

## Debate continues on impact fees

### Developers lobbying against higher charges for infrastructure, connections

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*The Brownsville Herald*

June 15, 2005 — Brownsville developers continue to lean on the Brownsville Public Utilities Board to include them in discussions about whether to increase infrastructure fees.

The Lower Valley Builders and Developers Association at a PUB meeting Monday evening presented a resolution to the utility's board, which later approved negotiations for a study of impact fees and a top-to-bottom organizational analysis.

Monday's meeting was the second time in a month developers have turned out in force to debate the merits of increasing fees developers pay for infrastructure.

Increase supporters have accused developers of making off with tens of millions of dollars at ratepayers' expense, while opponents argue increases will stymie growth and hurt homebuyers.

A steep impact fee increase would "effectively kill" entry-level housing in the area, developer Neil Simmons said.

"That's a simple economic probability," he added.

Developers' suggestions included re-designating some \$3 million collected for water rights to a capital improvement account; factor water rights charges into impact fee increase calculations; and appoint a task force, including builders and developers, to examine raising impact fees.

PUB director Billy Bradford Jr. said continuing to set aside money for water rights did not ensure water availability.

"The fact that we continue to collect (water) rights does not guarantee there's going to be additional water," he said.

The specifics of the study remain for the board to decide; Monday's action allows management to negotiate work scope and draft a contract.

A March study from consultant Black & Veatch recommended the utility build \$15 million in reserves.

It currently has none.

Developers currently pay \$1,815 per acre for water rights and \$280 per lot for water and sewer taps.

Impact fees loomed large in the recent City Commission elections and have split the PUB board similarly.

However, the definition of impact fees differs, and it is unclear whether PUB leads the region in its cost for water and wastewater infrastructure or charges less than its Rio Grande Valley counterparts.

### **Developers' point of view:**

- PUB has a surplus of water rights
- Southmost Regional Water Authority's desalination plant provides enough water
- Impact fee increases should take into account water rights charges
- Increasing impact fees too much would price homes out of entry-level homebuyers' budgets
- Water rights funds should be placed in a capital improvement account

### **Possible obstacles:**

- Moving water rights funds to other account could be illegal
- PUB might need additional water rights in the future
- Consultant's report says a combination of rate and impact fee increases will be necessary to maintain reserves and fiscal responsibility

— Source: Lower Valley Builders and Developers Association resolution to Brownsville Public Utilities Board, PUB directors' comments, Black & Veatch study

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