



June 25, 2008

Developers say proposed impact fee could cripple development

Staff Report

FERNLEY--The City of Fernley Public Works Department is holding an Open House tonight (June 25) at 6 p.m. in the City Council chambers to introduce a proposed Capital Impact Plan/Impact Fee process.

A proposed City of Fernley Impact Fee for traffic and transportation improvements would result in a funding source for city road improvement projects primarily to alleviate congestion in the area.

According to the draft Capital Improvement Plan two projects were selected: "The completion of Nevada Pacific Parkway from Highway 50A to I-80, four total lanes, two in each direction with a four-lane overpass over the railroad;" and "The construction of a new roadway to the west of the City, two lanes total, one in each direction, from US 95A to Fernley city limits."

Also identified in the draft CIP were other roadway projects including traffic signals and intersection improvements at Highway 95A and Fernley Hills Drive, Newlands Drive and Nevada Pacific Parkway and Highway 50A and Nevada Pacific Parkway.

Developers and their representatives, though, say the high fees may cause businesses and companies to seek other venues to set up shop rather than Fernley.

According to the draft CIP, the improvements cost for North Nevada Pacific Parkway is estimated at \$3,565,284 and for South Nevada Pacific Parkway the estimated cost is \$12,335,496.

Also the estimated cost for the West Fernley Bypass is \$17,777,340 and for US95A/Fernley Hills Intersection is estimated at \$636,500.

The city hired Orth-Rodger, a consulting company, to work with city staff to develop the proposed impact fee structure, which is calculated based on traffic trip lengths and land use.

Professional Planner Greg Evangelatos, who presents the developer of The Pavilions at Red Rock, which includes such businesses as a movie theatre, restaurant, fast food restaurants, a convenience store, grocery store, retail, clothing store and more, indicated the cost to that project would be \$3,488,000, which could stall the progress of the commercial development.

He noted the proposed impact fees in Fernley would be higher than those imposed in Washoe County, and the Cities of Reno and Sparks.

Evangelatos further believes if the impact fees are approved it could also impact the future growth of the city.

He reported that impact fees are popular and have been used for about 25 years to allow new developments to pay their fair share. He pointed out Washoe County and the City of Sparks and

Spanish Springs Valley use such fees for sewer system, storm drainage, roadways, public facilities and regional parks.

Evangelatos, though, indicated in a written statement that the city's draft CIP is "severely flawed," and he listed four reasons: "1. The City has not developed the transportation data and traffic modeling necessary to understand the current and projected traffic challenges. 2. The City has not developed a true transportation master plan and accompanying roadway mapping and facilities plans for which an accurate fee can be developed. 3. The City Planning Commission has not acted on or adopted a Transportation Master Plan after citywide review and approval. 4. The facilities identified in the plan have not been prioritized, priced and timing relative to the implementation of such a plan."

Evangelatos further indicated the city has not developed a transportation master plan, and he also contends, "The current project list was too narrow and did not comprehensively approach Fernley's current and future traffic challenges."

The high fee he says can also impact the city's further employment base as future industry and commercial businesses might not locate to the city due to high impact fee.

"It will have a strong impact on industrial projects and those high employment businesses making Fernley extremely non-competitive," he contended, adding the proposed fees "will provide another coffin nail for a housing market that is in deep regional recession."

Evangelatos is recommending the City of Fernley re-evaluate the impact fee structure and CIP, as well as allow the private sector to be involved in the development of the fee system.

Cole Woosley, Principal/Broker of Hawk Properties, Inc., also indicated the proposed impact fee structure is cost prohibitive, that it "will literally stop development in this town."

He added developers will only build a project when it makes "economic sense and they can't under this fee structure," he continued, "The fees being proposed are so cost prohibitive that it will stop commercial development and in the end the city will lose valuable sales tax revenue, which otherwise would come from businesses that will not come here under this proposal."

Woosley called the proposed fee structure a "disaster for the growth of Fernley."

At the March 26 meeting of the Capital Improvement Advisory Committee, Public Works Director Lowell Patton compared impact fees imposed in Washoe County and the City of Fernley's proposed fee. He gave examples, if the proposed impact fee were adopted when Wal-Mart was constructed the company would have been assessed \$915,029.70 and the same project in Washoe County would be assessed \$898,262.

Rick Arnaud, Sierra West Development said he hears from homeowners about the lack of services in Fernley and believes if the high impact fee system is approved, businesses might not want to locate to the area.
