



Springdale : Water utility hires UA group for impact-fee study

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Posted on Thursday, May 25, 2006

URL: <http://www.nwanews.com/adg/News/155671/>

SPRINGDALE — As land prices increase, developers are searching further outside Springdale's main corridors to build residential subdivisions, said Jeff Collins, the director of the Center for Business and Economic Research.

But building on the outskirts of town forces cities to require developers to extend water and sewer lines, he said. And future developers then take advantage of infrastructure they didn't pay for.

"There's a huge subsidization between the first satellite development and the ones that come along after," Collins said.

The Springdale Water and Sewer Commission, in an effort to learn more about how to deal with that trend, voted Wednesday morning to pay Collins and his staff at the center, part of the Sam M. Walton College of Business of the University of Arkansas at Fayetteville, for a study comparing impact fee rates of various cities. The study will help the commission determine what rates to charge developers in Springdale, commissioners said.

"That's sweet music to my ears," said Rene Langston, the director of Springdale Water Utilities. "We've got to find a way to pay for new lines."

The three-month study will cost \$ 12, 024, according to the UA center's proposal. The report will compare fee rates in Bentonville, Fayetteville, Rogers and high-growth cities outside the region.

If Springdale adopts fees, it would become the fourth major Northwest Arkansas city to charge developers. In 2002, Bentonville became the first city in the state to charge impact fees when it set them up to pay for fire protection, water service and sewer service. The city just completed a study that evaluated existing fees and recommended new parks fees, library fees, police and fire protection fees.

Later in 2002, Fayetteville approved fees for water and wastewater improvements. Last year, the city also began charging fees for fire and police protection. A study conducted by Texas-based Duncan Associates suggested impact fees for city roads, but it hasn't been adopted by the Fayetteville City Council.

Rogers Water Utilities charges \$ 2, 900 per house in water and sewer fees. The city is considering charging impact fees for road improvements. A consultant's study suggests fees for residential and commercial development. Fees based upon square footage could range from \$ 2, 902 to \$ 4, 419 per 1, 000 square feet.

The Springdale commission's decision to research fees came after a February meeting in which commissioners discussed the way sewer lines were paid for and extended to the Grand Valley subdivision in southeast Springdale. Subdivision developer Tom Terminella spent \$ 2. 5 million for the lines, and now other developers in the area have access to that infrastructure.

"We have to create some equity in what we do," said commission Chairman Chris Weiser.

But relying on impact fees to pay for development will backfire, Terminella said. Requiring developers to help pay for improvements will drive construction to cities that do not charge them, he said, adding that cities should consider raising customer rates, bond issues and sales tax increases instead of impact fees.

"We're going to wake up and be 'feed' out of business," Terminella said. "Cities weren't built by cities. They were built by entrepreneurs and risk takers."

Rick Pulvirenti, an engineer for the utility, said the city does not have enough money to pay for improvements on its own as population growth increases the need for larger and longer lines. A special federal census conducted last fall showed a 36. 4 percent increase in the number of Springdale residents, from 45, 798 in 2000 to 62, 459 in 2004. "We don't have the resources to put a 24-inch sewer or 18-inch water line out to these places," Pulvirenti said.

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