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Council discusses revamping impact fee policy

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Rowlett City Council met in a special work session Feb. 23 to discuss possible changes to impact fees collected by the city.

Rowlett collects the fees on new buildings that are built in the city to help cover the cost of increased capacity on capital projects. The funds that are collected have to be kept separate from other revenue collected by the city and can only be used to partially fund projects that improve capacity on a planned capital project in the area of the building paying the fees. If a fee is collected in the northern part of the city, the money must be spent in the northern zone of the city and cannot be used to fund projects in other zones of the city.

Brian Funderburk, director of finance and administration, said the city has collected around \$3 million since 2004 in impact fees.

Funderburk told the council that the funds collected as a result of the fees are placed under heavy restrictions. The money must be used within five years or the developer can ask for it back. If a 10-year time frame passes, then the city has to return the money automatically. He said this can be problematic since the funds collected do not entirely fund a project, the city must fund the remaining cost from other sources or risk losing the impact fee money.

It is rarely enough money to do a project by itself, Funderburk said.

City Manager Lynda Humble said that with the state of the economy, every dollar matters.

Impact fees seem to be a real discussion point (to prospective developers), Humble said.

Pat Baugh, Rowlett public works director, told the council that to developers it is all about the dollar.

We need to show that we are in business to do business, Baugh said.

Baugh presented the council with four options regarding the fees. He said the council could do nothing and leave the fees where they are, adjust the fees up or down, reduce the fees to zero but keep the program in place or eliminate the plan altogether, which would require the program to be completely redeveloped should the council decide to collect impact fees in the future.

Director of economic development Ben White told the council that if it were to zero out or eliminate the impact fees it would be seen as a sign of good will to the development community.

It would say we are serious about doing business, White said.

White said now would be a good time to adjust the fees with the construction of the turnpike taking place. He said that eliminating the fees is something that would help developers out.

Mayor Pro Tem Steve Maggiotto said the city should maintain the fees to use a negotiating tool to future developers. He said that waiving the fees should be used to allow the city to get something it wants from a new development.

For me it still remains a tool in our tool chest to get something we want, Maggiotto said.

The sentiment seemed to resonate with the council.

I have a conceptual problem with how we make ourselves better by going cheap. I would rather start high and have something to negotiate with. If (developers) want to be here and we want them here, then they will talk to us, said councilman Chris Kilgore.

If we do not have impact fees then (developers) will find something else to argue about, said councilman Patrick Jackson.

Humble said based on the discussion the staff will take the direction to let the developers know that quality is the key.

I think that with the combination of what we are doing (by reaching out to the development community), you will be alright, Harper told White.

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