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Study Recommends New Impact Fee Rates

By [Kristin Netterstrom](#)
The Morning News

BENTONVILLE -- Impact fees landed Bentonville in court three years ago and although the lawsuit isn't over, city officials are already considering a slew of new fees to cover future growth.

An impact fee is a one-time charge placed on developers to pay for growth-related infrastructure, such as water lines and fire stations.

Bentonville's Fire Station No. 5 was paid entirely with impact fees, and the fees have helped Bentonville plan a new 13-mile water line.

Bentonville has collected more than \$7 million in water, sewer and fire impact fees since 2002. A recent review of those fees by TischlerBise of Maryland presents city officials a new menu of possibilities to consider, complete with increases, decreases and new fees.

The Bentonville City Council, which will be discussing the study with consultants Monday night, can pick and choose which fees and what rates to approve. Schools, homeowners and hotel builders all pay the fire, sewer and water fees for new construction.

Existing impact fees add \$3,598 to the cost of a single-family home. That figure could rise to \$4,750 if council members approve the recommended park, library and police fees, in addition to increased fire, water and sewer fees. Developers usually pass on the impact fees to buyers.

The proposed schedule reduces impact fees overall for several nonresidential developments, although the new rate includes both fire and police fees. Sewer rates drop for residential and nonresidential developments, but there would be an increase in water fees.

Bentonville has to update its fees as conditions change, said Troy Galloway, the city's community development director.

Impact fees offset capital improvement costs and help departments maintain service levels across the city even as boundaries expand, Galloway said.

Without impact fees, the city would have two choices: Increase taxes to account for growth or allow stagnant services, Galloway said.

Impact fees aren't the "silver bullet" to solve all the city's financing needs, but it's one of many options Bentonville pursues, Galloway said.

During the next five years, impact fees are expected to generate \$18.39 million, with an average annual revenue of \$3.68 million, according to the study.

Alderman Scott Comiskey voted on impact fees the first time around.

"The impact fees have worked real well for Bentonville. We were told the sky would fall in Bentonville, but construction hasn't let up," Comiskey said.



Lt. James Cooper washes an ambulance Wednesday in the wash bay at Bentonville Fire Department Station No. 5 on Elm Tree Road in Bentonville. The new fire station and its fire apparatus were paid for entirely by fire/EMS impact fees. Bentonville has collected \$2.9 million in fire/EMS impact fees since July 2002.

[Marc F. Henning](#), The Morning News

The alderman was one of six council members in 2002 who voted in favor of water, sewer and fire fees. Comiskey, however, rejected fees for parks and the library. Those fees weren't as important as water and sewer, without which the city would have to stop building, he said.

Comiskey said he will enter the discussion with an open mind and make decisions based on what he thinks is necessary to sustain development in Bentonville.

Bob Musson doesn't think impact fees of any kind are necessary. He is one of several plaintiffs in a three-year old case against Bentonville over impact fees.

"New growth pays for itself," he said.

Benton County Circuit Judge Tom Keith ruled in July that ordinances establishing the collection of impact fees were valid but whether the money collected should be considered a fee or a tax remains an issue to be considered at trial.

A bench trial is set for Aug. 1.

William Burckart, another plaintiff, sees impact fees as taxes that push up the cost of homes. The increased cost causes workers to buy homes in towns without impact fees, such as Centerton. The fees also mean a small number of people are paying for amenities that people from everywhere are using, he said.

Burckart is keeping an eye on Rogers and other cities as those city officials also look to impact fees to pay for rapid growth.

Impact fees for roads in Rogers could add \$3,545 to the cost of a single-family home. Rogers officials received a study on the fees in December but haven't acted on it.

Springdale officials hired the University of Arkansas to study impact fees for water and sewer. Fayetteville already collects fees for water, sewer, fire and police, and officials are considering fees for roads.

Bentonville's impact fees haven't sent developers packing, Galloway said. Bentonville's population has increased 44 percent and building permits continue to set records, he said.

"History tells a different story," he said.