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## **Bentonville City Council looks at withdrawing impact fees**

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BENTONVILLE — Last month, when the Northwest Arkansas Home Builders Association withdrew the impact suit it had lodged against the city of Bentonville several years ago, plaintiff W. P. Burkart pledged an “ effort to promote a positive working environment with the new administration of the city of Bentonville. ”

It seems that working environment is already in place.

On Monday, Mayor Bob McCaslin said he will approach the council to consider re-evaluating the viability of impact and capacity fees that have been in place since 2002.

Impact fees stem from the concept that if a development creates a change in sewer, water or fire protection, the developer must pay to handle those additional needs.

On Jan. 8, 2002, the Bentonville City Council enacted a sewer-capacity fee ordinance, a water-capacity fee ordinance and a fire-impact fee ordinance, all of which became effective July 1, 2002. In July 2006, the council approved additional fees for the city’s parks, library and police.

McCaslin was an alderman at the time of the second vote, casting the only dissenting vote against the library fees in favor of “ a lesser fee that would provide funds for new collections, ” he wrote in a prepared statement July 2006.

The most recent prominent accomplishment of the impact fees was a new central fire station in Bentonville, which opened its doors this summer.

On Monday, McCaslin said it may be time to reconsider the fees because growth today is not what it used to be.

“ I think (impact fees ) served a great purpose during a time of unprecedented growth, but I think the very nature of the beast, as we view it today, the environment has changed almost 180 degrees from where we were, ” McCaslin said.

After the 2006 vote, the newly elected McCaslin pushed for a \$ 110 million bond issue to go toward street construction and improvements; parks acquisition and improvements; upgrades for the police and fire departments; and improvements to the Bentonville Municipal Airport. The bond issue, paid through an extension of a 1 -cent sales tax, was approved by voters August 2007.

“ There was ... in many ways, predictable growth. We were on a growth curve that didn't seem to want to stop. Beginning in 2006, that growth curve took a different direction. Now, we're faced with a fee that is unpredictable, both in its timing and in its quantity, ” McCaslin said.

In addition, those impact fees can only be spent on growth-related infrastructure and projects, whereas bond-issue money can also be spent to improve present conditions.

Troy Galloway, community development director, agreed that it might be time to reevaluate impact fees for the city, stating that in times of stagnant growth like today, fees can be “ counterproductive; they discourage some growth, ” he said.

“ If you look around Northwest Arkansas, the majority of cities and communities have some sort of fees associated with water and wastewater expansion. I think there comes a point in time when you have to really take a look at that and ask, ‘ Is it being counterproductive ?’”

McCaslin, along with Denise Land, city finance director, said water- and sewer-capacity fees can be maintained through utility rates that are passed down to the consumer, rather than the impact fees being handed down to the purchaser or renter of new property.

Jeff Collins, an economist with Smartsource Data in Fayetteville, thinks that if impact fees are not in place, they'll have to be paid for somewhere else down the line. That line could include rate increases passed down to the consumer.

“ Eventually you've got to pay, one way or another, ” Collins said. “ You can get rid of impact fees, but you're going to (have to ) find another way to pay for infrastructure. ”

Britt Vance, former public works director for the city of Bentonville and one of the people behind the push toward impact fees, is now a consultant with USI Engineering Consultants in Springdale. He serves as a consultant for city projects as well as the Northwest Arkansas Conservation Authority's regional wastewater-treatment plant project. He said impact fees were put in place to offset the costs to the consumer.

“ If someone has been living in town for 20 years and paying a water bill for these entire 20 years, they've pretty well paid their way into the system. When new developments come on board, things to serve new residents, the old residents' rates go up in order to subsidize, in my opinion, this new development ... That's just the very thing that the impact fees are trying to mitigate, ” Vance said.

He added that sewer impact fees could also be used to go toward construction of the NACA treatment facility.

Vance said he wants to make it clear that he doesn't advocate anything the City Council does or doesn't do, “ but I don't see any reason to throw the impact fees now, unless it's to stimulate growth. ”

But Collins doesn't think removal of impact fees will stimulate growth.

“ If you think getting rid of impact fees is suddenly going to make the Northwest Arkansas of 2008 look like the Northwest Arkansas of 2005, you’re wrong, ” Collins said. “ When we start growing again, the same reasons impact fees were put in place will return. ”

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