

CEEDAR CITY REVIEW

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Cedar City Council Conducts Public Hearing for Impact Fee Increases

By: Cathy Wentz The Cedar City Council heard a short presentation and then listened to comments during a public hearing on raising impact fees during its July 11 work meeting.

Elise Lechtenberg, senior analyst for Lewis, Young, Robertson and Burningham, which is the company contracted to study impact fees, said her company recommended a total impact fee increase of approximately \$5,356 based on a single-family residence. The proposed increase is a total of all the impact fees including water, wastewater, storm drainage, transportation, parks and recreation, fire and police.

Lechtenberg said if the city decides not to raise impact fees this year, but decides to do it during a later year, they would not be able to recover lost revenue by increasing the impact fees by an additional percentage. Any shortfall in funds for capital projects paid for by impact fees would have to come out of the city's general fund.

"We recognize the fees are increasing significantly," Lechtenberg said.

She said the impact fee increase proposal is about equal to where it would be if the city had increased its fees by 10 percent a year for the last 10 years. She also said an average fee increase of 10 percent annually was not very reasonable. She said a 7 percent average annual increase is a more reasonable proposal.

City Manager Ron Chandler said he provided tables with four different options for the council to consider in approaching the impact fee issue. He said the first option is to raise the impact fees by the full amount that was recommended, and the second option is to leave the fees where they are now. The third and fourth options are to phase in impact fee increases on either a three-year or five-year graduated basis.

Chandler said one of the questions at a previous meeting on the subject was if the city had ever experienced a deficit in the area of capital facilities as a result of charging insufficient impact fees. He said the question was difficult to answer. He said the city hasn't run into a deficit, but it has gone into debt.

Mayor Gerald R. Sherratt said he was concerned that the council should have the option to modify impact fees to allow for affordable housing.

Steve Nelson, a realtor from ERA Realty Center, said his biggest question is that the city has gone through the past

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10 years with no increase in impact fees, and the city services appear to be adequate. He said he could not see the justification for raising the fees because the city is not in negative numbers from what it has been collecting.

Sherratt said budgets have to be cut to make sure the city does not go into negative numbers.

"That's good government," Nelson said. "If we give more money to government, a way will be found to spend it."

Nelson said the city has managed very well so far with what they have collected in impact fees while handling the largest growth in the city in recent years so he does not understand the panic of having to suddenly charge 116 percent more.

Cedar City resident Jared Cope said he and his wife recently moved to Cedar City. He said they really like it here, but they have been renting the last few years and would like to buy a home.

Cope said they both make an income above the median wage for the area and yet they still do not qualify for a loan to buy a three-bedroom-two-bath home. He asked if there could be some type of waiver or credit to help them get into their first home.

"We'd like to stay in Cedar City, but we can't afford to stay here," Cope said.

Sherratt said the city has established a task force to look into affordable housing and come up with options.

"One option I suppose we could look at would be waiving impact fees for affordable housing," Sherratt said.

He said affordable housing in Cedar City is around \$125,000. He also said out of 149 building permits issued last year only 20 percent of those were for homes less than \$130,000.

Local realtor Ron Adams, who represented the Iron County Board of Realtors, said the issue most important to them was the impact fee study appeared to be based on an abnormal growth year. He said he has lived in Cedar City for 50 years and does not agree with the projection of the city's growth reaching 128,000 by 2050. He also said he believes Lechtenberg has done a thorough job in preparing the study.

Adams said the current real estate market is not anywhere near what it was a few years ago when the city started to look at impact fees.

"We are not opposed to impact fees," Adams said.

He said they realize impact fees are necessary to keep up the infrastructure of the city and continue to keep up with improvements.

He said the impact fees could possibly be increased over a period of 10 years because the city would probably not need this huge increase in impact fee revenue coming in all at once.

Cedar City resident Brian Nichols said it might be a good idea to wait for the findings of the task force on affordable housing before making any decisions one way or another on impact fees.

Councilor John Westwood asked Finance Director Jace Bunting if the city has borrowed from other funds to pay for



projects.

Bunting said the city has borrowed from other funds in some past cases, but the city has simply not funded some projects because there were not funds available from impact fee revenue to support the projects.

After some discussion by the council and more public comment, Sherratt closed the public hearing on impact fee increases.

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