

Article Last Updated: 10/18/2005 11:30 PM

Council OK's development fee hikes

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A slew of fee hikes that could add thousands of dollars to the cost of constructing new homes and commercial buildings in Chico received the City Council's approval Tuesday.

In a separate action, the council approved a large-scale expansion of the city's water pollution control plant.

The increased development impact fees - one-time fees charged on new construction in the city limits - are intended to pay for such things as parks, police and fire facilities, sewer system improvements, road upgrades and bikeways.

The council voted 4-1 to adopt the fee hikes, with Councilor Larry Wahl dissenting and Councilors Dan Herbert and Steve Bertagna disqualified because of business ties to members of the development community. Tuesday's vote means all of the new fees are expected to take effect in 60 days, with the exception of a fee hike to pay for the water treatment plant expansion, which received only preliminary approval.

The hikes could add \$2,386 to the price of new homes and up to \$34,046 to the cost of some commercial buildings. The figures are part of the 2005-2006 nexus study update. The study matches projected revenue from development fees with planned expenses for such things as capital projects that are needed to serve the city's expected build-out population of 134,000 by 2014.

The development fee increases could be lessened by the use of redevelopment funds - property taxes collected within certain areas of the city mainly to finance capital projects and affordable housing in those areas. Higher development fees could drive off commercial development, which generates sales tax said City Manager Tom Lando. The city relies on sales tax revenue to pay for nearly half of its General Fund budget.

Part of the fee increases can be attributed to demands by Caltrans that the city contribute about \$30 million to pay for the widening of Highway 32 between Fir Street and Yosemite Drive, and Highway 99 from the Skyway to Highway 32, as well as for improvements to some interchanges. Despite the fact that both the roads are state highways, state officials say the city is responsible for the work because those stretches serve mainly local traffic.

Caltrans officials have said the agency could sue the city to stop it from approving new development near the highways if city officials continue to approve construction projects without improving the roads.

Lando said 23 proposed developments have been stalled because of the impasse.

"It ranges from Oak Valley to the Northwest Planning Area to a series of commercial developments," he said.

Wahl said Caltrans' demands amount to extortion. State highway improvements should be the responsibility of the state, he said.

"That's blackmail, and I don't think we should start down that road because once we start, it will never end," Wahl said.

He said the burden of paying the extra fees won't fall on developers.

"It's the homeowner, it's the tenant, it's the resident of this community that pays these fees," he said.

But other councilors said state funding is not forthcoming, and the highways need improvements.

"I think there's a cost to the community if we don't do this," said Councilor Andy Holcombe. "To me, this seems like a reasoned, balanced approach."

In a related action, the council voted unanimously to approve a major expansion of capacity at the water pollution control plant, at 4827 Chico River Road, from 9 million to 12 million gallons per day. The vote also approved an environmental report for the project and authorized city officials to submit a loan application to the State Water Resources Control Board for the estimated construction cost of \$31 million.

The loan would commit the city to 20 years of repayment at 2.6 percent interest.

The plan includes a proposal to convert emergency storage and stormwater management ponds on 32 acres around the plant to wildlife habitat, at a cost of more than \$2.5 million. Maintenance costs for the wetlands are estimated at \$93,000 a year.

In other business:

The council declined to enact a proposed ban on lead sinkers used in fishing from all city of Chico-owned waterways.

Officials also declined to bar children 6 years old and younger from using the Sycamore Pool area in lower Bidwell Park without a chaperone 14 years old or older.

Both of the proposals failed on tie votes.

The ban on lead sinkers was proposed because of concerns about the metal's toxic effects on people and the environment. The move failed because some on the council felt it was unnecessary, since the sport is trending toward the use of steel anyway. The Sycamore Pool age restrictions failed because the council could not figure out how to enforce it.

However, the council's Internal Affairs subcommittee is expected to give further consideration to the age restrictions at a future meeting.

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