

## Saratoga Springs considering impact fee increase

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Topic Our Towns

It's about to get much more expensive to build a house in Saratoga Springs.

Faced with \$46 million of roads that need to be built, City Council members are proposing a 400 percent increase in the city's transportation impact fee. The increase would pay only for the first phase of the city's road projects.

If the city does not increase the impact fee, "it would be impossible for us to collect that amount," said city manager Ken Leetham.

The fastest growing city in Utah County, Saratoga Springs now charges a transportation impact fee of \$921 for each home built here. At a recent work session, council members discussed increasing that fee to \$3,843. They are expected to discuss the issue again at the Oct. 11 City Council meeting and could vote on the issue that night.

Council members are considering a plan that would allow them to purchase the full rights of way for roads as property becomes available, but then only build one lane in each direction -- essentially half the road the city will need at buildout. Other lanes could be added in the future.

That is a reverse of the city's earlier plan to build wider roads but fewer of them, adding other roads later as the city grows. This plan would have offered residents less access initially.

Building two-lane roads that could be widened later "would mean our impact fee dollars would go a lot further," Leetham said.

The plan would "get the miles put down but still cost us a pretty high ticket," said Mayor Timothy Parker.

Leetham noted that widening later would cost the city more in the long run as construction crews would have to be hired twice and the cost of building roads will only escalate in the future.

Several council members said they felt uncomfortable with such a large increase in the impact fee but would support it because it was necessary.

"I think \$3,800 is high, but to deviate from that number, I've got to feel comfortable we've got funding from other sources, whether taxes or grants, and I don't right now," said Councilman Timothy Taylor. "I'd rather adopt this number and then try to work for other sources."

Will the huge increase slow the city's housing boom?

"The answer, in my opinion, is no," Taylor said. "I think our demand is such, and with the needs that we have, I feel like now is the time to act and in the future we can evaluate it and look at cutting the fee back.

"This is one of the hottest areas in the state to build right now, and we need to take advantage of that."

Parker said that perhaps Council members should consider raising taxes and make a smaller increase in the impact fee.

"Tax is a much more emotional issue with people, but it is the same kind of money," he said. "I just wonder if there is more equity in charging the 2,100 households that live here already for part of it."

"When residents begin to experience super-long delays and they sit through lights a couple of times before they can get through, they get a lot more supportive of a tax for widening projects," said Leetham.

Other council members rejected the idea of a tax increase.

"I'm not comfortable with the impact fee increase, I'm not happy with it, but I will not support raising taxing if these are the numbers we need to build roads the city needs now," said Councilwoman Mia Love. "I'd rather re-evaluate the impact fee after a year and see if we can bring it down."

Councilwoman Lynette Hubbard said she would like to see the impact fee raised in increments.

"I'm not real good at jumping in and saying, hey, I want \$3,800 right now," she said. "These roads are probably going to cost more tomorrow than they are today, but I would rather take the approach of looking at the fee annually. I'd like to look out for young families who want to get into starter homes."

Hubbard also said she was concerned builders would go to other cities because the fee is too high.

Councilman J. Scott Kahn said he would support the fee increase, but a tax increase might be necessary if the impact fee causes the city's building boom to slow.

"No one has submitted evidence that \$3,800 is the wrong number," he said. "If this is the right number, then let's charge it and see what the fallout is going to be, if any. I can tell you 2,100 homeowners that paid well below this on their impact fee and continue to cause major impacts on roadways and I don't think it's fair to let them off the hook, but I can reserve judgment for later to see if this number has a negative impact on growth."

If the city raises the transportation impact fee, Council members will also have to consider a raise on the fees for businesses -- but that could discourage businesses, which bring tax revenues to city coffers.

Businesses are now given an 80 percent discount on the transportation impact fee, Leetham said. A bigger discount may be necessary if the fee is raised.

"I think the best policy is to calculate the impact fee for each project," he said of businesses. "I don't know that 20 percent is the right number -- that's a huge fee. Maybe it's 10 percent, maybe it's negotiable each time."

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