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Council puts development fee proposal up for 60-day review

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HERALD/REVIEW

SIERRA VISTA — The City Council unanimously on Thursday approved posting a proposed development-impact fee schedule as public record for 60 days.

During a work session about these fees before the council's regular meeting, council members discussed options for the proposal and heard from concerned parties, including the Greater Sierra Vista Chamber of Commerce.

The chamber called for the proposal to be tabled pending more research, said Susan Tegmeyer, the chamber's president and CEO.

Southeast Arizona Contractors Association Executive Director Tom Heckendorn requested the same on behalf of SACA and the Tucson-based Southern Arizona Home Builders Association.

The council decided to amend the proposed fee schedule by making it a 60-day public record, rather than 30 days. During the regular meeting, the council moved that proposal forward.

A representative from private consulting firm TischlerBise, which performed the city's research leading to the proposed fee schedule for Sierra Vista's real estate market, responded to questions from council members during the work session.

The questions dealt with the same topics debated by contractors during the fee proposal process in the last year.

The council members were primarily concerned with future fee waivers, which the firm's representative said should be considered in a uniform, case-by-case manner to avoid allegations of favoritism or discrimination.

"Every waiver creates a precedent, too, doesn't it?" Mayor Pro Tem Bob Strain asked.

Chris Cullinan, the TischlerBise representative, responded, "You do have that waiver option available in your ordinance, but I suggest you define what a small business is for Sierra Vista."

Types of possible projects for which the council could consider waiving or reducing fees include small businesses, in-fill districts and affordable housing.

These potential exceptions bear more sensitivity to increased development costs than a large franchise store would.

The consultant recommended that any revenue lost from waiving or reducing fees be compensated for.

"Any impact fee that you waive has to be made up from a non-development fee source," Cullinan said. "That's our recommended course of action, to avoid legal infraction."

Otherwise, this year's argument debated at City Hall about the necessity of implementing development-impact fees would be negated in a certain sense, Cullinan added.

A new affordable housing development in Sierra Vista's older west side, eligible for compensatory funding through federal Community Development Block Grants, makes a good example of such non-development fee replacement for fee-waiver development incentives, City Manager Chuck Potucek said.

"Are you going to use tax policy for social engineering?" Strain asked, regarding fees or waivers in poorer districts.

Council members and city staff agreed that even though May 1 is probably the nearest date at which such fees could be applied to building permit applications, using the beginning of fiscal year 2006 on July 1 should allow plenty of time for fee details to be scrutinized and debated effectively.

Councilman Rick Mueller said a July 1 implementation gives time for developers to prepare for the increase in overhead cost, but he noted that city staff must remember that estimated revenue for the next fiscal year cannot be figured before the schedule is locked in.

Cullinan said future tax changes are accommodated in the fee schedule by the Arizona law requirement that the fees be updated regularly. Under state law, the city is slated to review the fees every three years, though other reviews can be done when the city wishes.

Another fact about state law is that state buildings developed in a city are exempt from such development fees, Cullinan added.

First West Properties owner Frank Moro told the council and staff that local developers plan to assemble a task force to study the proposed fee schedule before it becomes code. They are worried about such fees' effects on the Sierra Vista market.

Potucek told the council it should not arbitrarily lower these fees during the remaining fee scheduling process, and that any decrease should have a "rational nexus" in relation to the accumulating research. Such research needs to certainly continue among all parties, he added.

Moro worried that developers, who may have submitted their applications for in-city building well before the July 1 fee schedule begins, might be shortchanged arbitrarily by bureaucratic red tape if these permits don't get granted prior to the fees' implementation.

The chamber expressed the same concern.

"Sounds like we've got something that's bigger than this meeting to talk about," Strain said.

"You have to just allow for life to go on," Councilwoman Hank Huisiking said regarding the concerns that were expressed.

Another public forum on the proposed fees is scheduled for Feb. 9, which follows the 60-day public record status of the proposal.

The final vote of adoption could then take place on Feb. 23, but the council's plan is still to wait until July 1 to implement the development-impact fees.

More council work sessions also may be scheduled regarding the issue.

In other business on Thursday, developer Castle and Cooke's final subdivision development plan for Chaparral Village North, was removed from the table and approved unanimously. The plan was tabled at the council's Nov. 22 meeting pending further research on floodwater runoff design.

City Engineer Scott Dooley told the council that Castle and Cooke's efforts to remedy the situation through design of Chaparral Village and adjacent properties will be sufficient.

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