Pricey procrastination

By Phil Hayworth
San Joaquin News Service

San Joaquin County potentially missed out on hundreds of millions of dollars for roads and transit because elected leaders failed to enact — until now — a developers' fee as intended when Measure K was passed in 1991.

Measure K was a half-cent sales tax that contained a provision stating city and county governments would create a fee levied on new development, with the revenue earmarked for transportation projects.

Fear of new ideas is partly to blame for the fact it was mostly ignored until now, says San Joaquin Council of Governments Director Andrew Chesley.

Back in 1991, politicians and business interests said they had a commitment to come up with and pass a Regional Transportation Impact Fee by 1993 that would be charged to developers of homes, retail, office and industrial buildings, he said.

But it was only in the last few weeks that most cities finally passed a $2,500 flat-fee for homes, and fees based on square footage for new retail, office and warehouse space.

Chesley's agency estimates the fee will generate an estimated $26.8 million a year from now on.

No one will ever know exactly how much a fee passed in 1991 would have generated, and it's impossible now to pin down how much the fee would have been.

But if the SJCOG's estimate is accurate and the same fees enacted in the past few weeks were passed in 1991, it would have generated more than $374 million by now, and even much smaller fees would have poured tens of millions of dollars into roads and public transit.

Even a fee passed as recently as 2000, when the construction boom began to take off in this county, would have garnered about $134 million.

It's money that would have paid for the construction and repair or expansion of freeways, bridges, train services and bus routes.

"Hey, it was a new idea at the time, this regional impact fee," Chesley said. "It's tough to convince people that a new idea is a good idea."

What was less tough, though, was to persuade the public to pass Measure K 14 years ago. While the measure had a clause that read that cities "must have adopted" a transportation fee on new development by 1993, there were no consequences for failing to do so.

Instead, serious discussion was placed on the back burner.

"There were other things going on — lots of activity," recalls Tracy Mayor Dan Bilbrey. "The fee just wasn't on the agenda at the time. We knew it was there. This was a missed opportunity for additional transportation dollars to be generated because of the lack of fee structure in place."

But political infighting and the desire to keep San Joaquin County a low-cost alternative to the Bay Area stalled the fee, even as state and federal funds dried up and construction boomed around the county, sources said.

"At the time, there was fundamental argument that there should be a more direct developer fee in addition to a one-half-cent sales tax," said Mike Locke, an economic development expert with San Joaquin Partnership, a business advisory group.

A charge was almost instituted a few years ago, but was stopped because of concerns over how the money would be collected, split up and spent, said Kevin Sharrar, executive director of the Building Industry Association.

"We were telling the cities, 'you guys gotta work this out,'" he said. "We want good roads, just like everyone else. People forget that a lot of builders live here and drive those roads. We don't benefit at all from the fee."

Now the fee is back and on the fast track for approval.

It's already been passed, or is about to be passed, by every city in the county as well as the board of supervisors, in large part because of Policy Advisory Council efforts. The 26-member group of developers and politicians only recently hammered out a transportation fee structure and are now lobbying for its passage.

Residential developers will be charged a one-time fee of $2,500 per home or $1,500 per apartment or condominium. Retail and commercial developers will be charged $1.25 per square foot and industrial developers will be charged 25 cents per square foot of constructed space, respectively.

Transportation officials and politicians are gearing up to convince voters to renew Measure K, which will likely be on the ballot November 2006.

But by Measure K's own rules, without a regional transportation fee in place, it could not be placed on next year's ballot. And cities and the county today cannot afford to lose either Measure K or the fee, supporters said.

A $7 billion tab is predicted for county transportation projects through 2025, though questions exist about whether local air pollution will delay or even prohibit construction.

The fee, which some see as vital to meeting the county's estimated transportation expenditures, was a long time coming, said Steve Gutierrez, chairman of the board of supervisors.

"There are some who say this fee should have happened a long time ago," he said. "There was a commitment to adopt it then. Today, I'm absolutely in support of fair compensation to mitigate transportation costs."

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