of Route 1 and Haigis Parkway.

At its most recent meeting, Nov. 2, the Town Council unanimously approved a new ordinance that will assess a fee of \$990 per trip generated through the rebuilt intersection by any new development requiring site plan or subdivision review by the Planning Board.

The fee is an attempt by the town to recover the \$1.43 million it put into the project, less \$120,000 in fees the town already has collected on development on Haigis Parkway prior to the creation of a formal ordinance, and a \$300,000 discount based on the vehicle trips expected to be diverted to the intersection from another project further down Route 1, at Dunstan Corner.

"No one likes to impose additional fees, particularly in this economy," said Town Manager Tom Hall. "But I think what this can do is have a developer assess for themselves what is the impact fee. As it is now, they are at the whim, in some cases, of the Planning Board and [the Maine Department of Transportation], and that's an uncertain cost that's not known until they are very deep into the development process."

Harvey Rosenfeld, president of the Scarborough Economic Development Corp., said he agrees with that reasoning, noting in a recent interview that what developers like best is certainty.

"It's a little hard to explain to people, but basically, being proactive with fees, rather than reactive, pays off in the long run," he said.

Hall acknowledges that the new fee is "somewhat backward" from how impact fees are generally assessed. The more common practice is to assess a fee on development with the idea that growth puts a strain on a town's resources, forcing it to build or improve services and infrastructure. Scarborough has employed the use of such fees for more than two decades.

However, in this case, the town built out the infrastructure first and will assess fees on development expected to make use of that project, until the debt on it has been retired.

"The intersection was sized in terms of lanes and capacity to accommodate new traffic on Route 1 and the Haigis Parkway, so this fee helps the town recover some those costs that can only benefit new development," said Town Planner Dan Bacon.

While it may seem counterintuitive, Rosenfeld said developers actually like having to bear those costs, rather than having them spread across the entire tax base.

"Not everyone in economic development agrees with me on this, but when a development causes a need for public improvements, and those costs get paid by everybody in town, taxes go up," he said. "One reason Scarborough has a low tax rates is that they've had impact fees for a long time. A low tax rate is necessary for economic development. In the long term, it really pays off for everyone."

Developers, Rosenfeld said, would rather deal with a fixed fee they can count on and a generally low tax rate, as opposed to no fees and a property tax rate that could jump all over the place.

"It's either an up-front fee or a long-term fee you have no control over," he explained.

And just as those fixed fees are eliminated once the town recoups construction costs, impact fees can go down over time. That's the case in Dunstan Corner, which has been subject to an impact fee since 2006. The council is slated to vote on an amendment to that fee at its next meeting, Nov. 16, based on recent and planned improvements in that area.

Those plans include closing the end of Payne Road and turning it into what Hall calls a "glorified driveway" for the Dunstan School Restaurant. A new road will be built on the North side of the school to connect Route 1 to Payne Road. That serves the dual purpose of stretching out two adjacent intersections in that area, where traffic tends to back up through the second stop light, as, town planners hope, diverting about 20 percent of the traffic now using Payne Road to Haigis Parkway, because some people are expected to find the new configuration too difficult to deal with.

The 2006 Dunstan impact fee attempted to collect 25 percent of the town's \$6 million in construction costs. The new fee demands 25 percent of the more recent \$3.45 million project, plus \$300,000 as the calculated cost of diverting traffic to Haigis Parkway and the \$270,000 the town spent to buy the Scarborough Signs property, where the new road will go.

That results in a new impact fee of \$1,402 per trip generated, versus the previous fee of \$1,471.