



## Orange Beach impact fee revenue slips with lowest yearly take yet

By Ryan Dezember

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The Hampton Inn & Suites under construction in Orange Beach was one of the two large commercial projects that paid impact fees in 2009. The 160-room Gulf-front hotel, being developed Pensacola-based Innisfree Hotels Inc., was responsible for \$275,343.08 in fees, city records show.

ORANGE BEACH, Ala. -- After peaking at nearly \$427,000 in 2008, impact fee revenue dipped to its lowest annual total since the tax on new development was enacted in late 2006.

Slightly more than \$352,000 was collected last year, city records show.

Of that, about 88 percent came from two projects, records show. Developers of a nine-story Gulf-front Hampton Inn & Suites being built just west of Ala. 161 paid \$275,343.08. Those who built the 79-lot Heritage Motor Coach Resort and Marina on Bayou St. John paid \$33,712.18.

The remainder of 2009's impact fees came from the construction of single-family homes.

Mayor Tony Kennon said last week that impact fee revenue might fall even farther in 2010.

"There's just nothing going on," he said. "We've got the Hampton from last year but nothing on the books. We're praying that K.C. Chiang's (hotel project) will come along."

Chiang, a Mobile developer, has plans to build a \$160 million Gulf-front hotel and convention center with 500 rooms in a pair of luxury towers.

Orange Beach building officials have estimated that the Wyndham & Winfield Resort Hotel and Convention Center's value would be such that the impact fee will likely fall between \$1.2 million and \$2 million. That amount would be equal to or greater than all the other impact fees Orange Beach has collected since adopting the law in late 2006.

The 2006 state law that allows Baldwin County and its municipalities to collect impact fees on new development caps the amount at 1 percent of the project's fair market value. But any fee must be justified and is limited in how it can be used.

To justify the impact fees, cities must first perform in-depth studies that gauge the effect various developments, from single-family homes to shopping centers, have on municipal services. In their impact fee analysis, cities must also calculate what it will cost to bolster services so that existing taxpayers see no decline in things like police protection and park land.

As such, predetermined portions of each impact fee go toward certain types of city expenses and each year City Hall must show that the fees were spent according to their impact fee law. A document ratified by the City Council last week shows that of the \$352,070.40 in impact fees collected in 2009:

\$150,456.07 was spent on repaying bonds issued to build parks and the city's recreation facilities.

\$116,639.48 was used on transportation-related expenses like road paving, drainage projects and debt on a parcel intended to someday accommodate a bridge landing on Wolf Bay.

\$53,201.62 went toward firefighting equipment and the expense of building and renovating firehouses.

\$17,777.31 paid for police equipment and debt from the construction of the police station.

\$13,995.92 was spent on books and debt issued to build the library.

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