

Study shows PUB impact fee should be increased

By Emma Perez-Trevino, The Brownsville Herald

September 24, 2008 - 9:49PM

Jaws kept dropping Wednesday following the results of Black & Veatch's study that shows the Brownsville Public Utilities Board impact fee should be \$6,253 per lot instead of \$280.

PUB charges developers the impact fee as a way to recoup the cost of water and wastewater system improvements.

"I find it shocking," Reba Cardenas-McNair of Cardenas Development said. "The housing market is dead. How much dearer can you make it? How much more dead can dead be?"

Cardenas-McNair estimated that home construction will have decreased by 70 percent by the end of this year as compared to 2003.

The fee is calculated based on projected growth in the next 10 years, needs assessment, and capital improvement requirements. This is coupled with input from consultants, PUB, and a citizens advisory group, the Capital Improvement Advisory Committee (CIAC).

"It is not a final number and it has not been adopted," PUB CEO John Bruciak said.

The City Commission has the final say so on the fee amount.

"To say that it is a surprise won't be an exaggeration, but it might be inflammatory," CIAC Chairwoman LeeAnn Greer, a developer, said.

Mayor Pat M Ahumada Jr. called on all the parties to work together toward adoption of an equitable fee.

"I also want to remind people that in two years we have lost \$5 million in revenues from impact fees," Ahumada said, referring to the past commission's failure to stick with the \$2,133 per lot fee. Ahumada said that ratepayers have been carrying the burden long enough.

The officials said the proposed fee has doubled since 2006 because projections are now based on 10 years and not five years, the increasing cost of construction, slow down in the economy, and because financing costs were factored in the equation.

In the following weeks, consultants will present the findings to the PUB.

Greer said that CIAC also would be meeting again in absorbing the findings and to decide if members will make individual or a collective recommendation to the commission.

Impact fee studies:

1990: R. W. Beck and Associates recommended \$2,133 per lot. Study cost about \$200,000.

1990: The city established the impact fee at \$280 per lot.

2006: Black & Veatch recommended \$3,090 per lot. Study cost about \$220,000.

2006: City Commissioners adopted \$2,133 per lot as the fee in September, but within two months, they voted to rescind the increase and called for more study.

2007: Financial consultant Economists.com was contracted for \$70,000 by the former City Commission to study the impact of fees, but the present commission stopped the study, saying it was evolving into a study on impact fees.

2007: The Brownsville Public Utilities Board contracted Black & Veatch for the present study that identified approximately \$6,253 per lot as the maximum allowable impact fee. The cost of this study is roughly \$134,000.

Source: Public records