

News

STOCKTON IMPOSES FEE REDUCTIONS OFFICIALS CALL MOVE DICEY BUT WORTH THE RISK

By **Daniel Thigpen**

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STOCKTON - In a bid to breathe some life into Stockton's sickened economy and lure companies interested in expanding, City Hall will temporarily slash and delay collection of many fees charged to developers.

Under a broad incentive package approved Tuesday by the City Council, many of the numerous development fees - which pay for public projects spurred by growth, including new streets, libraries, and police and fire stations - will be cut in half for several years. Others, for downtown construction, will be eliminated altogether. The fee reductions take effect immediately.

Officials warned the move could spell consequences for future public projects financed by the fees but said the potential trade-off, in new jobs and tax revenue from a boosted local economy, was worth the risk.

City Council members agreed, enthusiastically endorsing the incentives.

Councilman Dale Fritch called the plan "a good start" and echoed suggestions from others that officials prepare a six-month progress report to determine if, as Fritch put it, the city should "prime this pump some more."

"It's very important to get people back to work," he said.

City Manager Bob Deis said City Hall will produce an update, but he cautioned council members to "moderate expectations," given the myriad variables that can determine economic growth.

After the vote, John Beckman, chief executive officer of the Building Industry Association of the Delta, applauded passage of the incentive package. Beckman also is chairman of the city-appointed development oversight panel that reviewed the proposal last month.

"We know the (fee) reductions approved tonight are nowhere near enough to get us where we need to be," he said. "But it's a step in the right direction."

Officials hope for an immediate impact. Three companies - two southeast Stockton distribution centers and a retailer - are considering new locations or expansions, officials said. Some 300 existing jobs and up to 700 new ones between the two undisclosed distribution centers are at stake.

The city also is trying to lure an international manufacturer that is considering California for its first U.S. plant. Officials have not identified any of the companies involved in discussions.

Under the plan approved Tuesday:

» Nonresidential projects - commercial, industrial and office projects - will see several of their development impact fees cut in half. The reduction will expire in 2012 unless the City Council takes action.

For instance, an 850,000-square-foot distribution center on 73 acres will pay roughly \$626,000 less in impact fees under the plan.

» Single-family homebuilding projects also will see some development fees cut in half, but fewer fees will be eligible for discounts.

That's because bonds issued in 2009 to finance various city capital projects are backed by those fees, city official said. If the city loses too much development fee revenue to the incentives, the city might have trouble paying back the bond debt, a burden that could fall to taxpayers.

» Development projects downtown will be exempt from a number of fees until 2015. Stockton is under pressure to spur in-fill growth downtown after a legal settlement with the state attorney general aimed at reducing sprawl.

Council members asked for an analysis and proposal to include multifamily projects in the fee-reduction program.

In a separate incentive approved Tuesday, the city will delay, at least until 2013, the collection of many development fees until a project's close of escrow. Currently, fees are due when building permits are issued. The aim is to give developers more flexibility with cash flow.

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