



PRESS-REGISTER

Council discusses impact fee

Daphne officials remain wary of levying fees before County Commission acts

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By **JOSH BEAN**
Staff Reporter

DAPHNE -- A clearly divided Daphne City Council appears unsure whether imposing impact fees in Baldwin County's largest city is a good idea.

Councilman John Lake -- the longest-tenured member of the seven-person panel, having served 16 years -- and Mayor Fred Small voiced enthusiastic support for impact fees during this week's council meeting.

"I think it's a great opportunity, and we should keep it in real close range and adopt it as soon as possible," Small said.

Other council members, meanwhile, said they're unsure if an impact fee would benefit the city, pointing out that the Baldwin County Commission has not imposed them. If Daphne enacts an impact fee, said Councilman Bailey Yelding, the unintended consequence could be that developers choose to build just east of the city in unincorporated areas.

Those residents, in turn, would use many of Daphne's services, but the city could "never annex," those areas, and the city would lose fees for building permits, business licenses and sales tax, Yelding said.

Residents in nearby areas have been resistant to annexation attempts in the past, he said.

Orange Beach, Gulf Shores and nearby Fairhope have already passed ordinances to enact impact fees -- a one-time charge on new residential and commercial construction that is intended to help cities fund infrastructure improvements such as roads, sewers and police/fire protection.

Council members directed City Clerk David Cohen to survey those three cities to gauge whether impact fees caused a drop in building permits or stifled development. Cohen cautioned that such a study "is not going to be a true picture" because the regulations are so new.

Councilman Ron Scott suggested the city draft an impact fee ordinance, but wait to pass it until the County Commission approves a similar measure. He said there "may not be the political will" for commissioners to impose this new fee on developers.

Scott added that the council could study the issue for six months, all the while lobbying commissioners to act.

Councilman Gus Palumbo also suggested that the law, passed last year by the Legislature, allowing Baldwin County municipalities to collect impact fees is flawed because it forces cities to spend the collected revenue in a two-year window.

This provision, he said, limits how the money can be used because it prevents stockpiling impact fee revenue for large-scale projects.

"It's fine for small projects, but it's not a panacea," Palumbo said, noting it would likely generate about \$300,000 per year.

Lake countered that any new revenue is needed, especially in light of an earlier discussion during Monday's meeting about the city budget that resulted in the council asking department heads to cut \$227,000 from the 2008 budget.

"If it doesn't help us but a little bit, it's more than we're getting now," Lake said.%%head%%DAPHNE

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%%head%%WHAT IS AN IMPACT FEE?

In 2006, the Legislature passed a state law allowing Baldwin County and its municipalities the option of imposing impact fees on new development of up to 1 percent of a new project's fair market value.

The collected fees must fund expected construction, expansion and improvements to buildings, roads and other needed services created by new development within a municipality or unincorporated areas. The money collected from the fees cannot be used for current operations and maintenance, according to the law.

The law also requires that the fee be based on the current level of services, meaning an impact fee cannot be used to increase services in a municipality.

Only three cities -- Orange Beach, Gulf Shores and Fairhope -- have enacted impact fee ordinances so far, while Baldwin County Commission, Robertsdale and Daphne have discussed the possibility.%%ehead%% %%bodybegin%%

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