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Proposal to increase impact fees generates concerns

By Cindy Barks

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PRESCOTT - This past April, the City of Prescott's proposal to raise water and sewer impact fees by about \$2,343 per new home generated little or no comment from the public.

Things apparently have changed in the past four months.

When the [Prescott City Council](#) conducted the official public hearing on the impact fee increases on Tuesday, more than a dozen contractors, builders and representatives of affordable housing efforts sat through three hours of other council business to make their point. The public hearing generated comment after comment with basically the same theme: Now is not the time to raise the cost of building a home in Prescott.

The hearing began with a presentation from the city's consultant, Dan Jackson of Econmists.com, outlining the basic city utility needs in the coming decade.

Jackson's information showed that the city is facing about \$386 million in water and sewer system improvements by 2017. Jackson attributed about \$190 million worth of the projects to those necessary because of new growth.

To pay for the capital projects, Jackson proposed a variety of impact-fee increases, including an increase from \$5,389 to \$6,209 for water impact fees for an average-sized new home.

In addition, Jackson recommended a new wastewater impact fee of about \$3,273 for a home with a 5/8-inch-to-3/4-inch water meter.

That change would take the approximately \$2,000 charge that the city currently is charging for an average-sized home based on fixture units to about \$3,273.

In all, the new fees would add about \$2,343 to the cost of building a home in Prescott - an expense that most of the people in the audience maintained was too high for the current real estate market to bear.

Sandy Griffis, executive director of the Yavapai County Contractors Association, for instance, pushed for a new way of generating the money necessary to pay for utility improvements.

Although she said she "believes in impact fees," Griffis said the city should look for other revenue sources as well.

"I am concerned because I feel your approach is too simplistic," Griffis said. "We have to rethink different, innovative ideas instead of just raising impact fees."

Griffis suggested forming a committee to come up with other revenue sources. Otherwise, she warned, "Prescott could possibly become an endangered destination."

Steve Conrad of the Central Arizona Partnership maintained that - rather than raising fees - "Now is the time to help our struggling home buyers." He added that this would be "a most inappropriate time" to raise impact fees.

And former City Councilman Steve Blair suggested spreading the burden out more by imposing a fee - at the time that older properties change hands - on homes built before the city began charging impact fees in the 1990s.

Others in the audience brought up concerns about how the impact-fee increases would affect the city's long-term efforts to attract affordable housing to the area.

Even so, council members expressed some frustration that opponents of the impact-fee increases had not spoken up sooner. The first presentation on the proposed fee increases occurred on April 1, and the council approved its notice of intention to raise rates on May 13.

"I'm curious why we haven't heard anything before," Councilwoman Lora Lopas said.

Mayor [Jack Wilson](#) added, "There has been a lot of time to talk to us. A long time has passed."

City officials noted that the next scheduled step in implementation of the fee increase is consideration on Aug. 26 of the capital improvement program, and possible adoption of the impact fees. Council members asked the public to contact city officials before that with feedback on the proposed fees.

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