



## Councils share cost of study to revise development fees

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The impact fees that Somerton, San Luis, Ariz., and Wellton charge developers for residential and commercial projects are expected to be revised this year to comply with a new state law.

All three municipalities' councils have hired the consulting firm TischlerBise to study the cities' existing fee schedules to bring them into compliance with Senate Bill 1525, approved by lawmakers in their 2011 session.

Impact fees are one-time payments that developers make to municipalities for potable water, sewer service, parks and other services to new developments.

Among other things, the new law places limits on services for which cities can impose the fees and changes how the fees are calculated. It requires cities to change their fee schedules to comply with the law by no later than August 2014.

The three municipalities will split the \$116,800 cost of contracting with TischlerBise, a fiscal, economic and planning consulting firm that has performed hundreds of similar studies around the nation.

"I believe that we are OK and that our fees are fair, based on what it costs us to provide services," Mayor Martin Porchas said. "But it is a law that was pushed by the developers in the state."

Its supporters contend the law was necessary to reduce the cost of new homes and to revive construction in the state.

Somerton charges an impact fee of \$6,720 for each new home, but City Councilman Jose Yopez said the city offers developers incentives, such as postponing the fee pending the home's sale.

"But," he added, "this study can help us to improve (fee schedule) and to see how we can make ourselves more attractive to those who want to come here to establish a business or build homes."

Whatever recommendations come out of the study, Somerton officials cannot lose sight of the city's cost of providing infrastructure when it adopts a new fee schedule, City Councilman Arturo Magana said.

"In the end, if an exception or an extension is granted, it comes with a cost that impacts the city's general fund," Magana said. "We have the mentality of giving incentives to businesses, but we have to look at the financial impact of that on the city."

Added Porchas: "We have tried to keep the fees low but still cover the costs of expanding services to cover new developments. What I would like to see is that if the fees are reduced, the savings is reflected in home prices and the public benefits."

Somerton builder Agustin Tumbaga predicted the study will end up confirming what city officials already know or should know: Somerton must lower its impact fees to make itself more competitive against other city for new development projects.

"The city needs to find a balance" in establishing impact fees, he said, "because many construction projects bring jobs."

Lowering impact fees may mean less money for the city budget in the short term, Tumbaga said, but in the long term it could stimulate construction and, along with that, the city's economy.

Karin Mesa, city of San Luis spokeswoman, and Wellton Town Manager Rodney Rinehart said the councils in their communities voted to partner with Somerton to split the cost of the study.

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