

On Feb. 28, commissioners adopted a \$4.10 per-square-foot impact fee on new residential development.

However, Budget Director Ray Sandrock said Tuesday that three elements of the fee structure were calculated using an incorrect formula.

Sandrock said fees for law enforcement, fire and EMS services, and public builders were assessed by "whole population" rather than "functional population."

"Whole population" includes year-round residents, while "functional population" are the number of people who actually reside in the county for variable lengths, he said.

Using functional population adds more ratepayers to the calculations and, thereby, lowers per-home fees, Sandrock said.

The revisions would lower the composite fee from \$4.10 to \$3.81 per square foot.

Broken down, the fees are: \$2.54 per square foot for roads; 8 cents per square foot for libraries; 83 cents per square foot for parks; 9 cents per square foot for law enforcement; 4 cents per square foot for fire/EMS; and 23 cents per square foot for public buildings.

The law enforcement fee went from 15 cents per square foot to 9 cents; fire & EMS, 20 cents to 12; public buildings, 39 cents to 23.

The road impact fee was padded by 4 cents from \$2.50, as originally approved, to \$2.54 per square foot.

Mounting concerns about finding revenues to finance roadbuilding was the primary reason commissioners raised impact fees for the first time in 12 years.

Sandrock said the revisions will not alter the estimated revenues the fees will generate, which is a good thing because the county is facing a \$100 million shortfall in projected road costs alone.

However, the \$62.2 million the fees are expected to generate will finance only about 40 percent of planned road projects through 2010.

The May 9 hearing will be the last time commissioners are scheduled to discuss the fees before they go into effect.

"I'm sure the builders will have a lot to say about it," Commissioner <u>Tom</u> <u>D'Aprile</u> said.

Charlotte-DeSoto Building Industry Association President Suzanne T. Graham said there are other miscalculations in the fee structure.

"The numbers just don't add up," she said.

Graham said commissioners should delay imposing the fees until the effects of road-service classifications are gauged, and supplemental financing -- such as a real-estate transfer fee -- is more aggressively pursued.

Commissioner <u>Matt DeBoer</u> said Graham has pointed out several alleged miscalculations in the fee formula to him.

"I think if we find more errors in (the fee structure), it could delay" implementation, DeBoer said.

That would be a disaster, Commissioner Adam Cummings said.

Cummings said builders are naturally opposed to the fees, but increasing them is necessary, and most in the industry understand that.

"We were so far below the threshold of what is happening in reality, to pretend otherwise is unrealistic," he said. "I have a hard time thinking anybody can convincingly make an argument that our impact fees are wrong."

Cummings said the builders' association has tried to argue in the past that growth pays for itself, using results of a study commissioned by the National Association of Builders.

But he has a simple response that debunks the contention that growth pays for itself.

"How many people have ever been in a community where population went up and taxes went down?" Cummings asked.

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