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Council Discusses Revising Impact Fees

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BENTONVILLE -- Bentonville's impact fees stirred plenty of public comment the first time around. Four years later, no one showed up for a city discussion on whether to increase fees or even add new fees.

Council members, who joked Monday night about the different reaction impact fees received in 2002 compared to now, said they weren't surprised of the lack of public interest since many cities now charge impact or connection fees.

They want to leave enough time, however, for potential public discussion between now and voting on changes to the city's fees.

Sewer fees could change sooner than others, because the impact fee study that council members reviewed Monday recommended that it decrease.

Council members also have to decide how to treat the downtown redevelopment district. When impact fees passed in 2002, the city exempted the district, which consisted of the square and several surrounding blocks along with "A" and Main streets. The district has since expanded, but the exemption did not. The exemption, meant to attract developers to build inside the district, still applies to the original boundaries.

Troy Galloway, community development director, recommended leaving the exemption for the original district and possibly applying a reduced fee to the expanded area. That decision is for the council to make, he said.

Impact fees are a one-time charge placed on developers to pay for growth-related infrastructure, such as new water lines and fire stations.

Bentonville already charges fees for fire, sewer and water. The city has collected more than \$7 million in water, sewer and fire impact fees since 2002. Schools, home-buyers and hotel builders all pay the fees.

A new impact fee study compiled by the same company, TischlerBise, that created the city's first study recommends various levels of new or higher fees for different types of development.

Existing impact fees add \$3,598 to the cost of a single-family home. That figure could rise to \$4,750, if council members approved the recommended park, library and police fees, in addition to increased existing fees. Developers usually pass on impact fees to buyers.

Residential developers could be subject to \$644 to \$898 worth of park fees, \$308 to \$428 in library fees and \$47 to \$66 in police fees. Fire fees would range between \$548 to \$762 for residences, and water and sewer fees would be based on meter sizes.

Council members can pick and choose which fees and what rates to approve.

Impact fees collected toward parks would help pay to develop Price Coffee park land the city and the Bentonville Advertising and Promotion Commission bought several years ago.

The library impact fee would help the city recoup the \$2 million it put toward building a new library. The additional impact-fee money would provide funding to add material to the collection.

Council members, who met as the Committee of the Whole on Monday, seemed to have positive comments about passing additional fees and implementing higher fees for existing categories.

Council members did question whether Bentonville had reached the point where it needed to charge new residential development for parks and libraries.

Amenities, such as a quality library and good parks, are important to Bentonville, several council members said.

"Things have got to be nice. That's what draws people in and keeps them in," Alderman Bryan Bennett said.

Consultants used various methods to justify the impact fees, such as improvement value per person or cost recovery (example: a library fee to recoup \$2 million spent on new building).

The study recommended reducing the sewer impact fee for residential and commercial developments. Nonresidential developments would see reduced fire fees. The proposed total after that reduction includes police fees that aren't currently charged.

An increase in fire fees would help the city buy land and pay for a new central fire station.

Water fees will help pay down loans taken out for a new 13-mile, 48-inch water line.

Sewer fees are recommended to decrease because of an effort to build a regional wastewater treatment plant.

Alderman Bob McCaslin said he wanted to make city leaders weren't limiting themselves to using impact fees to pay for growth.

"Is this the easy way or lazy way by taking impact fees and pushing them up 33 percent," McCaslin asked.

Bentonville is already using loans, rate increases and other taxes to pay for growth, Mayor Terry Coberly said. Impact fees are another tool, she said.